Financial and extra-financial report

2020

Content

Responsible person

I certify, to the best of my knowledge, that the financial statements are prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and all the companies included in the consolidation, and that the management report of this annual financial report presents a true and fair picture of business developments, the results and financial position of the Company and all the companies included in the consolidation, as well as a description of the main risks and uncertainties they face.

Ms. Stéphane Pallez,
Chairwoman and CEO of FDJ

2020 report on corporate governance

In accordance with the law, particularly Article L.225-37 of the French Commercial Code, below are reported the principles of corporate governance enacted by the Company, specifically the conditions for preparing and organising the work of the Board of Directors and shareholders.

This report [(1)] has been drafted in accordance with the regulations in force, the Code of Corporate Governance for Listed Companies published by the Association Française des Entreprises Privées (AFEP) and the Mouvement des Entreprises de France (MEDEF), updated in January 2020 (the "Afep-Medef Code") and the recommendations of the French Financial Markets Authority ("AMF").

The contents of this report were approved by the Company's Governance, Nominations and Remuneration Committee on 4 February 2021 and also by the Company's Audit and Risks Committee on 10 February 2021. They were approved by the Company's Board of Directors on 11 February 2021.

Frame of reference

Chosen frame of reference:

For the purposes of drafting this report, the Board of Directors has decided to refer to the recommendations of the Afep-Medef Code, which can be read at the following website: http://www.medef.com.

The Company complies with all recommendations of the Afep-Medef Code, except for the following points:

Article of the Afep-Medef Code	Afep-Medef Recommendations	Company practice	Explanations
Article 11.3	The Afep-Medef Code recommends holding at least one meeting (*of the Board of Directors*) each year, without the presence of executive corporate directors.	When revising its Rules of Procedure in November 2019, FDJ took into account the recommendations of the Afep-Medef Code on this point by incorporating this principle in Article 1.3 of the Rules of Procedure of its Board of Directors: "*Board members can meet with the main directors of the Company, including when the corporate directors are not present.*"	As FDJ was privatised and listed on the stock exchange in November 2019, its first financial year as a listed company adhering to the Afep-Medef Code was still incomplete. FDJ began to implement its provisions by providing for an Audit and Risks Committee on 11 December 2020, without the presence of FDJ management. In addition, the Board of Directors' meeting on 16 December 2020 appointed a lead director in the person of Mr. Pringuet who will organise and conduct a meeting of the Board of Directors in executive session organised no later than early 2021.
Article 25.3.3	Regarding the award of performance shares and options, it is recommended to avoid concentrating too large an award among the executive corporate directors. Boards will be responsible, depending on each company's own situation (size, business sector, varying scope of award, number of executives, etc.) for defining the maximum share of performance shares and options that may be awarded to executive corporate directors relative to the total amount approved by the shareholders. The resolution authorising the award plan put to a vote at the General Meeting of Shareholders must mention this maximum percentage in the form of an award limit for the executive corporate directors.	Resolutions 24 and 25 of the Company's General Meeting of Shareholders held on 4 November 2019 on awarding those options does not mention the maximum percentage in the form of an award limit for the executive corporate directors since they were adopted before the Company's initial public offering, at a time when the incentive plan for executives had not been determined. With regard to the award limit for the 2020 financial year, this is mentioned in Chapter 1.1.2.2 "Details of the components of ECD remuneration (fixed, variable, exceptional and benefits of all types) for 2021" of the Company's corporate governance report approved by the Board of Directors of the Company on 19 March 2020. Below is the extract mentioning the award limit: *"Long-term variable remuneration* *Long-term variable remuneration takes the form of an award of performance shares in accordance with the 24th resolution adopted by the General Meeting of Shareholders on 4 November 2019. The total performance shares awarded are capped at 0.6% of the Company's share capital over 38 months, for all recipients combined. The total number of shares that may be awarded to ECDs shall not exceed 15% of this limit."*	As was the case in the last financial year, the award limit is indicated in Chapter 1.1.2.2 of the report, which will be approved by the Board of Directors on 11 February 2021. It does not require a new resolution on this point at the General Meeting of Shareholders on 16 June 2021, the authorisation granted to the Board of Directors by the General Meeting of Shareholders under resolution 24 being valid for 38 months.

(1) *This report was prepared by the Group's Legal Department, based on contributions from multiple departments, particularly the Company's Finance Department and its Employee Experience and Transformation Department.*

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1.1 Information about corporate directors

1.1.1 Composition and operation of the administration and management bodies

The Company is managed under the responsibility of Ms. Stéphane Pallez in her capacity as Chairwoman and Chief Executive Officer (CEO).

Based on her proposal, the Board of Directors has appointed Mr. Charles Lantieri to be Deputy Chief Executive Officer.

1.1.1.1 Executive Management

Composition

The executive management of the Company is the responsibility of the Chairwoman of the Board of Directors (Ms. Stéphane Pallez), as the consolidation of the duties of Chairwoman of the Board of Directors and CEO was confirmed at the Board meeting of 5 June 2019, and a Deputy Chief Executive Officer (Mr. Charles Lantieri) was appointed to assist her in her duties.

The Chairwoman and CEO and the Deputy Chief Executive Officer are assisted by two management bodies:

- an Executive Committee, which manages the business and oversees proper pursuit of the strategy. It comprises the following persons:
  - Stéphane Pallez, Chairwoman and CEO,
  - Charles Lantieri, Deputy Chief Executive Officer of FDJ, Chairman of FDP and FDJ Corporate Foundation,
  - Patrick Buffard, Executive Vice-President, Offline Distribution, Sport Business Unit, Media, TV Prod and Events,
  - Pascal Chaffard, Executive Vice-President, Finance, Performance and Strategy,
  - Xavier Etienne, Executive Vice-President, Technology and International,
  - Cécile Lagé, Executive Vice-President, Lottery Business Unit, Entertainment Acceleration Business Unit and Customers Department.

  In addition to the members listed above, three directors attend Executive Committee meetings:
  - Raphaële Rabatel, Director in charge of Communication & CSR,
  - Raphaël Botbol, Director responsible for Strategy, Innovation and M&A, as well as for Payments and Services Acceleration Business Unit and CEO of FDJ Services,
  - Nadia Faure, Executive Committee Secretary, Chief of Staff.
- the Executive Committee also continues to meet regularly in "extended" format, allowing the members of the Group Management Committee concerned by subjects necessitating an in-depth review or decision based on a direct exchange to be invited, as required. The role of these "extended" Executive Committee meetings is to monitor and oversee the Company's major strategic and operational projects and objectives;
- a Group Management Committee which shares operational and financial priorities, and in particular strengthens the common understanding of cross-business issues and the proper coordination of corporate functions and Business Units. It meets at least once a month. In addition to members and/participants in the Executive Committee, it meets weekly and comprises the following persons (or 18 members in total [(1)]):
  - Pierre-Marie Argouarc'h, Director responsible for Employee Experience and Transformation,
  - Valérie Berche, Director responsible for Audit, Risks, Control, Quality and Ethics,
  - Richard Courtois, Director responsible for Sports Betting Business Unit,
  - Marion Hugé, Director responsible for Regulation and Public Affairs,
  - Philippe Lemaire, Director responsible for Safety,
  - Sophie Metras, Clients Director,
  - Elisabeth Monégier du Sorbier, Director in charge of Legal,
  - Yovan Obrenovitch, Director in charge of Information Systems,
  - Vincent Perrotin, Director in charge of CSR.

(1) Cédric Breton, Director responsible for lottery operations, Jean-Christophe Buvat, Director responsible for Transformation and Employee Environment and Stéphane Labarre, Director responsible for Performance Management, will join the Group Management Committee from 1 January 2021, bringing the total number of members to 21.

Information about the Chairwoman and CEO and Deputy Chief Executive Officer

Ms. Stéphane Pallez – Profile

Stéphane Pallez has been Chairwoman and CEO of FDJ since November 2014; she was re-appointed in June 2019. In her first term of office, she successfully completed a new phase in the Company's development, combining growth with digital transformation. She comforted the territorial anchoring of FDJ, France's leading local distribution network, while stepping up the Group's international growth by creating FDJ Gaming Solutions. In 2019, she led the Company's privatisation through an initial public offering.

Stéphane Pallez was previously Chairwoman and Chief Executive Officer of the CCR reinsurance group from 2011 to 2014. From 2004 to 2011, she was deputy Chief Financial Officer at France Télécom-Orange telecommunications Group. From 1984 to 2004, Stéphane Pallez held various positions in the executive management of the Treasury at the Ministry in charge of the Economy and Finance. She was successively responsible for the Insurance subdirectorate from 1995, a portfolio of French State investments between 1998 and 2000, then Head of the European and International Affairs Department between 2000 and 2004. During that period, she was also Alternate Executive Director for the World Bank in Washington from 1988 to 1990, and technical advisor to the Ministers in charge of the economy and finance Pierre Bérégovoy and Michel Sapin, responsible for industrial matters, from 1991 to 1993.

Stéphane Pallez is a member of the Board of Directors of CNP Assurances (she chairs the Audit Committee) and Eurazeo.

By decree of the President of France of 4 September 2020, Stéphane Pallez was appointed Chairwoman of the Board of Directors of the Conservatoire National Supérieur de Musique et de Danse de Paris.

Born in 1959, she is a graduate of the Institut d'Études Politiques (IEP) in Paris and of the École Nationale d'Administration (ENA – Louise Michel cohort).

Mr. Charles Lantieri – Profile

Charles Lantieri has been Deputy Chief Executive Officer of FDJ since 2006. He is also Chairman of FDP, a subsidiary which distributes lottery and betting games in mainland France, Chairman of the Supervisory Board of FDJ Services, a subsidiary having a collection activity on behalf of third parties and Chairman of the FDJ Corporate Foundation.

Charles Lantieri joined FDJ while working as Head of Department and Deputy Budget Director at the Ministry of Economy and Finance, where he spent the first part of his career. He performed a range of functions at the Ministry, steering budgetary policy, preparing and implementing finance laws, as well as conducting public management reforms. He began his career at Insee, where he conducted macroeconomic modelling studies and medium-term forecasts.

Charles Lantieri has also served as director of several companies (Gaz de France, France Télévision, La Poste, Agence France Presse, etc.) and of institutions such as Institut Pasteur and École Polytechnique.

Born in 1961, Charles Lantieri is a graduate of École Polytechnique and the Ensae.

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Terms of office

Ms. Stéphane PALLEZ

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Chairwoman and CEO of FDJ

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

- Member of the Supervisory Board, Audit Committee and CSR Committee of Eurazeo
- Member of the Board and Chair of the Audit and Risk Committee of CNP Assurances

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Chairwoman of the Board of Directors of the Conservatoire National Supérieur de Musique et de Danse de Paris

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Director of Engie (until 2018)

Mr. Charles LANTIERI

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Deputy Chief Executive Officer of FDJ
- Chairman of the FDJ Corporate Foundation
- Chairman of FDP (a subsidiary of FDJ)
- Permanent representative of FDJ on the Board of Directors of La Pacifique des Jeux (a subsidiary of FDJ)
- Permanent Representative of FDJ on the Board of Directors of FGS (a subsidiary of FDJ)
- Chairman of the Supervisory Board of FDJ Services (a subsidiary of FDJ)

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

n/a

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

n/a

Appointment and cessation of duties

Stéphane PALLEZ

In accordance with Article 19 of Ordinance 2014-948 of 20 August 2014, on 5 June 2019 the Board of Directors proposed Ms. Pallez to the President of France as a candidate for Chairwoman and CEO of the Company.

She was reappointed to those duties by decree of the President of France on 9 September 2019 for a period of five years following her appointment.

Since the Company's initial public offering on 21 November 2019, the rules of appointment and withdrawal set out in the French Commercial Code have applied to the Chairwoman and CEO. However, it should be noted that Article 20 of Ordinance 2019-1015 of 2 October 2019 requires that she cannot take office until the Ministers of the Economy and of the Budget have granted prior license, after consulting the French gaming regulatory authority (ANJ). Furthermore, that same article states that this license can be withdrawn by order of the Ministers of the Economy and of the Budget, after consulting the French gaming regulatory authority (ANJ); such withdrawal shall by operation of law cause the Chairwoman and Chief Executive Officer's duties to cease.

Charles LANTIERI

As proposed by the Chairwoman and CEO, on 5 June 2019, the Company's Board of Directors reappointed the Deputy Chief Executive Officer, Mr. Charles Lantieri, with the same duties and assignments set by the Board of Directors at its 6 July 2006 and 2 July 2014 meetings.

The rules for appointment and withdrawal set out in the French Commercial Code apply to the Deputy Chief Executive Officer. However, it should be noted that Article 20 of Ordinance 2019-1015 of 2 October 2019 requires that he cannot take office until the Ministers of the Economy and of the Budget have granted prior license, after consulting the French gaming regulatory authority (ANJ). Furthermore, that same Article states that this license can be withdrawn by order of the Ministers of the Economy and of the Budget, after consulting the French gaming regulatory authority (ANJ); such withdrawal shall by operation of law cause the Deputy Chief Executive Officer's duties to cease.

1.1.1.2 Board of Directors

Composition

The Company is administered by a Board of Directors with at most eighteen members, including:

- a representative of the French State, appointed in compliance with Article 4 of Ordinance No. 2014-948 of 20 August 2014 on governance and capital transactions of companies in which the French State is a shareholder;
- where applicable, members of the Board appointed by the General Meeting of Shareholders on the proposal of the French State, in compliance with Article 6 of Ordinance No. 2014-948 of 20 August 2014 on governance and capital transactions of companies in which the French State is a shareholder;
- members of the Board appointed by the General Meeting of Shareholders, including a proportion of independent members in compliance with Afep-Medef Code recommendations;
- two directors representing the employees of the Company and of its subsidiaries, whether direct or indirect (in compliance with law), having registered office on the French territory, appointed under conditions stated in Article L.225-27-1 of the French Commercial Code;
- one director representing employee shareholders, appointed under Article L.225-23 of the French Commercial Code.

Furthermore, and in accordance with Article 19 of Ordinance 2019-1015 of 2 October 2019, the Minister of the Budget appoints a Government Commissioner to the Company. This person ensures that the Company's operations comply with the goals mentioned in Article L.320-3 of the French Code of Domestic Security. To that end, he may make arrangements to receive any form of information and have any verifications carried out as necessary for the accomplishment of his mission.

The Government Commissioner sits on the Board of Directors in an advisory capacity. He also sits on the committees and commissions set up by the Board of Directors. He may request the inclusion of any matter on the agenda of an ordinary meeting of those bodies and shall be the intended recipient of their deliberations. He may oppose a deliberation of the Board of Directors based on the objectives defined by Article L.320-3 of the French Code of Domestic Security under conditions set by decree of the Council of State. He may also oppose deliberations relating to the estimates of the Company's revenue and operating or capital expenses.

The Government Commissioner informs the French gaming regulatory authority (ANJ) of any failure on the part of FDJ to comply with the obligations imposed on it that fall within the competence of that authority.

In accordance with Article 13.3 of the Articles of Association, the Board of Directors may, based on a proposal from its Chairwoman, appoint between one and three non-voting members (censeurs), who may be artificial or natural persons, for a one-year renewable term. The Board of Directors may decide to allocate some of its members' remuneration budget to remuneration for non-voting members. The non-voting members sit on the Board with no vote in deliberations.

As of 31 December 2020, the following 15 individuals were members of the Company's Board of Directors:

	Identity
Members of the Board of Directors appointed by the General Meeting of Shareholders	◆ Ms. Stéphane Pallez (Chairwoman and CEO) ◆ L'Union des Blessés de la Face (UBFT) (Association incorporated under 1901 law), represented by Mr. Olivier Roussel ◆ Fédération Nationale André Maginot des Anciens Combattants (FNAM), represented by Mr. Henri Lacaille ◆ Ms. Françoise Gri (1) ◆ Ms. Fabienne Dulac ◆ Mr. Xavier Girre ◆ Ms. Corinne Lejbowicz ◆ Mr. Pierre Pringuet ◆ Predica, represented by Ms. Françoise Debrus
Representative of the French State	◆ Mr. Charles Sarrazin (2)
Members of the Board appointed by the General Meeting of Shareholders on the proposal of the French State	◆ Ms. Ghislaine Doukhan ◆ Mr. Didier Trutt
Directors representing employees	◆ Ms. Agnes Lyon-Caen ◆ Mr. Philippe Pirani
Director representing employee shareholders	◆ Mr. David Chianese

(1) Co-opted by the Board of Directors on 16 December 2020 to replace Ms. Marie-Ange Debon, who resigned on 14 October 2020.
(2) Replacing Mr. Emmanuel Bossière since 9 March 2020.

Also attending the meetings of the Company's Board of Directors in an advisory capacity only are the representative of the Economic and Labour Relations Council and the General Economic and Financial Controller. The Government Commissioner also sits on the Board of Directors in an advisory capacity (see 1.1.1.2 above).

Independent members

As of 31 December 2020, six of the twelve members of the Board of Directors are independent, or 50% of the members counted for these purposes (excluding directors representing employees (Ms. Lyon-Caen and Mr. Pirani) and director representing employee shareholders (Mr. Chianese)).

Below is the analysis of the independence from the Company of each member appointed by the General Meeting of Shareholders, other than members appointed on a proposal by the Government (who are not considered independent given the Government's stake in the Company's capital and the control that the Government exercises over the Company as per Ordinance 2019-1015 of 2 October 2019 which reformed the regulation of gambling), in light of the criteria set out by the Afep-Medef Code.

Criteria (1)	Ms. Pallez	UBFT represented by Mr. Roussel	FNAM represented by Mr. Lacaille	Ms. Debon ***	Ms. Dulac *	Mr. Girre **	Ms. Lejbowicz	Mr. Pringuet	PREDICA represented by Ms Debrus	Ms. Gri
Criterion 1: Employee corporate director over the previous five years	X	√	√	√	√	√	√	√	√	√
Criterion 2: Cross-directorships	√	√	√	√	√	√	√	√	√	√
Criterion 3: Significant business relationships	√	√	√	√	√ *	√	√	√	√	√
Criterion 4: Family connection	√	√	√	√	√	√	√	√	√	√
Criterion 5: Statutory Auditors	√	√	√	√	√	√	√	√	√	√
Criterion 6: Term of office in excess of 12 years	√	X	X	√	√	√	√	√	√	√
Criterion 7: Receiving variable remuneration or remuneration linked to FDJ's performance	√	√	√	√	√	√	√	√	√	√
Criterion 8: The director does not represent a major shareholder of FDJ	√	√	√	√	√	√ **	√	√	√	√

(1) In this table, √ denotes an independence criterion that has been met and X denotes an independence criterion that has not been met.

** Ms. Fabienne Dulac works as Executive Director at Orange France and as Deputy General Director of Orange. These positions do not preclude the 3rd criterion, relating to significant business relationships with the Company, from being fulfilled. Firstly, Ms. Fabienne Dulac is neither a corporate director within the Orange Group nor directly or indirectly concerned, within the meaning of Article L.225-38 of the French Commercial Code, by the agreements entered into between the Company and Orange; secondly, the Group has entered into a contract with Orange Business Services, an operational entity outside the hierarchical supervision of Ms. Fabienne Dulac and her P&L.*

*** With respect to Mr. Xavier Girre, who was appointed as member of the Board of Directors after the Company's initial public offering, neither the fact that he used to be appointed by the General Meeting of Shareholders upon proposal for the French State, nor his position (Executive Director for the group in charge of the Finance Department of EDF group) preclude his qualification as Independent member of the Board, in accordance with the criteria of the Afep-Medef Code.*

**** Marie-Ange Debon resigned from her position on the Board of Directors on 14 October 2020.*

Diversity policy applied within the Board of Directors

Before 21 November 2019, the Company was not subject to the Afep-Medef Code, but rather to the Ordinance of 20 August 2014 and ordinary corporate law. Six members had been proposed by the Government, five had been elected by employees, and three had been named by the General Meeting of Shareholders, including two representatives of historical shareholders representing military veterans and the Chairwoman and CEO. With respect to the balanced representation of women and men within the Board of Directors, the ratio was four women to six men (excluding directors representing employees and employee shareholders).

As of 31 December 2020, the Company's Board of Directors contains six women and six men (excluding directors representing employees and employee shareholders), or 50% women and 50% men among Board members.

The recruitment of Board members took into account a diverse range of professional experience and complementary profiles. At present, the Board of Directors has no members of foreign nationality.

Results of gender diversity s in the 10% of highest-responsibility positions.

In accordance with Article L.225-37-4 6° of the French Commercial Code, the Company must disclose its results for gender diversity in the 10% of highest-responsibility positions.

The Group is convinced that diversity and the gender diversity within its teams is essential to innovation, engagement and performance. To attract talent from a wide range of backgrounds and secure the loyalty of these employees, the Group's entities are developing tools and programmes to promote gender equality, generational diversity and the inclusion of people with disabilities.

In 2017, FDJ renewed its Diversity certification (from AFNOR, the French national organisation for standardisation) and for the first time was awarded the Workplace Gender Equality label (also from AFNOR, the French national organisation for standardisation), evidencing the Company's commitment to promoting diversity and preventing all forms of discrimination. A new AFNOR audit is planned for 2021.

FDJ ensures that promotions are offered based on contributions and competence, including by working on gender stereotypes and respect for the work/life balance, and by supporting the Group's gender diversity promotion network "À elles de jouer", which was created by employees in 2017 to help develop leadership and the place of women within the Group:

In 2015, women represented 34% of the Company's managers and 44% of its staff. In 2020, they represented 42% of the Company's managers and 43% of its staff. The aim is to achieve as soon as possible the same percentage of women in management as in the Company as a whole and to eventually achieve full parity.

Likewise, since 2016, the rate at which women have been promoted has remained higher than or very similar to the rate for men within the Group. In 2020, 11% of women were promoted, compared to 12% of men.

Gender diversity in managerial positions remains a goal of the Company in its governance, as women accounted for 38% of Group Management Committee (CDG) members in 2020 (vs. 41% in 2019).

In addition to the career path measures being taken, the gender pay gap has been under review for several years and initiatives have been introduced, bringing it down from 9.75% in 2016 to 4.51% in 2020. This has been achieved by increasing the proportion of women in the most senior roles and, constantly paying attention to wage equality at recruitment and during annual wage reviews.

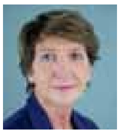
Law No. 2018-771 of 5 September 2018 on freedom in career choices and the implementing decree No. 2019-15 of 8 January 2019 created a gender equality index with an obligation to score at least 75 points out of 100 as of 2019. In its first year of application, in 2018, FDJ scored 84 out of 100. In 2020, it scored 100 out of 100, vs. 99 out of 100 in 2019.

This index includes a special grade on the proportion of women among the highest wage-earners. That proportion is 4 in 10, thereby earning the highest score of 10 out of 10.

Overview of members

The profile, experience and expertise of each director as of 31 December 2020 is provided below.

Members of the Board appointed by the General Meeting of Shareholders



Ms. Stéphane PALLEZ

Age as of 31 December 2020 and nationality:
61, French national

First appointment:
21 October 2014

Expiry of the current term of office:
2024
(General Shareholders' Meeting approving financial statements for the financial year ending 2023)

Shares held at 31 December 2020*:
1,617 shares

Membership of Board committees:
Ms. Pallez chairs the Company's strategic seminar, which meets at least once a year.

Main activity:
Chairwoman and CEO of FDJ

Expertise – Experience – Other activities:
see section 1.1.1. "Executive Management"

OFFICES HELD IN 2020:

Offices within the FDJ Group:
- Chairwoman and CEO of FDJ

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Listed French limited companies:
- Member of the Supervisory Board, Audit Committee and CSR Committee of Eurazeo
- Member of the Board and Chair of the Audit and Risk Committee of CNP Assurances

Unlisted French limited companies:
n/a

Listed foreign companies:
n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):
- Chairwoman of the Board of Directors of the Conservatoire National Supérieur de Musique et de Danse de Paris

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:
- Director of Engie (until 2018)

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Mr. Henri LACAILLE

Permanent representative of Fédération Nationale André Maginot des Anciens Combattants et Victimes de Guerre (FNAM)

Age as of 31 December 2020 and nationality:
84, French national

First appointment:
FNAM has been a member of the Board since 1980, represented by Mr. Lacaille since 2006

Expiry of the current term of office:
2024
(General Shareholders' Meeting approving financial statements for the financial year ending 2023)

Shares held at 31 December 2020*:
8,139,300 shares held by FNAM

Membership of Board committees:
Mr. Lacaille does not sit on any of the Board committees.

Main activity:
President of FNAM from 2014 to 2020
Currently: Director of FNAM

Expertise – Experience – Other activities:
n/a

OFFICES HELD IN 2020:

Offices within the FDJ Group:
- Permanent representative of FNAM, Director of FDJ

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Listed French limited companies:
n/a

Unlisted French limited companies:
n/a

Listed foreign companies:
n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):
- President of FNAM (Association) from 2014 to 2020
- Currently director of FNAM
- First Vice-president of the Office National des Anciens Combattants (EPCA)

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

n/a

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Mr. Olivier ROUSSEL

Permanent representative of l'Union des Blessés de la Face (UBFT) (association incorporated under 1901 law)

Age as of 31 December 2020 and nationality:
59, French national

First appointment:
UBFT has been a member of the Board since 1980, represented by Mr. Roussel since 2002

Expiry of the current term of office:
2024
(General Shareholders' Meeting approving financial statements for the financial year ending 2023)

Shares held at 31 December 2020*:
18,727,390 shares held by UBFT

Membership of Board committees:

Since 21 November 2019, Mr. Roussel has been a member of the CSR and Responsible Gaming Committee.

Main activity:

General Director of UBFT

Expertise – Experience – Other activities:

Knowledge of the war veterans' milieu: social actions and duty to remember
Medical sponsorship
Knowledge of the history of development of National Lottery, then of Loto®

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Permanent representative of UBFT, director of FDJ

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

n/a

Unlisted French limited companies:

n/a

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- General Director of UBFT
- General Secretary of la Fondation des Gueules Cassées
- Chief Executive of CYP SAS and member of its strategic committee, operating the "Résidence Colonel Picot" retirement home
- Director of Association Lino Ventura
- Director of Association Pas Saint-Maurice

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

n/a

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Ms. Marie-Ange DEBON

Age as of 31 December 2020 and nationality:
55, French national

First appointment:
4 November 2019
(effective 21 November 2019)

Expiry of the current term of office:
2023
(General Shareholders' Meeting approving financial statements for the financial year ending 2022) - resigned on 14 October 2020

Shares held at 31 December 2020*:
502 shares

Membership of Board committees:

From 21 November 2019 until the date of her resignation, Ms. Debon was Chairwoman of the CSR and Responsible Gaming Committee. As Chairwoman of the CSR and Responsible Gaming Committee, she sat on the Governance, Nominations and Remuneration Committee.

Main activity:

Chairwoman of the Keolis Management Board since 24 August 2020.

Expertise – Experience – Other activities:

Ms. Debon graduated from HEC and from ENA. From 1990 to 1994, she was a magistrate at the Cour des Comptes. From 1994 to 1998, she was Deputy General Director at France 3. She joined the group Thomson (which became Technicolor) in 1998 as Deputy Finance Director then, from 2003 to 2008, worked as Corporate Secretary – member of the Management Committee. In 2008, Ms. Debon joined Suez, where she was successively Corporate Secretary, Managing Director of the International Division and Managing Director of the France Division. Since 24 August 2020, she has been Chairwoman of the Management Board of Keolis.

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Independent director of FDJ (until 14 October 2020)

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

- Director of Arkema and Chair of its Audit Committee

Unlisted French limited companies:

- Chairwoman of the Management Board of Keolis (since 24 August 2020)

Listed foreign public limited companies:

- Director of Technip FMC and Chair of its Audit Committee

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Vice-President of MEDEF International (President of groups France-Morocco and France – Azerbaijan)
- Director of medical establishments Jeanne Garnier and Hospidom (Association)

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Director of GRDF (until 2017)
- Director of Lydec, a Moroccan listed company of the SUEZ Group (resigned on 21 February 2020)

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Ms. Françoise GRI

Age as of 31 December 2020 and nationality:
63, French national

First appointment:
16 December 2020, co-optation for the remaining term of office of Ms. Debon

Expiry of the current term of office:
2023
(General Shareholders' Meeting approving financial statements for the financial year ending 2022)

Shares held at 31 December 2020*:
0

Membership of Board committees:

Ms. Gri is a member of the Governance, Nominations and Remuneration Committee

Main activity:

Independent director – retired

Expertise – Experience – Other activities:

Ms. Gri is an engineer in computer science and applied mathematics, and a graduate of École Nationale Supérieure d'Ingénieurs de Grenoble (ENSIMAG).

After joining IBM in 1981, Ms. Gri held various positions there before serving as CEO of IBM France from 2001 to 2007. She then joined Manpower Group from 2007 to 2012, as President France, then President France and Southern Europe. From 2013 to 2014 Ms. Gri was Managing Director of the PVCP Group, before creating a consulting activity.

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- FDJ independent Board member

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

- Director of Crédit Agricole (since 2012), member of the Audit, Remuneration, Strategy and CSR Committees (end of term in 2023)
- Lead Director and Vice-Chairwoman of the Board of Directors of Edenred; Chairwoman of the Remuneration and Nominations Committee

Unlisted French limited companies:

- Member of the Supervisory Board of INSEEC-U
- Member of the Board of Directors of CACIB (Crédit Agricole Investment Bank)

Listed foreign public limited companies:

- Director of WNS (Indian business process management company)

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Chairwoman of SASU Françoise GRI Conseil

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Viadeo: Chairwoman of the Board of Directors (2016)
- High level Corporate Governance Committee (2013 to 2019)

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Ms. Fabienne DULAC

Age as of 31 December 2020 and nationality:
53, French national

First appointment:
4 November 2019
(effective 21 November 2019)

Expiry of the current term of office:
2023
(General Shareholders' Meeting approving financial statements for the financial year ending 2022)

Shares held at 31 December 2020*:
500 shares

Membership of Board committees:

Since 21 November 2019, Ms. Dulac has been a member of the CSR and Responsible Gaming Committee, which she has chaired since 14 October 2020.

Main activity:

Deputy General Director of Orange and Chief Executive Officer of Orange France

Expertise – Experience – Other activities:

Ms. Dulac holds a Master's degree in history, political science and modern literature, a DEA in political sociology from the Paris Institute of Political Sciences and is a graduate of the Stanford Executive Programme. Between 1993 and 1997, she was Head of Communication and Marketing at VTCOM. In 1997, she became Head of Marketing and Business Development *at Wanadoo*. From 1997 to 1999, she was Head of Communications and the Multimedia division of France Telecom. In 2003, she worked as an officer in charge of marketing of internet market services, before becoming in 2006 Director of retail shops and online support at Orange. In 2008, Ms. Dulac became Director in charge of Sales and Online customer relations at Orange, then in 2011, Operational Director for the North of France until 2013, when she became Director in charge of Communication for the Group. Since 2015, she has been Chief Executive Officer of Orange France. She has been Deputy CEO of Orange in charge of operational activities in France since 2018.

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- FDJ independent Board member

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

- Director and member of the Audit Committee of L'Oréal, member of the Human Resources and Compensation Committee of L'Oréal.

Unlisted French limited companies:

n/a

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Director of Willa

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

n/a

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Mr. Xavier GIRRE

Age as of 31 December 2020 and nationality:
51, French national

First appointment:
17 October 2014

Expiry of the current term of office:
2022
(General Shareholders' Meeting approving financial statements for the financial year ending 2021)

Shares held at 31 December 2020:
517 shares [1]

Membership of Board committees:
Since 21 November 2019, Mr. Girre has been Chairman of the Audit and Risks Committee.

Main activity:
Executive Director of EDF Group in charge of the Finance Department

Expertise – Experience – Other activities:
Mr. Girre, a graduate from HEC (1990), holds a Master's degree in corporate law (1990), graduated from IEP Paris (1992) and is a former student of ENA (1995). He started his career at the Cour des Comptes from 1995 to 1999 as an auditor and later a conseiller référendaire. He joined the Veolia Environnement Group in 1999, serving as task officer with the Chairman of Dalkia, before successively becoming the Audit Director of Veolia Environnement (2002-2004), Risk and Audit Director at Veolia Environnement (2004-2007), member of the Management Committee of Veolia Environnement and Executive Vice-President Veolia Transport (2007-2011), then in 2011, Chief Financial Officer of Veolia Propreté and Managing Director of the Central Europe region. From 2011 to 2015, within the La Poste group, Mr. Girre worked as Executive Vice-President in charge of Group finances. He also served as President of the Management Board of Xange Private Equity. Mr. Girre joins EDF group in 2015, where he occupies since 2016 the position of Executive Director for the group in charge of Finance Department of the group.

OFFICES HELD IN 2020:

Offices within the FDJ Group:
- Independent Board member at FDJ

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Listed French limited companies
- Independent Director, member of the Strategy Committee and the Compensation Committee, the Audit Committee of CNIM

Unlisted French limited companies:
- Chairman and CEO of Coentreprise de Transport d'Electricité (CTE)
- Chairman of the Supervisory Board of RTE [2]
- Director and Chairman of the Audit Committee of Dalkia [3]
- Member of the Supervisory Board of Enedis
- Director of EDF Renouvelables

Listed foreign companies:
- Director of Edison

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):
- Director and Chairman of the Audit Committee of EDF Energy Holding (private limited company)
- Chairman of the Board of Directors of EDF Trading (UK)

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Director of Electricité de Strasbourg (until 2016)
- Member of the Supervisory Board of EDF Assurances (until 2016)
- Director and Chairman of the Audit Committee of RATP (until 2016)
- Director of NNB Holding Company (until 2017)

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

(1) Including 400 in a securities account. Shares managed by a financial intermediary and held through a joint bank account with his wife in an equity savings plan (PEA) currently being updated as a result of a material error.

(2) This office is excluded from the principle of limiting the number of directorships (in accordance with paragraph 2 of Article L.225-21 of the French Commercial Code), because RTE is wholly owned by CTE.

(3) Offices held in Dalkia, Enedis, EDF Renouvelables and EDF Trading only count for one office (in accordance with paragraph 3 of Article L.225-21 of the French Commercial Code), because those companies, whose securities are not admitted to trading on a regulated market, are controlled within the meaning of Article L.233-16 of the French Commercial Code by the same company, namely EDF.

Ms. Corinne LEJBOWICZ

Age as of 31 December 2020 and nationality:
60 years old, French national

First appointment:
4 November 2019
(effective 21 November 2019)

Expiry of the current term of office:
2023
(General Shareholders' Meeting approving financial statements for the financial year ending 2022)

Shares held at 31 December 2020*:
500 shares

Membership of Board committees:

Since 21 November 2019, Ms. Lejbowicz has been a member of the Audit and Risks Committee.

Main activity:

Company director

Expertise – Experience – Other activities:

Ms. Lejbowicz is a graduate of ESCP Europe and Institut d'Études Politiques (IEP) in Paris. She started her career in 1986 as Marketing and Export Director at Nemo, a design furniture start-up. From 1987 to 1994, she occupied commercial functions, then worked as General Director at TBWA. In 1994, she joined Infogrammes, and participated in the launch of the first French Internet service provider. From 1996 to 1998, she became project manager of the high-speed internet access projet at Numericable (Vivendi Group). In 1998, she was appointed as director in charge of strategy and new projects at AOL France. In 2001, she served as Strategic Marketing Director at the Internet Department of the holding company of Vivendi group. In 2005, she joined the first independent French operator of search engines, comparators and shopping guides online: LeGuide.com. First, she served as Deputy Director, then as Chief Executive Officer and finally as Chairwoman and CEO of the company between 2007 and 2012. From 2013 to 2015, she was Head of Strategy and Director of Minutebuzz. From 2015 to 2018, she served as General Director of PrestaShop.

Ms. Lejbowicz has also been a mentor at Moovjee, an association promoting entrepreneurship by young people, since 2011. She has been a member of the Board of Directors of the Ares group, the leading player in the field of integration through economic activity in the Ile-de-France region, since 2020.

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- FDJ independent Board member

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Listed French limited companies:

n/a

Unlisted French limited companies:

- Director and member of the Strategy and Investment Committee of the La Poste Groupe
- Director of the Ares group

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Director of Lengow (SAS)
- Director of Bird Office (SAS)
- Director of Agriconomie.com (SAS)

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Director of Minutebuzz (until 2015)
- Director of Filae (until 2016)
- Director of Educlever (until 2017)
- Director of PrestaShop (until 2018)

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Mr. Pierre PRINGUET

Age as of 31 December 2020 and nationality:
70, French national

First appointment:
4 November 2019
(effective 21 November 2019)

Expiry of the current term of office:
2023
(General Shareholders' Meeting approving financial statements for the financial year ending 2022)

Shares held at 31 December 2020*:
1,000 shares

Membership of Board committees:

Since 21 November 2019, Mr. Pringuet has been a member of the Audit and Risks Committee and Chairman of the Governance, Nominations and Remuneration Committee.

Main activity:

Company director

Expertise – Experience – Other activities:

Mr. Pringuet, a graduate of École Polytechnique and École des Mines. He started his career in the French civil service from 1976 to 1987, where he held various positions at the Ministry of Industry, served within ministerial cabinets under Michel Rocard (Ministry of Planning, then Ministry of Agriculture) and became Director of Agricultural and Food Industries at the Ministry of Agriculture. He joined Pernod Ricard group in 1987 as Development Director, before successively becoming CEO of SEGM, Chairman and CEO for Europe, Co-CEO, Deputy CEO and CEO (from 2000 to 2015).

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Independent director of FDJ and Lead Director of FDJ since 16 December 2020

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Listed French limited companies:

- Vice-Chairman and Lead Member of the Supervisory Board of Vallourec
- Lead Director of Capgemini (European Company founded in France)

Unlisted French limited companies:

n/a

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Director of Avril Gestion
- Director of Agro Paris Tech
- President of Amicale du Corps des Mines
- Chairman of the association MichelROCARD.org

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Director and Vice-Chairman of the Board of Directors of Pernod Ricard (until 2019)
- President of Association Française des Entreprises Privées (AFEP – French Association of Private Enterprises) (until 2017)
- Director of Iliad (until July 2020)

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Ms. Françoise DEBRUS

Permanent representative of Predica

Age as of 31 December 2020 and nationality:
60 years old, French national

First appointment:
18 June 2020

Expiry of the current term of office:
2024
(General Shareholders' Meeting approving financial statements for the financial year ending 2023)

Shares held at 31 December 2020*:
9,660,122 shares held by PREDICA

Membership of Board committees:

Since 29 July 2020, Predica, represented by Ms. Debrus, has been a member of the Audit and Risks Committee.

Main activity:

Chief Investment Officer at Crédit Agricole Assurances

Expertise – Experience – Other activities:

Ms. Debrus is a graduate of École Nationale du Génie Rural des Eaux et des Forêts and Institut National Agronomique Paris-Grignon. Joining the Crédit Agricole group in 1987, she served as Chief Financial Officer of the Ile-de-France Regional Bank from 2005 to 2009. She then joined Crédit Agricole Assurances as Chief Investment Officer.

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Permanent Representative of Predica, independent director of FDJ

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

- Member of the Supervisory Board of Altarea
- Permanent representative of Predica, Director of Korian
- Permanent representative of Predica, Director of Aéroports de Paris

Unlisted French limited companies:

- Permanent representative of Crédit Agricole Assurances, Director of Semmaris (SAEM)

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

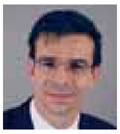
- Director of Cassini

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Member of the Supervisory Board of Covivio Hotels (until 2020)
- Non-voting director of Frey SA (until 2019)

* *Article 2.1 of the Company's Rules of Procedure stipulates that: "With the exception of directors representing employees, directors representing employee shareholders, the member of the board representing the French State and members of the Board appointed upon proposal by the French State, each member of the Board must own at least 500 shares. Any member of the Board that does not own the requisite number of shares when appointed must acquire them within one year of being appointed".*

Representative of the French State



Mr. Charles Sarrazin

Age as of 31 December 2020 and nationality:
46, French national

First appointment:
9 March 2020

Expiry of the current term of office:
2 February 2022
(replacing Mr. Bossière, himself replacing Mr. Badirou-Gafari, himself replacing Mr. Reboul appointed on 2 February 2017)

Membership of Board committees:

Mr. Sarrazin is a member of the Audit and Risks Committee and the Governance, Nominations and Remuneration Committee.

Main activity:

Representative of the French State, Director of Services and Finance Investments, French Investment Management Agency, Ministry of the Economy and Finance

Expertise – Experience – Other activities:

International business financing
Economy and finance

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Director representing the French State

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Unlisted French limited companies:

- Director representing the French State on the Board of Directors of La Poste, Chairman of the Audit Committee.
- Director representing the French State on the Supervisory Board of Arte France, Chairman of the Audit Committee.

French public-sector companies:

- Director representing the French State on the Board of Directors of France Télévisions

Other bodies:

- Director representing the French State on the Board of Directors of Bpifrance Investissement and Bpifrance Participations

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Director representing the French State on the Board of Directors of CNP Assurances

Members appointed based on Government proposal

Ms. Ghislaine DOUKHAN

Age as of 31 December 2020 and nationality:
53, French national

First appointment:
2 February 2017

Expiry of the current term of office:
2022
(General Shareholders' Meeting approving financial statements for the financial year ending 2021)

Membership of Board committees:

Since 21 November 2019, Ms. Doukhan has been a member of the Audit and Risks Committee.

Main activity:

Executive Director of Safran Analytics

Expertise – Experience – Other activities:

Ms. Doukhan graduated from HEC in 1991. She started her career at Snecma, within the International Affairs department (1991 to 2000), before joining the Production Department as Treasury Department Supervisor (2000 to 2004), then as Director of the Testing division within the Technical Department (2004 and 2007). She served as Director of High-Power Engine Programmes at the Civilian Engines division (2007 to 2010), then as Director of the Services and Spare Parts division (2010 to 2015). She joined Safran in 2015 and became Director of Safran Analytics, a new entity dedicated to value creation based on data.

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Director of FDJ appointed by the General Meeting on the proposal of the French State

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

n/a

Unlisted French limited companies:

n/a

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

n/a

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

n/a

Mr. Didier TRUTT

Age as of 31 December 2020 and nationality:
60 years old, French national

First appointment:
17 October 2014

Expiry of term of office:
2022
(General Shareholders' Meeting approving financial statements for the financial year ending 2021)

Membership of Board committees:

Since 21 November 2019, Mr Trutt has been a member of the CSR and Responsible Gaming Committee.

Main activity:

Chairman and Chief Executive Officer of IN Group

Expertise – Experience – Other activities:

Mr. Trutt was appointed Chief Executive Officer of IN Group (Imprimerie Nationale) in September 2009. His mandate at the head of Imprimerie Nationale has been acclaimed given his success in transforming the company through digital transformation, return to profitability and expansion of international activities. Having graduated as engineer (École National d'Ingénieurs de Saint-Etienne), Didier Trutt joined Thomson group in 1984, within which he spent a significant amount of time working abroad, particularly in Asia. He is one of the key actors in the transformation of the company from analogue to digital technology.

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Director of FDJ appointed by the General Meeting on the proposal of the French State

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

n/a

Unlisted French limited companies:

- Chairman and Chief Executive Officer of IN Group

Listed foreign companies:

n/a

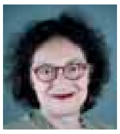
Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Director representing the French State, member of Economic and Strategic Commission at RATP since July 2019
- French Foreign Trade Advisor since 1992

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Director of Centre Technique du Papier (until 2015)

Directors representing employees



Ms. Agnès LYON-CAEN

Age as of 31 December 2020 and nationality:
51, French national

First appointment:
12 February 2018

Expiry of the current term of office:
2023
(General Shareholders' Meeting approving financial statements for the financial year ending 2022)

Membership of Board committees:

Since 19 December 2019, Ms. Lyon-Caen has been a member of the Audit and Risks Committee and the Governance, Nominations and Remuneration Committee.

Main activity:

Project Manager, Governance, Performance and Compliance, FDJ

Expertise – Experience – Other activities:

Information system infrastructure

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Director of FDJ representing employees

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Listed French limited companies:

n/a

Unlisted French limited companies:

n/a

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

n/a

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

n/a

Mr. Philippe PIRANI

Age as of 31 December 2020 and nationality:
59, French national

First appointment:
1999

Expiry of the current term of office:
2023
(General Shareholders' Meeting approving financial statements for the financial year ending 2022)

Membership of Board committees:

Since 19 December 2019, Mr. Pirani been a member of the CSR and Responsible Gaming Committee.

Main activity:

Qualification Integration Officer at FDJ

Expertise – Experience – Other activities:

Information technology. Point of sales. Employee savings

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Director of FDJ representing employees

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)*:

Listed French limited companies:

n/a

Unlisted French limited companies:

n/a

Listed foreign companies:

n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

n/a

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

n/a

Director representing employee shareholders:

Mr. David CHIANESE

Age as of 31 December 2020 and nationality:
51, French national

First appointment:
18 June 2020

Expiry of the current term of office:
2024
(General Shareholders' Meeting approving financial statements for the financial year ending 2023)

Membership of Board committees:
Mr. Chianese is a member of the Audit and Risks Committee since 16 December 2020.

Main activity:
Head of Back Office Operations, FDJ

Expertise – Experience – Other activities:
May 2008 to November 2019: membership of the Board of Directors of FDJ, as secretary of the Central Works Council (CCE).

OFFICES HELD IN 2020:

Offices within the FDJ Group:
- Director of FDJ representing employee shareholders

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:
n/a

Unlisted French limited companies:
n/a

Listed foreign companies:
n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):
n/a

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:
n/a

Government Representative in office until 8 March 2020

Mr. Emmanuel BOSSIÈRE

Age as of 31 December 2020 and nationality:
30, French national

First appointment:
3 September 2019

Expiry of the current term of office:
2 February 2022
(replacement for Mr. Badirou-Gafari based on his ongoing term of office, himself appointed to replace Mr. Reboul appointed on 2 February 2017) – Replaced on 8 March 2020 by Mr. Sarrazin

Membership of Board committees:

Mr. Bossière was a member of the Audit and Risks Committee and the Governance, Nominations and Remuneration Committee.

Main activity:

Deputy Director Transport sector, APE

Expertise – Experience – Other activities:

Finance and corporate governance
Management of large projects
Structured and international finance

OFFICES HELD IN 2020:

Offices within the FDJ Group:

- Director representing the French State within FDJ until 8 March 2020

Offices outside the FDJ Group in French limited companies (listed or unlisted) and in listed foreign companies *(pursuant to the rules on the limitation of the number of offices set out in Articles L.225-21 and L.225-94-1 of the French Commercial Code and Articles 19.2 and 19.4 of the Afep-Medef Code)***:**

Listed French limited companies:

- n/a

Unlisted French limited companies:

- SNCF Réseau;
- Aéroport de Marseille-Provence.

Listed foreign companies:

- n/a

Offices outside the FDJ Group in other types of companies and other groupings (French and foreign):

- Grand port maritime de Marseille

OFFICES EXPIRED WITHIN THE LAST FIVE YEARS:

- Member of the Board, appointed upon proposal by the French State, at Holding SP (company jointly held by the French State and Bpifrance Participations) until 2018

Appointment and cessation of duties

Article 14 of the Company's Articles of Association states:

"In the event of vacation by death or resignation of one or more Board members appointed by the General Meeting of Shareholders, the Board of Directors may, between two General Meetings of Shareholders, make temporary appointments under the conditions set by the French Commercial Code, except for: (i) the Government Representative, who is appointed as per Article 4 I of Ordinance 2014 and (ii) the directors representing the employees and the employee shareholders, appointed in accordance with the legislative and regulatory provisions in force, as well as these Articles of Association. The Board member co-opted by the Board of Directors to replace an outgoing member remains in office only long enough to serve out the remaining term of their predecessor. Appointments made by the Board are subject to ratification at the next Ordinary General Meeting of Shareholders. If not ratified, earlier deliberations and actions by the Board are still considered valid.

If the seat of a director representing employee shareholders becomes vacant, that person's replacement will be under the conditions set out in Article 13.1 a) above, with that Board member being appointed by the Ordinary General Meeting of Shareholders for a new period of four years.

If there is a vacancy in the seat of director representing the employees, the vacant seat is to be filled in accordance with Article L.225-34 of the French Commercial Code.

The General Meeting of Shareholders may withdraw the members it has appointed at any time."

The members of the Board of Directors are elected by the General Meeting of Shareholders, subject to special rules that apply (i) to the Government Representative, appointed in accordance with Article 4 I of Ordinance 2014-948 of 20 August 2014, (ii) to director representing employees, appointed in accordance with the laws and regulations in force as well as this Article, and (iii) to director representing the employee shareholders elected by the General Meeting of Shareholders based on a proposal by the employee shareholders per the applicable laws.

Specifically:

- the Government Representative is appointed by the Minister of the Economy from among active Category A or equivalent civil servants with at least five years' professional experience. That person is appointed for a period equal to the term of the members of the Board of Directors, Supervisory Board, or similar deliberative body. This Representative's duties end with resignation or if he or she loses the position whereby he or she was appointed. That person may be replaced at any time to serve out the remainder of the term;
- directors representing the employees of the Company or its direct or indirect subsidiaries are elected to their positions by the employees of the Company and its direct or indirect subsidiaries. The reasons for duties to end that are specific to this category are breach of employment contract and managed withdrawal (it is necessary to be able to prove that the person whose term is ending was at fault in the exercise of their duties; the decision can be made only by the Chairman of the Tribunal de Grande Instance at the request of a majority of all Board members);
- the director representing employee shareholders is elected by the Ordinary General Meeting of Shareholders upon a proposal by the employee shareholders. Before this happens, the employee shareholders appoint candidates at a single consultation with all employee shareholders. The reasons for duties to end that are specific to this category are loss of status as employee or shareholder of the Company, either individually or via a company mutual fund.

Below are the appointment and end of term dates for members of the Company's Board of Directors:

Members of the Board	Term of office	Date of (re)appointment	End of term date
Stéphane PALLEZ	5 years	First appointed in 2014 Reappointed 5 June 2019	2024 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2023)
French State, represented by Charles SARRAZIN	5 years	9 March 2020	2 February 2022 (replacing Mr. Bossière, himself replacing Mr. Badirou-Gafari, himself replacing Mr. Reboul appointed on 2 February 2017)
Ghislaine DOUKHAN	5 years	2 February 2017	2022 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2021)
Didier TRUTT	5 years	2 February 2017	2022 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2021)
Xavier GIRRE	3 years	Appointed member proposed by the Government in 2014 Appointed on 21 November 2019 as independent director by the General Meeting of Shareholders	2022 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2021)
Fabienne DULAC	4 years	21 November 2019	2023 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2022)
Pierre PRINGUET	4 years	21 November 2019	2023 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2022)
Corinne LEJBOWICZ	4 years	21 November 2019	2023 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2022)
Marie-Ange DEBON	4 years	21 November 2019	2023 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2022). Term of office ended early by resignation on 14 October 2020.
Françoise GRI	4 years	16 December 2020 (1)	2023 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2022)
PREDICA	4 years	18 June 2020	2024 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2023)
Fédération MAGINOT	5 years	First appointed in 1980 Reappointed 5 June 2019	2024 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2023)
UBFT	5 years	First appointed in 1980 Reappointed 5 June 2019	2024 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2023)
Philippe PIRANI	4 years	First appointed in 1999 Re-elected 13 December 2019	2023 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2022)
Agnès LYON-CAEN	4 years	First appointed 12 February 2018 Re-elected 13 December 2019	2023 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2022)
David CHIANESE	4 years	18 June 2020	2024 (at the annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2023)
French State, represented by Emmanuel BOSSIERE	5 years	3 September 2019	8 March 2020 (replaced by Charles Sarrazin)

(1) Co-opted by the Board of Directors on 16 December 2020 to replace Ms. Debon, who resigned on 14 October 2020. The term of office will be ratified by the next General Meeting of Shareholders called to approve the financial statements for 2020.

1.1.1.3 Preparation and organisation of the Board of Directors' work

Powers of the Board of Directors

In accordance with the Rules of Procedure of the Board of Directors, the powers of the Company's Board of Directors are as follows:

- the Board of Directors is endeavoured to promote value creation by the Company over the long term by reviewing social and environmental issues related to its business;
- it determines strategic directions, reviews and decides on significant operations after examination by the Strategic Committee and the ad hoc committees, as the case may be;
- it appoints and dismisses executive corporate directors, sets their compensation, chooses the mode of organization of its governance, controls management, ensures the quality of the information provided to shareholders and to the markets, sets the annual financial statements, consolidated financial statements and prepares the management report, the consolidated management report and the forecast management documents.

In particular, the following items must be reviewed by the Board of Directors, after examination, if necessary, by the relevant committee(s):

- the annual Budget including the gaming programme and the multi-year financial plans associated with strategic directions; and
- the multi-year strategic plan.

In accordance with the Afep-Medef Code, the Board of Directors:

- is informed of market developments, competitive environment and main challenges faced by the Company, including in the area of social and environmental responsibility;
- regularly reviews, in connection with the strategy it has defined, the opportunities and risks such as financial, legal, operational, social and environmental risks and the measures taken as a result;
- ensures, as the case may be, the implementation of a prevention and detection system of corruption and influence peddling;
- ensures that the executive corporate directors implement non-discrimination and diversity policies, particularly in terms of balanced representation of women and men within the governing bodies;
- ensures that shareholders and investors receive relevant, balanced and educational information on the strategy, the development model, consideration of significant extra-financial issues for the Company as well as on its long-term outlook;
- ensures compliance with the provisions of the Afep-Medef Code when a disposal is contemplated, whether through one or several transactions, involving at least half of the Company's assets over the last two financial years; and
- subject to the powers expressly granted to shareholders' meetings and within the limits of the corporate purpose, it considers any matter concerning the proper operation of the Company and through its deliberations addresses any matters concerning the Company.

Limits on the powers of executive management

In accordance with Article L.225-56 of the French Commercial Code, the Chairwoman and CEO has the broadest powers to act in all circumstances in the name of the Company. She exercises her powers within the limits of the Company's duties and subject to those powers which the law expressly grants to shareholder meetings and the Board of Directors. She represents the Company in its relations with third parties.

Article 1.2 of the Rules of Procedure of the Board of Directors sets the rules limiting the powers of the Chairwoman and CEO, defining the thresholds at which point prior authorisation by the Board of Directors is required for certain decisions. Those decisions are as follows:

- long-term borrowing in amounts exceeding €80 million;
- direct or indirect transactions to acquire, take possession, sell, or expand ownership in any company or entity that represents financial exposure for the Company greater than €35 million (including the impact on the Group's consolidated debt and its off-balance-sheet financial commitments);
- investment or divestment, off-budget, regardless of its nature, in a unitary amount exceeding €35 million;
- any significant transaction that falls outside of the stated strategy.

Procedure for evaluating standard agreements

In accordance with Article L.225-39 of the French Commercial Code [(1)] and AMF recommendation DOC-2012-05, the Board of Directors' meeting on 12 March 2020 approved an internal charter relating to the procedures for identifying regulated agreements and evaluating standard agreements. It is available on the Company's website.

The procedure that enables agreements related to ordinary, arm's length transactions to be evaluated on a regular basis to ensure they fulfil these conditions is described below:

(i) a report on the different categories of agreements considered to be ordinary and arm's length that are in effect during the financial year, drawn up by the Legal Department in consultation with the Finance Department, must be sent to the Audit Committee at least five days before the Audit Committee meeting called to approve the financial statements for the financial year. The committee reports its findings to the Board of Directors called to approve the financial statements for the financial year;

(ii) this report includes:

- **a.** the criteria used to classify each of the categories of agreement as ordinary, arm's length transactions,
- **b.** the criteria used to classify the financial conditions as normal, providing market comparables if applicable,
- **c.** the categories of interested parties if this is likely to have an impact on the evaluation of the agreement as an ordinary, arm's length transaction;

(1) Article L.22-10-12 of the French Commercial Code at 1 January 2021.

(iii) if applicable, this agreement contains recommendations that amend one or more of the criteria stipulated in paragraph (ii) above.

This report is then sent, with the Audit and Risks Committee's recommendations, to the Board of Directors.

If an individual is directly or indirectly an interested party of one of the categories of agreement, that individual will not take part in the evaluation (either as part of the Audit and Risks Committee or the Board of Directors).

The Board of Directors is required to confirm that the different categories of agreement submitted to it fulfilled the conditions to be classified as ordinary, arm's length transactions on the date they were signed. It may also decide to amend the classification criteria and, if applicable, re-examine the agreements that do not or longer fulfil the necessary criteria.

Duration of terms

Taken from Article 14 of the Articles of Association:

"Board members whose election becomes effective upon the transfer of the majority of the Company's capital to the private sector and Board members elected from that date on are appointed for a maximum of four years. Within that limit, the General Meeting of Shareholders may decide to appoint Board members for different durations in order to space apart the durations of their respective terms. The terms of members end upon the conclusion of the annual Ordinary General Meeting of Shareholders held in the year during which those terms expire. Members can be re-elected and are subject to the laws and regulations that apply to holding multiple offices."

Frequency of meetings (Article 3.1 of the Rules of Procedure)

In accordance with Article 3.1 of the Company's Rules of Procedure, the Board of Directors meets at least four times during the financial year and whenever circumstances require.

Convening of members and holding of meetings (Article 3.1 of the Rules of Procedure)

The notice to convene sets the location of the Meeting, which may be held at headquarters or any other place. It is sent by letter, fax, or email to the Board members, at least five working days prior to the Meeting date.

Documents related to matters on the agenda that would enable the members to take informed positions with full knowledge of the facts on the agenda items are also sent to each member as soon as possible, and unless there is particular urgency, at least three calendar days before the Meeting when those topics will be addressed.

The agenda is attached to the notice; it mentions the matters to be deliberated on and is accompanied by the draft minutes that will be submitted for the Board's approval.

Informing and educating the members of the Board of Directors

Informing the Board of Directors (Article 1.3 of the Rules of Procedure)

a) The Chairwoman places on the agenda of the Board of Directors:

- at least once a year, a review of the implementation of the Company's and the Group' s strategy;
- at least once a year, a review of the Company's and the Group's cash position, liquidity situation and commitments;
- a review of the performance of the Company subsidiaries when the annual and half-year financial statements are presented;
- the reports prepared annually excluding financial statements;
- commercial policy;
- the policy implemented to prevent excessive and underage gambling and to promote reasonable gambling;
- the policy implemented to fight against fraud and money laundering and terrorist financing; and
- the human resources policy including, in particular, the compensation policy within the Group.
- monitoring adherence to the obligations placed on the Company by the specifications (cahier des charges) set by Decree No. 2019-1060 of 17 October 2019 governing the application of close control by the Government over the Company. This particularly includes:
  - an obligation to offer an attractive set of games and bets aimed at diverting players from the illegal offer. FDJ must ensure that players, throughout metropolitan France and overseas territories referred to in Article 73 of the Constitution, have access to all the lottery and sports betting games it is authorised to operate,
  - an obligation to carry out investigations in order to assess the concentration of gaming and the players' gaming habits,
  - an obligation to limit the share of the Company's revenue or of its stakes resulting from its most intensive gamblers, under conditions defined by the Minister of the Budget, in order to help contain the consumption of gambling,
  - an obligation to measure retailers' satisfaction,
  - an obligation to implement attention policy and measure players' satisfaction and to publish regular qualitative surveys,
  - an obligation to organise, at least once a year, meetings with all stakeholders on issues relating to the prevention of excessive gambling, prevention of underage gambling, support for people in vulnerable situations and participation of the offline distribution network in responsible gaming initiatives,

- in addition to the authorisation of the French gaming regulatory authority (ANJ), an obligation to obtain the authorisation of the Minister in charge of the Budget for the launch of games dedicated to cultural heritage,
- an obligation to subscribe the necessary insurance policies to adequately cover counterparty risks relating to games operated by FDJ under the exclusive rights,
- an obligation to pursue FDJ's initiative to control the environmental impact of its activities relating to games operated under the exclusive rights and to limit the carbon impact of its information technologies,
- an obligation to draw up an annual report on the implementation of the cahier des charges, addressed to the Ministers in charge of the Budget and Economy, with a copy to the French gaming regulatory authority (ANJ).

The monitoring of the budget, financial situation and performance indicators is subject to reporting, which is discussed by the Board of Directors at meetings dedicated to the annual financial statements, provisional management documents and the Budget.

b) Information on a regular basis

The Board of Directors is regularly informed, either directly or through its committees, of any significant event related to the Company's business. It may also be informed at any time, including between meetings dedicated to the review of financial statements, of any significant changes in the Company's financial and liquidity position and commitments.

In order to support their considerations, the members of the Board of Directors receive all the relevant information, including critical information concerning the Company, in particular press articles and financial analysis reports.

Conversely, the members of the Board of Directors have a duty to request any useful information they need to fulfil their mission. If a member of the Board of Directors considers that he or she has not been put in a position to deliberate in full knowledge of the facts, he or she must inform the Board and obtain the information necessary for the performance of his or her duties.

The members of the Board of Directors may meet with the Company's main executives, including in the absence of executive corporate directors. In this case, executive corporate directors must be previously informed.

Educating the members of the Board of Directors (Article 2.4 of the Rules of Procedure)

Each Board member has received additional education with respect to the unique features of the Company, its business lines, its sector of activity, and its corporate social responsibility challenges.

The members of the Audit and Risks Committee, when appointed, receive specific information about the Company's accounting, financial, and operational situation.

The directors representing employees and those representing employee shareholders receive appropriate training to carry out their duties.

Evaluation of the Board of Directors (Article 4 of the Rules of Procedure)

In accordance with the provisions of the Afep-Medef Code, the Company's Rules of Procedure provide that the Board of Directors assesses its ability to meet expectations of the shareholders who have given it the mandate to administer the Company, by reviewing periodically its composition, organisation and functioning (which also implies a review of the Committees of the Board of Directors and, in particular, of the Audit and Risks Committee).

The Board of Directors shall consider the desirable balance of its composition and that of the committees it sets up and periodically examines the adequacy of its tasks, its organisation and functioning.

The evaluation has three objectives:

- review the operating procedures of the Board of Directors;
- ensure that important issues are properly prepared and discussed; and
- assess the effective contribution of each member of the Board to the work of the Board of Directors.

The evaluation shall be carried out in accordance with the following procedures:

- once a year, the Board of Directors discusses its functioning;
- a formal evaluation is carried out at least every three years. It is implemented under the direction of the Governance, Nominations and Remuneration Committee with the assistance of an external consultant and the Lead Director [(1)] if one has been appointed;
- shareholders are informed annually in the corporate governance report of the performance of the evaluations and, where applicable, the follow-up given to such evaluations.

2020 annual evaluation

As the Company was listed on the stock exchange on 21 November 2019, an initial annual evaluation of the Board of Directors was conducted in autumn 2020.

The first internal evaluation of the Board of Directors was conducted by Mr. Pringuet, Chairman of the Governance, Nominations and Remuneration Committee. It focused in particular on: (i) the Board of Directors' programming and functioning; (ii) the monitoring of the Covid-19 crisis; (iii) coordination between the work of the Board and the work of the committees; (iv) the information and education of directors and (v) the functioning of committees.

A detailed questionnaire was sent to all directors in order to prepare the individual interviews with Mr. Pringuet.

The answers to the questionnaire and the comments made during the interviews are kept confidential, and the overall results were only provided anonymously to the Governance, Nominations and Remuneration Committee and the Board of Directors.

(1) Mr Pringuet was appointed Lead Director of FDJ by the Board of Directors on 16 December 2020.

As a result:

- the unanimous position expressed is that it is a good Board of Directors where a professional and open atmosphere prevails, with fruitful exchanges. This is reflected in the overall score of the evaluations;
- the areas for improvement mentioned relate to:
  - deadlines for the transmission of documents,
  - the length of presentations,
  - the desire for a greater focus on the strategy. It should be noted that the interviews took place before the seminar on 9 and 10 November on the Company's strategy.

The areas for improvement identified are as follows:

- provide training for directors on the specific characteristics of the Group's business;
- improve the preparation and conducting of Board meetings by reducing the length of presentations and sending documents to directors as soon as possible;
- define a strategic agenda with an annual schedule of meetings or seminars;

The summary of this evaluation prepared by Mr. Pringuet was presented to the Governance, Nominations and Remuneration Committee on 11 December 2020 before being discussed at the Board of Directors' meeting on 16 December 2020.

These recommendations have been taken into account and an action plan will be proposed at a Board meeting in early 2021.

Board meetings and work

In 2020, the Board of Directors met nine times, with an attendance rate, in-person or by telecommunication, of 93% of its members.

The Board's activity centred on the following issues:

- monitoring the Group's ongoing management
  - reviewing the quarterly business reports, annual and half-year parent and consolidated financial statements in the presence of the Statutory Auditors,
  - regularly reviewing the Group's financial situation, and more specifically the financing and outside growth strategy,
  - tracking risks and prevention mechanisms, including more deeply investigating certain risks based on the work of the Audit Committee and CSR and Responsible Gaming Committee,
  - reviewing the Company documents: parent company balance sheet and management planning documents,
  - Company policy with respect to professional and wage equality,
  - preparing for the Annual General Meeting of Shareholders (agenda, draft resolutions, annual management report, and any other reports or sections that appear in the annual financial report which originated from or were approved by the Board);
- remuneration of corporate directors
  - determination of the variable portion of the remuneration of Stéphane Pallez and Charles Lantieri for exercice 2019,
  - breakdown of directors' remuneration for exercice 2019,
  - determination of the remuneration policy for directors and the non-voting director for 2020,
  - introduction to the Company's general remuneration policy,
  - annual review of the independence of directors,
  - 2020 remuneration policy for corporate directors,
  - principles governing the subsequent implementation in 2020 of a long-term incentive plan in the form of performance shares;
- standard and regulated agreements
  - review of regulated agreements,
  - evaluation procedure for standard agreements and internal charter on regulated agreements and standard agreements,
  - review of the report on standard agreements;
- composition of the Board of Directors and its committees
  - appointment of a non-voting director who will be proposed as a director to the Annual General Meeting,
  - election rules for the election of the representative of employee shareholders with a view to the appointment of a director representing shareholder employees by the General Meeting of Shareholders,
  - designation of candidates for the position of director representing employee shareholders,
  - appointment of an independent director to the Audit Committee,
  - co-opting of a director,
  - appointment of a Lead Director;
- Covid-19 health crisis
  - financial impact of Covid-19 on the Company's business and measures taken,
  - validation of financial communication,
  - management of the Company under the business continuity plan;
- miscellaneous
  - adoption of the raison d'être,
  - strategic shifts,
  - liquidity contract,
  - deliberation on the final version of the counterparty's financing to secure exclusive rights,
  - revised budget.

Audit and Risks Committee

Composition

The Audit and Risks Committee assists the Board of Directors with the analysis of the financial statements and financial information, major risk management policy and internal control.

The members of the Audit and Risks Committee must have finance or accounting expertise.

The Audit and Risks Committee comprises at least four members of the Board. The percentage of Independent members of the Board on the Audit and Risks Committee must be at least two-thirds and the Committee must not include any executive corporate director.

The appointment or reappointment of the Chairman of the Audit and Risks Committee, proposed by the Governance, Nominations and Remuneration Committee, is subject to the specific review of the Board of Directors.

At 31 December 2020, the members of the Audit and Risks Committee were as follows:

Chairman	**Xavier Girre (Independent Board member)**
Members	Charles Sarrazin (Board member representing the French State) since 9 March 2020 [(1)]
	Ghislaine Doukhan (Board member appointed by the French State)
	Corinne Lejbowicz (Independent Board member)
	Predica, represented by Françoise Debrus (Independent Board member)
	Pierre Pringuet (Independent Board member, Chairman of the Governance, Nominations and Remuneration Committee)
	Agnès Lyon-Caen (Director representing employees)
	David Chianese (Director representing employee shareholders)

The Government Commissioner sits on the Audit and Risks Committee in an advisory capacity.

Duties and remit

In addition to its legal responsibilities, the Audit and Risks Committee carries out the following tasks:

- carry out a preliminary review of the accounting and financial documents to be submitted to the Board of Directors, including in particular the half-yearly and annual financial statements (corporate and consolidated), provisional accounts and budgets, multi-year plans, the management report and its appendices;
- monitor the financial reporting process and review the quality and reliability of the financial information produced by the Company;
- review the Company's financial communication policy and elements;
- review the relevance and consistency of accounting standards and policies and of the options for closing the accounts for the financial year; examine any proposal for significant amendment of these standards and methods before their implementation;
- review the overall risk control policy based on a mapping of the risks; as such, the Committee reviews the main financial risks and any other question likely to lead to significant risks, commitments or threats;
- examine, as part of the review of the financial statements, material transactions under which a conflict of interest could have occurred;
- review the nature and scope of significant off-balance sheet commitments;
- examine the evolution of internal control systems; review the activity debriefings and the conclusions of the internal audit reports, and the follow-up provided by the Company thereto; provide its opinion on the annual internal audit programmes;
- supervise the statutory auditors' appointment or renewal procedure by competitive bidding and issue an opinion on the selection of the said statutory auditors, as well as on their work programme, their fees and the quality of their work;
- periodically review the status of the statutory auditors' interventions and of their recommendations;
- review the scope of the consolidation of companies and, where applicable, the reasons for which companies would not have been included within such scope.

The Audit and Risks Committee may also be consulted on any other regular assignment or on an ad hoc basis as assigned by the Board of Directors; it may also suggest to the Board of Directors the referral of any issue that it deems necessary or relevant.

At least once a year, a meeting of the Audit and Risks Committee is held without the executive corporate directors.

Functioning

The Audit and Risks Committee meets at least three times a year.

The time periods allocated for provision of financial statements and for their examination must be sufficient.

The Audit and Risks Committee shall hear the statutory auditors, in particular at meetings devoted to the review of the financial reporting process and the review of the financial statements, in order to report on the execution of their mission and the conclusions of their work.

It also hears annually the Chief Financial Officers, the Chief Accountants, the Chief Treasury Officers and the Internal Control Officers. These hearings may be held, when the Committee so wishes, without the presence of the Company's general management.

The Audit and Risks Committee met eleven times in 2020 with an attendance rate of 89%.

The Committee particularly dealt with the following matters:

(1) From 1 January 2020 to 8 March 2020, Emmanuel Bossière was a member of the Committee as representative of the French State.

Finance and Treasury:

- presentation of closing options;
- 2019 parent company and consolidated financial statements;
- follow-up on asset allocation management and 2021 forecast;
- review of the cash position and review of the financing proposal for the financial consideration;
- update on innovation funds;
- savings plan;
- half-yearly financial report;
- presentation of the preliminary work by the statutory auditors for closing the 2020 financial year;
- statutory auditors' programme;
- budget/business plan;
- financial communication - 2019 results.

Management:

- management report;
- management planning documents;
- review of ongoing agreements.

Shareholders:

- appropriation of earnings and dividend payment date.

Health crisis:

- financial impact of Covid-19, updated financial estimates;
- Covid-19 update and 2020 annual projection;
- changes in Group risks following the Covid-19 crisis.

Risk analysis:

- presentation of the 2020 Group risk map;
- update on the anti-corruption compliance system (Sapin 2) and updating of the mapping of corruption risks;
- progress report on the work programme of the Audit, Risks, Controls, Quality and Ethics Department.

Acquisitions:

- update on acquisitions.

Governance, Nominations and Remuneration Committee

Composition

The Governance, Nominations and Remuneration Committee ("CGNR") is composed of at least four members of the Board. It must not include any executive corporate director and must be composed of a majority of Independent members of the Board. The Chairman of the Committee must be independent, and a member of the Board shall represent the employees.

Chairman	Pierre Pringuet (Independent Board member)
Members	Charles Sarrazin (Representative of the French State) since 9 March 2020 [(1)]
	Fabienne Dulac [(2)], as Chairwoman of the CSR and Responsible Gaming Committee (Independent Board member), permanent guest
	Françoise Gri (Independant Board Member)
	Agnès Lyon-Caen (Director representing employees)

The Government Commissioner sits on the Governance, Nominations and Remuneration Committee in an advisory capacity.

Duties and remit

With respect to the selection of new members of the Board

The Governance, Nominations and Remuneration Committee is responsible for making proposals to the Board of Directors after having examined in detail all the elements to be taken into account in its deliberation, in particular in view of the composition and evolution of the shareholding structure of the Company, to achieve a balanced composition of the Board of Directors: representation between women and men, nationality, international experiences, expertise, etc.

In particular, it organises a procedure to select future independent Board members and carries out its own studies into potential candidates before beginning the process of selecting them.

With respect to the succession of executive corporate directors

The Governance, Nominations and Remuneration Committee sets up a succession plan for the executive corporate directors.

With respect to the compensation of executive corporate directors

The Governance, Nominations and Remuneration Committee is responsible for reviewing and proposing to the Board of Directors all compensation and benefits components for corporate directors. It also makes a recommendation on the envelope and the terms and conditions for the distribution of the remuneration allocated to members of the Board.

In addition, the Committee is informed of the compensation policy for the main non-executive corporate directors. In this role, the Governance, Nominations and Remuneration Committee shall involve the executive corporate directors in its work.

Finally, the Governance, Nominations and Remuneration Committee is informed, by the Chairman, of appointments concerning the Executive Management.

(1) From 1 January 2020 to 8 March 2020, Emmanuel Bossière was a member of the Committee as representative of the French State.
(2) Position formerly held by Marie-Ange Debon until 14 October 2020.

Functioning

The executive corporate directors are consulted by the Governance, Nominations and Remuneration Committee with respect to their appointment-related skills.

When presenting the report of the work of the Governance, Nominations and Remuneration Committee, it is necessary for the Board of Directors to deliberate on the elements of compensation of executive corporate directors without their presence.

This committee met five times in 2020 with a 100% attendance rate.

The Committee particularly dealt with the following matters:

Remuneration:

- FDJ general remuneration policy;
- ECD remuneration in 2019;
- compensation of the corporate directors;
- allocation of the 2019 compensation package;
- 2020 ECD remuneration policy;
- 2020 allocation criteria;
- 2021 long-term incentive plan;
- adoption of principles governing the subsequent implementation in 2020 of a long-term incentive plan in the form of performance shares.

Appointments:

- appointment of a non-voting director/director;
- presentation for information of the election rules for the director representing employee shareholders.

Independence of directors:

- qualification of all members of the Board of Directors as independent (in view of the report on corporate governance).

Corporate Social Responsibility and Responsible Gaming Committee

Composition

The CSR and Responsible Gaming Committee comprises at least four members of the Board. It must include at least one Independent member of the Board.

At 31 December 2020, the Board had the following members:

Chairman	**Marie-Ange Debon (Independent Board member) until 14 October 2020, replaced by Fabienne Dulac (Independent Board member)** (1)
Members	Philippe Pirani (Director representing employees)
	UBFT, represented by Olivier Roussel (Board member appointed by the General Meeting of Shareholders)
	Didier Trutt (Board member appointed on proposal by the French State)

The Government Commissioner sits on the CSR and Responsible Gaming Committee in an advisory capacity.

Duties and remit

The CSR and Responsible Gaming Committee has the following duties:

- ensuring that the Group promotes a Responsible Gaming model that develops moderate and supervised gambling among the general public, from the design of the games to their sale;
- reviewing CSR policy and, more broadly, addressing issues essential for the business model;
- reviewing the intersection between the policies enacted and the corporate strategic policy, the Company's management processes; how the Company derives value from its key assets;
- supporting the actions and evolution of the Corporate Foundation's policy;
- issuing a decision on the action plan to prevent excessive gambling and underage gambling and promoting a reasonable practice of the gaming.

Each year, it validates the action plan to combat fraud and money laundering that is transmitted to the French gaming regulatory authority (ANJ) before 31 January.

It reports on its work to the Board of Directors. It may also be consulted on any other regular assignment or on an ad hoc basis as assigned by the Board. In addition, it can suggest that the Board of Directors refer to it any issue that it deems necessary or relevant.

Functioning

The CSR and Responsible Gaming Committee meets at least twice a year.

The CSR and Responsible Gaming Committee met seven times in 2020 with an attendance rate of 83%.

The Committee particularly dealt with the following matters:

Global CSR policy:

- general presentation of the CSR policy;
- review of 2019 priorities and 2020 proposals;
- environmental policy: Carbon footprint results and life cycle analysis of gaming material;
- diversity policy;
- integrity policy;
- update of CSR risks.

Responsible gaming:

- presentation of the 2025 responsible gaming strategy;
- focus on Responsible Sports Gaming;
- responsible gaming partnership policy;
- responsible gaming certification results;
- main focuses of the responsible gaming action plan for sports betting;
- draft reference framework for the prevention of excessive gambling and the protection of minors.

(1) Decision of the Board of Directors' meeting on 14 October 2020.

Anti-crime policy:

- presentation of the anti-money laundering action plan;
- anti-fraud and anti-money laundering action plan;
- anti-corruption policy;
- policy to combat match fixing.

Raison d'être:

- update on FDJ's raison d'être.

Remuneration of corporate directors:

- evaluation of 2019 CSR criteria for corporate directors and proposals for 2020;
- sharing of rating agency results;
- finalisation of remuneration criteria.

Miscellaneous:

- results and action plans arising from non-financial ratings.

Strategic Committee

At least once per year, the Board of Directors meets in a strategy seminar led by the Chairwoman and CEO to decide on the Company's main strategic focuses. In particular, the purpose of this seminar is to:

- discuss the multi-year strategic plan and review how it is being implemented;
- study significant issues and facts that may have an impact on the strategic plan;
- examine projects related to the development of the Group, monitoring the evolution of industrial partnerships, strategic draft agreements, the evolution of the competitive environment and the positioning of the Group;
- make any recommendations it deems useful to the Chairwoman and CEO.

In 2020, the Board of Directors met twice in the Strategic Committee on 12 June 2020 as well as on 9 and 10 November 2020.

Directors' individual attendance rate at Board and Committee meetings in 2020

In accordance with Article 11.1 of the Afep-Medef Code, directors' individual attendance rate at Board and Committee meetings in 2020 was as follows:

	Attendance rate at Board of Directors meetings	Attendance rate at Audit and Risks Committee meetings	Attendance rate at Governance, Nominations and Remuneration Committee meetings	Attendance at CSR and Responsible Gaming Committee meetings	General average for each director
Stéphane PALLEZ	100%	-	-	-	100%
Emmanuel BOSSIERE	100%	100%	100%	-	100%
Charles SARRAZIN	100%	100%	100%	-	100%
Ghislaine DOUKHAN	100%	90.91%	-	-	95.45%
Didier TRUTT	100%	-	-	100%	100%
Fabienne DULAC	77.78%	-	-	100%	88.9%
Pierre PRINGUET	100%	81.82%	100%	-	93.94%
Corinne LEJBOWICZ	100%	100%	-	-	100%
Xavier GIRRE	100%	100%	-	-	100%
Marie-Ange DEBON	100%	-	100%	100%	100%
Françoise GRI	100%	-	-	-	100%
PREDICA (represented by Françoise DEBRUS)	88.9%	55.56%	-	-	72.23%
Fédération MAGINOT (represented by Henri LACAILLE)	44.44%	-	-	-	44.44%
UBFT (represented by Olivier ROUSSEL)	100%	-	-	57.14%	78.57%
Philippe PIRANI	100%	-	-	57.14%	78.57%
Agnès LYON-CAEN	88.9%	90.91%	100%	-	93.27%
David CHIANESE	100%	100%	-	-	100%
General average Board and committee attendance rate					**91.6%**

1.1.1.4 Terms of shareholder participation in the General Meetings of Shareholders

Article 25 of the Company's Articles of Association explains how shareholders participate in the General Meetings of Shareholders. Those terms are described below.

Any shareholder may participate in any meeting, either in person, physically or by post, or by proxy, upon proof of his or her identity and the accounting registration of his or her securities in his or her name or on behalf of the intermediary registered for his or her account pursuant to the seventh paragraph of Article L.228-1 of the French Commercial Code, no later than the second working day preceding the meeting at midnight, Paris time, either in the registered share accounts kept by the Company, or in the bearer share accounts kept by an authorised intermediary. The accounting inscription or registration of the securities in bearer share accounts held by an authorised intermediary will be documented by a certificate of shareholding issued by the intermediary within the time limits and under the conditions stated in the regulations in force.

If the Board of Directors so provides, shareholders participating in any general or special meeting, whether personally or by proxy, by videoconference or by electronic means of telecommunication allowing their identification such as the Internet, shall be deemed to be present for the calculation of the quorum and majority, in accordance with the terms and conditions that it has previously defined in accordance with the laws and regulations in force.

If necessary, this option and the site address provided for this purpose will be mentioned in the notice of meeting published in the Bulletin des Annonces Légales Obligatoires.

Postal or proxy voting

Hard copy postal or proxy voting forms that have not effectively been received at the headquarters of the Company or at the location specified in the notice of meeting no later than three days prior to the date of the general or special meeting shall be disregarded. This period may be shortened by decision of the Board of Directors.

Electronic forms for remote or proxy voting may be received by the Company up to one day before the meeting no later than 3pm Paris time.

Any shareholders who have cast their votes remotely, sent a proxy or requested their admission card or a certificate of shareholding, may nevertheless sell some or all of the shares for which they have cast their remote vote, sent a proxy or requested their admission card or a certificate of shareholding. However, if the sale occurs before the second working day preceding the meeting at midnight, Paris time, the Company, upon notification by the authorised intermediary account holder, will accordingly invalidate or modify, as the case may be, the vote cast remotely, proxy, admission card or certificate of shareholding.

Notwithstanding any convention to the contrary, no sale or transaction made after the second working day preceding the meeting at midnight, Paris time, regardless of the means used, shall be notified by the authorised intermediary or taken into consideration by the Company.

Shareholder representation

A shareholder may be represented under the conditions set by the laws and regulations in force.

1.1.1.5 Authority of managerial bodies to issue or purchase shares

The delegations of authority granted by the General Meeting of Shareholders to the Board of Directors are in force, a summary of which is set out below:

General Meeting of Shareholders on 4 November 2019

Resolution No.	Type of authorisation	Authorised amount	Global Cap	Duration of the authorisation
24	Authorisation granted to the Board of Directors to proceed with free allocations of shares of the Company, existing or to be issued, for the benefit of salaried employees and corporate directors of the Company and/or its subsidiaries or some of them, whose final acquisition is conditioned on conditions of performance, resulting in the waiver of shareholders of their preferential subscription right (subject to condition precedent)	Within the limit of 0.6% of the share capital of the Company	N/A	38 months

General Meeting of Shareholders on 18 June 2020

Resolution No.	Type of authorisation	Authorised amount	Global Cap	Duration of the authorisation
14	Delegation of authority granted to the Board of Directors to issue ordinary shares and/or other securities giving immediate or deferred access to the share capital of the Company or one of its subsidiaries with preferential subscription rights	20% of the share capital +€300m in nominal value of securities representing debt instruments - Set up of a Global Cap of 20% of the share capital	The 20% Global Cap constitutes a maximum Global Cap for share capital increases that may be carried out under resolution 14 and those made possible by virtue of resolutions 15, 16, 17, 18, 20, 21 and 22	26 months
15	Delegation of authority granted to the Board of Directors in order to issue ordinary shares and/or securities giving immediate or deferred access to the share capital of the Company or one of its subsidiaries with suppression of the preferential subscription right, by way of public offering (other than the offering referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code)	10% of the share capital +€300m in nominal value of securities representing debt instruments	Deducted from the Global Cap of resolution 14 This resolution contains a sub-Cap of 10% of the share capital from which all share capital increases with suppression of preferential subscription rights proposed at the General Meeting of Shareholders of 18 June 2020 will be deducted. This ensures shareholders that share capital increases without preferential subscription rights will not exceed a total of 10% of the share capital	26 months
16	Delegation of authority granted to the Board of Directors to issue ordinary shares and/or other securities giving immediate or deferred access to the share capital of the Company or one of its subsidiaries with suppression of preferential subscription rights, by way of an offering referred to in paragraph 1 of Article L.411-2 of the French Monetary and Financial Code, reserved exclusively for qualified investors and/or a restricted circle of investors	10% of the capital +€300m in nominal value of securities representing debt instruments	Deducted from the Global Cap of resolution 14 and the sub-Cap of resolution 15 As this resolution provides for the suppression of preferential subscription rights, its amount is deducted not only from the Global Cap but also from the sub-Cap applicable to share capital increases with suppression of preferential subscription rights	26 months
17	Authorisation to the Board of Directors, in the event of an issue without preferential subscription rights, to set the issue price in accordance with the terms adopted by the General Meeting of Shareholders, within the limit of 10% of the share capital per year	Relating to resolutions 15 and 16 Within the limit of 10% of the share capital of the Company	Cap provided for in the resolution pursuant to which the issue is made, as well as the Global Cap set in resolution 14	26 months
18	Delegation of authority granted to the Board of Directors to decide to increase the number of securities to be issued in the event of a share capital increase with retention or suppression of the preferential subscription right	Limit provided by the applicable regulation (or to this day 15% of the initial issuing)	Cap provided for in the resolution pursuant to which the issue is made, as well as the Global Cap set in resolution 14	26 months
19	Delegation of authority granted to the Board of Directors to decide to increase the share capital by incorporating premiums, reserves, profits or other	Cap fixed at the amount that can be legally incorporated	Not deducted from the Global Cap of resolution 14	26 months
20	Delegation of powers granted to the Board of Directors, to issue ordinary shares and/or securities giving immediate or deferred access to the share capital with suppression of the preferential subscription right, in order to remunerate contributions in kind granted to the Company	Within the limit of 10% of the share capital of the Company	Deducted from the Global Cap of resolution 14 and the sub-Cap of resolution 15	26 months
21	Delegation of authority granted to the Board of Directors, in order to proceed, with suppression of the preferential subscription right, to the issuance of ordinary shares or securities giving access to the share capital of the Company in the event of a public offering initiated by the Company	Within the limit of 10% of the share capital of the Company	Deducted from the Global Cap of resolution 14 and the sub-Cap of resolution 15	26 months
22	Delegation of authority to be granted to the Board of Directors, in order to carry out a share capital increase by issuing ordinary shares and/or securities giving access to the Company's share capital reserved for members of employee savings plan, with removal of the preferential right to their benefit, pursuant to Articles L.3332-18 et seq. of the French Labour Code	Within the limit of 1% of the share capital of the Company	Deducted from the Global Cap of resolution 14 and the sub-Cap of resolution 15	26 months

1.1.2 Remuneration of corporate directors

This Section 1.1.2 of the report of the Board of Directors on corporate governance describes the policy for remunerating the Company's corporate directors in accordance with Article L.225-37-2 of the French Commercial Code [1], particularly in its version resulting from the provisions of law No. 2019-486 of 22 May 2019 regarding the growth and transformation of businesses, known as the "Pacte Law", of Ordinance No. 2019-1234 of 27 November 2019 related to the remuneration of corporate directors of publicly traded companies, and of Decree No. 2019-1235 of 27 November 2019.

1.1.2.1 Remuneration policy of corporate directors

The remuneration policy is determined with a view to supporting the Company's sustainable growth, serving FDJ's raison d'être adopted in June 2020.

The policy described below applies to all of the Company's corporate directors. Whenever necessary, it is specified which components and principles of the remuneration policy are specific to the Executive Corporate Directors (ECDs), namely the Chairwoman and CEO and the Deputy Chief Executive Officer, and which are specific to the other corporate directors (Board members).

Remuneration in accordance with the Company's general interest and in line with its business strategy and sustainability

The Board of Directors has particularly drawn from the recommendations of the Afep-Medef Code when determining its corporate directors remuneration policy.

In particular, the principles of balancing different remuneration components, being consistent with the remuneration of the Company's employees, and of measurement, all of which the Company abides by, help to ensure that its general interest is pursued.

The remuneration of corporate directors must be competitive in order to attract and motivate the talent needed to implement the Company's commercial strategy and achieve its short- and long-term goals. It must encourage the search for financial and non-financial performance. It must ensure that the different levels of remuneration of the Company's executives are consistent with the responsibilities exercised. That remuneration has therefore been defined in a way that takes into account relevant comparables and market practices.

Specific features of the ECD remuneration policy

The ECD remuneration policy is forward-looking in both the short and long term, while also seeking to align the ECDs' interests with the Company's general interest and the interests of its shareholders:

- by aligning in terms of the strategic orientations and the annual objectives defined by the Board of Directors, in accordance with the Company's general interest, its raison d'être, via performance criteria affecting both the annual variable remuneration and also the long-term variable remuneration based on performance shares;
- by specifically taking into account the Company's business strategy, through performance criteria defined for the annual variable portion;
- by working toward the Company's goal of sustainability, in the form of performance criteria included in both the annual and long-term variable remuneration, enabling:
  - alignment with the shareholders' interests in the goal of creating long-term value. A significant a significant part of ECD remuneration is to be comprised of performance shares, which only vest if long-term performance targets are met,
  - in line with the Company's general remuneration policy, to best approximate the relevant comparables in order to be able to attract, retain, and motivate the talents that the Group needs, by gradually shrinking the gap between its total remuneration and that of the relevant comparables. For the first time in 2021, the Company will implement long-term variable remuneration for the ECDs and a significant number of executives and managers of the Company by awarding performance shares. In light of the Covid-19 health crisis, the Board of Directors, at its meeting of 20 April 2020, decided to postpone until 2021 the long-term incentive plan as adopted at its meeting of 19 March 2020, and as described in the subsection "Long-term variable remuneration" in sub-section 1.1.2.2 of the 2019 report on corporate governance,
  - taking into account stakeholders in the Company's development, with at least one CSR and responsible gaming criterion for determining the annual variable remuneration.

Procedure for determining, revising, and implementing the remuneration policy

The Governance, Nominations and Remuneration Committee ("CGNR") proposes criteria to the Board of Directors for how to determine the corporate director remuneration policy, as well as how to revise and implement it.

Within this context, the CGNR describes and explains any changes in the corporate director remuneration policy and emphasises the ways in which shareholders' votes and opinions are taken into account.

The CGNR particularly relies on comparative studies to ensure the transparency, consistency, balance, and competitiveness of the remuneration compared to market practices.

It regularly reviews activity reports from the High Committee on Corporate Governance (HCGE) as well as the AMF's annual reports on corporate governance in order to take them into account in its recommendations and proposals to the Board of Directors.

The CGNR is also attentive to the observations and requests of investors, and strives to take them into account, consistent with the remuneration policy decided by the Board of Directors.

(1) *Article L.22-10-8 of the French Commercial Code at 1 January 2021, in its version resulting from Ordinance No. 2020-1142 of 16 September 2020 establishing, within the French Commercial Code, a chapter on companies whose securities are admitted to trading on a regulated market or on a multilateral trading facility.*

Specific features of the ECD remuneration policy

The CGNR's recommendations on the ECD remuneration policy take into account the remuneration level and structure of executive directors of the SBF80, as well as the practices observed for comparable levels of duties within relevant comparables, and provided by an independent global firm that specialises in directors' remuneration. These reference sources are consistent and stable but are nonetheless subject to change due to the composition of the SBF80 index and to changes in the structures or activities selected, based on the proposals of the independent firm.

The CGNR proposes to the Board of Directors any changes to the remuneration components of the two ECDs, taking into account the Company's objectives and strategy, the recommendations of the Afep-Medef Code, observed market practices, and the alignment of the ECDs' interests with those of the Company's shareholders. The CGNR also proposes to the Board of Directors performance criteria, their weight in determining the ECDs' short- and long-term variable remuneration, the performance levels, and their correlation with the amounts to be allocated.

On this basis, the CGNR, once the financial year has closed, evaluates the extent to which the ECDs met the performance criteria determined for short- and long-term variable remuneration. To do so, the CGNR can rely on the recommendation of the CSR and Responsible Gaming Committee regarding the CSR criteria, including responsible gaming.

The Company generally accepts the recommendations of the Afep-Medef Code, and particularly in terms of adhering to the principles of exhaustiveness, balance, comparability, consistency, intelligibility and measurement.

Exhaustiveness

All of the ECDs' remuneration components and benefits are taken into account when determining total remunerations.

Balance

While remaining within the general interest of the Company and its growth targets, the ECDs' remuneration strives for balance in terms of:

- short-term/long-term performance horizon, particularly through setting up a long-term variable remuneration plan;
- the nature of the performance criteria and taking stakeholders into account: value creation, operational profitability, growth, CSR and responsible gaming, governance;
- the part of remuneration that depends on performance conditions (variable/fixed).

Comparability

Variable remuneration is expressed relative to a fixed remuneration level. The market references are stated clearly and the sources used are consistent and stable. The market constitutes a reference in combination with the actual responsibilities assumed, the contribution provided and the results achieved.

Consistency

The ECD remuneration policy relates to the remuneration policy for all employees, which pursues the same goals (attract, retain and motivate talent) and approach (be similar to the market in terms of both levels and structure of remuneration). More specifically, it rests on the same foundations and instruments as those applied to the Company's executives.

Intelligibility

The CGNR makes its recommendations in line with the goal that the rules for determining and implementing the ECD remuneration policy should be intelligible; that is, simple, clear, and understandable. The performance criteria applied to determine the ECDs' remuneration are aligned with the Company's strategy and objectives; they are as ambitious, explicit, and permanent as possible.

Measurement

Determining the remuneration components takes into account all of the principles mentioned above, with the aim of achieving a well-understood balance between the interests of Company stakeholders, including its own general interest, the shareholders' interest, market practices and executive's performance.

To prevent conflicts of interest, the Company follows the recommendations of the Afep-Medef Code. The CGNR has been chaired by Mr. Pierre Pringuet, an independent Board member and Lead Director of the Board of Directors since 16 December 2020.

The CGNR and the Board of Directors deliberate on the remuneration policy and finalise the remuneration components with the ECDs not present.

The Rules of Procedure of the Board of Directors provide a system to prevent conflicts of interest, and require Board members to inform the Board of any conflict of interest and to refrain from participating in the portion of the Board or CGNR meeting that relates to the project affected by said conflict and to the corresponding resolution's vote.

In accordance with the Afep-Medef Code, very specific circumstances may give rise to special remuneration (such as due to their importance to the Company, the involvement they require and the difficulties they pose). Special remuneration may only be awarded for cause, and the event justifying it must be made explicit.

Taking into account the remuneration and employment conditions of employees

In order to take into account employees' remuneration and employment conditions when drafting the remuneration policy that applies to corporate directors, the Board of Directors, based on the CGNR's recommendation, draws on remuneration and employment data provided by the Company, on an international job classification, and on studies from firms that specialise in remuneration. More specifically, it is informed about the remuneration of executives who are not corporate directors.

When determining the remuneration policy, the CGNR takes into account the ratios set out in Article L.225-37-3 of the French Commercial Code, one between the remuneration of the two ECDs and the mean remuneration of the Company's employees, and the other between the former and the median remuneration of the Company's employees for the previous financial year. The CGNR also takes into account comparable company ratios, particularly of the SBF80.

Performance evaluation affecting annual and long-term variable remuneration

With respect to the ECDs, at the end of the financial year the CGNR evaluates how satisfied it was with the performance criteria set for annual and long-term variable remuneration, based on:

(i) the performance criteria their weight in determining the ECDs' annual and long-term variable remuneration;

(ii) the performance levels achieved and their correlation with the amounts to be allocated;

(iii) all components defined in the remuneration policy that apply to the ECDs for the financial year.

To do so, the CGNR relies on the recommendation of the Corporate Social Responsibility and Responsible Gaming Committee regarding the CSR criteria, including responsible gaming.

Changes to the remuneration of corporate directors

The remuneration of corporate directors, i.e. ECDs and Board members, for financial year 2020, is described in sub-section 1.1.3.2 of this report on corporate governance.

Changes to the Board member remuneration policy

No changes to the remuneration policy for directors will occur in 2021.

The directors' remuneration criteria defined by the General Meeting of Shareholders on 4 November 2019, with the initial public offering as a condition precedent, continue to apply.

Accordingly, €600,000 in maximum annual funding has been allocated to the remuneration of the members of the Board of Directors since 2020 and until the General Meeting of Shareholders decides otherwise, in accordance with distribution rules centred on the following principles:

a. defining a fixed portion based on the minimum work required by the position;

b. keeping the variable portion larger than the fixed portion;

c. taking into account the additional workload associated with chairing a committee, both for fixed and variable remuneration.

The proposed distribution criteria are detailed in the topic "*Criteria for distributing the annual amount allocated to Board members*" that details the remuneration allocated to Board members for their service.

Changes to the ECD remuneration policy

No change in the fixed remuneration of ECDs has been proposed or decided in respect of 2021 financial year compared to 2020 financial year nor regarding the duration of the remaining term of office. However, the Board of Directors remains attentive to changes in market comparables to ensure that the fixed remuneration of the Chairwoman and CEO is consistent with that of the directors of SBF80 companies.

The Board of Directors meeting on 11 February 2021 decided to change the annual variable remuneration of ECDs, in accordance with the procedure described in the topic "Procedure for determining, revising, and implementing the remuneration policy".

Indeed, a significant difference in the remuneration of the two ECDs compared to market practices was noted, both in terms of amount (the Director has the lowest remuneration in the SBF 120) and in terms of structure (target variable remuneration equal to 25% of annual fixed remuneration compared to a market standard of around 100%). To address this situation, the Board of Directors meeting on 11 February 2021 approved the following progressive and conditional alignment plan:

- the annual fixed remuneration of the two ECDs will remain unchanged at its current level (€320,000 per year for Stéphane Pallez) until the end of her term of office (including 2024 financial year);
- the target monetary variable remuneration (subject to the achievement of the Company's objectives) will be gradually increased to 100%, corresponding to the median target among SBF80 companies, according to the mechanism described below:
  - each year, the basis for calculating variable remuneration will be increased by a percentage (i.e. 89%) of that of the previous year,
  - which leads to the following projection on the basis of Stéphane Pallez's remuneration.

	2020	2021	2022	2023	2024
Fixed remuneration	€320,000	€320,000	€320,000	€320,000	€320,000
Theoretical variable remuneration with objectives achieved, starting in 2021 (as a% of fixed remuneration) *	25%	47%	67%	85%	100%

* *Note that an outperformance of variable remuneration is possible up to 130%, applying to the annual total variable, or 47% X 130% = 61% of fixed remuneration for 2021.*

NB: the rate of reintegration of the annual variable adopted, i.e. 89%, is what makes it possible to move from the current variable (25% of fixed) to the target objective (100% of fixed) in four years (duration of the term of office of the two ECDs).

This system has two advantages:

- aligning the interests of ECDs and shareholders with much more variable remuneration;
- establishing a strong conditionality (the increase in the basis for calculating the annual variable being strictly linked to the actual variable remuneration of the previous year).

For 2021, it has therefore decided on the following changes:

- an initial revaluation step increasing the maximum amount of total annual variable remuneration due in respect of 2021 to:
  - 47% of annual fixed remuneration if objectives are achieved vs. 25% for 2020,
  - 61% of annual fixed remuneration in the event of outperformance vs. 32.5% for 2020.
- the adjustment of the CSR/responsible gaming criterion to take account of uncertainties related to the impacts of the health crisis on the implementation of certain action plans;
- the change to the 3rd economic quantitative criterion by replacing free cash flow with the "EBITDA to cash conversion ratio"; this indicator is one of the elements communicated in our guidance.

With regard to the implementation of long-term variable remuneration, in light of the Covid-19 health crisis, the Board of Directors, at its meeting of 20 April 2020, decided to postpone until 2021 the long-term incentive plan as adopted at its meeting of 19 March 2020.

The Board of Directors meeting of 11 February 2021, on the recommendation of the CGNR, decided to update the criteria of the incentive plan presented in "Long-term variable remuneration" of sub-section 1.1.2.2 of the 2019 corporate governance report:

- introduction of the following criterion: total shareholder return (TSR) in order to incorporate a relative stock market criterion into long-term variable remuneration criteria;
- change in the strategic criterion, which now corresponds to the "2023 identified stakes ratio" rather than the "Digitalised stakes ratio"; the identification of players being central to the FDJ Group's strategic plan for 2025.

In the case of ECDs, the implementation of this incentive plan will be subject to approval by the Annual General Meeting of Shareholders on 16 June 2021. The characteristics of this plan, defined by the Board of Directors meeting of 11 February 2021 on a proposal of the CGNR, are detailed in the topic "long-term variable remuneration" of sub-section 1.1.2.2 of this report.

Applying the remuneration policy to new or reappointed corporate directors

If a corporate director is appointed or reappointed, that corporate director's remuneration will be determined based on the remuneration policy described in this sub-section 1.1.2.1 of the report, based on a proposal by the CGNR to the Board of Directors deciding on the appointment or reappointment.

If the appointment of an outside individual as an ECD could cause that person to lose conditional remuneration allocated by their previous company, the CGNR may take that situation into account, and propose that their remuneration incorporate a remuneration component proportionate to the amounts corresponding to the lost rights and compliant with the various components of ECD remuneration described in this sub-section 1.1.2.1.

Exception to the remuneration policy described in this section 1.1.2

In accordance with the provisions of Article L.225-37-2 of the French Commercial Code [1], no remuneration component of any sort whatsoever can be determined, awarded, or paid by the Company, nor any commitment corresponding to remuneration components, indemnities, or benefits owed or likely to be owed due to their entering, leaving, or changing office or subsequent to their holding that office, may be made by the Company if it does not comply with the remuneration policy described above as approved by the shareholders, or in the absence of approval, in accordance with past practices or remunerations.

However, in exceptional circumstances, the Board of Directors may override the application of the remuneration policy if that exception is temporary, in accordance with the Company's general interest and as needed to ensure its sustainability or viability.

The Board of Directors may exercise its discretion to determine the remuneration of ECDs, pursuant to Articles L.225-47 1st paragraph and L.225-53 3rd paragraph of the French Commercial Code and in accordance with Articles L.225-37 and L.225-100 of the French Commercial Code, in the event of special circumstances that could justify the Board of Directors adjusting, on an exceptional basis and both upwards or downwards, one or more of the criteria comprising their remuneration to ensure that the results of applying the criteria described above reflect both the performance of ECDs and the performance of the Group.

(1) Article L.22-10-8 of the French Commercial Code at 1 January 2021.

This adjustment would be made to the variable remuneration of ECDs on the proposal of the CGNR within the limit of the variable remuneration ceiling (61% of fixed remuneration in 2021), after the Board of Directors has ensured that the interests of the Company and its shareholders are aligned with those of ECDs.

The Board considered it prudent to include such a clause in the remuneration policy given the uncertain environment linked to the health crisis. A large number of companies worldwide have provided for this flexibility in their remuneration policy. Nevertheless, the Board cannot systematically use this flexibility, and any decision in this regard will necessarily be explained to shareholders who may express an opinion as part of the ex-post vote at the General Meeting of Shareholders in year N+1.

Criteria for distributing the annual amount allocated to Board members

The General Meeting of Shareholders of 4 November 2019, with the Company's initial public offering as a condition precedent, allocated €600,000 in maximum annual funding (fixed and variable combined) as remuneration for the members of the Board of Directors until the General Meeting of Shareholders decides otherwise.

The directors representing employees and employee shareholders, as well as the Chairwoman and CEO, do not collect remuneration for their participation in the Board of Directors.

The fixed annual part of that remuneration was defined in a way that takes into account (i) the minimum work required by the position and (ii) the additional workload associated with chairing or participating in a committee.

The annual fixed part will be determined as follows:

- per Board member: €10,000, calculated on a pro rata basis if applicable;
- for chairing a committee: €5,000 for chairing the Audit and Risks Committee and €2,000 for chairing the other committees, calculated on a pro rata basis if applicable.

The variable part for attendance by Board members or non-voting members shall be determined as follows:

- per participation in a Board of Directors meeting: €2,000 (if multiple Board of Directors meetings are held on the same day, particularly the day of the Annual General Meeting of Shareholders, then participating in more than one of those meetings only counts as one);
- per participation in a meeting of the Board of Directors meeting for strategy seminar training (longer than 1/2 day): €3,500 (€2,000 if less than or equal to 1/2 day);
- per participation in a Committee meeting: €2,000;
- supplement per Committee meeting for the Chair of that committee (allocated to the Chair or, if they are unable to attend, to their replacement): €1,000.

1.1.2.2 Details of the components of ECD remuneration (fixed, variable, exceptional and benefits of all types) for 2021

The annual remuneration of ECDs is made up of a fixed portion, a monetary annual variable portion, and a long-term variable portion in the form of awarding performance shares.

The Board of Directors finalises its various components based on a CGNR proposal, while being attentive to the necessary balance between those components.

Annual fixed remuneration

Fixed remuneration is determined based on:

- the level and complexity of the responsibilities given to the ECDs, particularly in light of the economic and social aspects of the Company (market capitalisation, revenue, number of employees);
- the ECDs' experience and their expected contribution to the enactment of the Company's business strategy and the achievement of its growth targets;
- market analyses for comparable positions with respect to the data taken from SBF80, which constitutes a useful reference source in light of the economic aspects of the Company. A study is conducted each year with data provided by an independent global firm that specialises in setting components of ECD remuneration: fixed, annual variable, long-term variable and other benefits.

The Chairwoman and CEO

Based on a proposal from the CGNR and after a Board of Directors resolution on 11 February 2021 the Chairwoman and CEO's annual fixed remuneration for the 2021 financial year is set at €320,004, subject to approval by the Annual General Meeting of Shareholders convened to approve the financial statements for the 2020 financial year.

The Deputy Chief Executive Officer

Based on a proposal from the CGNR and after a Board of Directors resolution on 11 February 2021 the Deputy Chief Executive Officer's annual fixed remuneration for the 2021 financial year is set at €248,000, subject to approval by the Annual General Meeting of Shareholders convened to approve the financial statements for the 2020 financial year.

Annual variable remuneration

As a reminder, per Article L.225-100, III of the French Commercial Code (1), the variable remuneration components for ECDs owed for the 2021 financial year cannot be paid until after approval by the General Meeting of Shareholders convened to approve the financial statements for the 2021 financial year.

The majority (60%) is based on quantitative economic performance criteria, with a balance between growth and performance. These quantitative criteria aim to reflect the Company's development (revenue) and operating/financial performance (EBITDA margin, EBITDA to cash conversion ratio) targets.

(1) Article L.22-10-34 II of the French Commercial Code at 1 January 2021.

Those quantitative economic criteria are the only ones that can be outperformed, up to a maximum rate of 150%.

The weight accorded to the CSR and responsible gaming criterion (25%) reflects the strategy and market recommendations (principles recommended by the Afep-Medef Code).

		2021	
Quantitative economic criteria	60%	30%	2021 Group EBITDA margin
		20%	2021 Group revenue
		10%	2021 EBITDA to cash *conversion* ratio
Qualitative multicriteria	40%	25%	CSR/Responsible Gaming
		15%	Governance

There are five criteria:

- **Criterion 1**: actual Group EBITDA margin rate over budgeted EBITDA margin rate, as determined by the Board of Directors;

  weight: 30%, threshold: 15%, maximum achievable: 45%.
- **Criterion 2**: actual Group revenue over budgeted revenue, as determined by the Board of Directors;

  weight: 20%, threshold: 10%, maximum achievable: 30%.
- **Criterion 3**: actual EBITDA to cash conversion ratio over budgeted EBITDA to cash conversion ratio, as determined by the Board of Directors;

  weight: 10%, threshold: 5%, maximum achievable: 15%.
- **Criterion 4**: multicriteria assessment for CSR and responsible gaming, as determined by the Board of Directors based on a proposal by the CSR and Responsible Gaming Committee and in particular:
  - measures taken by the Company to combat underage gambling;
  - actions to prevent excessive gambling and detect people in vulnerable situations implemented by the Company.

  The Committee will also assess the Company's actions in terms of:
  - combating fraud and money laundering;
  - identifying players at points of sale;
  - customer focus and promotion of an extensive gaming model;
  - non-financial performance with an objective of maintaining the Vigéo A1+ rating obtained by the Company in 2020.

  weight: 25%, maximum achievable: 25%.
- **Criterion 5**: specific governance targets as determined by the Board of Directors on the proposal of the CGNR and in particular: feedback from the Board's evaluation, the effectiveness of the financial communication put in place and the development of quality relationships with the various stakeholders.

  weight: 15%, maximum achievable: 15%

The maximum outperformance therefore corresponds to an achievement level of 130%; for a basic variable part equal to 47% of the fixed part with objectives achieved, the maximum variable part in 2021 will therefore be 61%.

The Chairwoman and CEO

The Chairwoman and CEO's annual variable portion, if she achieves her targets, would be €149,776, i.e. 47% of her fixed remuneration for the 2021 financial year. If she achieves the maximum outperformance targets, the maximum annual variable portion would be €194,709 or 61% of her fixed remuneration for the 2021 financial year.

The Deputy Chief Executive Officer

The Deputy Chief Executive Officer's annual variable portion, if he achieves his targets, would be €116,076, i.e. 47% of his fixed remuneration for the 2021 financial year. If he achieves the maximum outperformance targets, the maximum annual variable portion would be €150,899, or 61% of his fixed remuneration for 2021.

Covid-19 health crisis

As in 2020, the Board of Directors may adjust the weightings, thresholds and maximum achievable percentages for the annual variable remuneration criteria described above in order to take into account the Covid-19 health crisis if it were to extend into 2021, and to mitigate its impact on these performance criteria, while considering how well this exceptional situation has been managed.

Long-term variable remuneration

The long-term variable remuneration takes the form of an award of performance shares in accordance with the 24th resolution adopted by the General Meeting of Shareholders on 4 November 2019. The total performance shares awarded are capped at 0.6% of the Company's share capital over 38 months, for all recipients combined. The total number of shares that may be awarded to ECDs shall not exceed 15% of this limit, as was indicated in the 2019 corporate governance report.

This long-term variable remuneration is meant to incentivise the ECDs to achieve the Company's long-term performance in order to create value while remaining consistent with the interests of stakeholders, particularly shareholders.

This award shall be subsequent to the General Meeting of Shareholders of 16 June 2021, and subject to a three-year vesting period, with performance conditions. In this award, ECDs must comply with: (i) the commitment to retain 20%, for the duration of their term of office, of shares acquired annually; (ii) the commitment not to use hedging transactions during their term of office and the formalisation of said commitment by appropriate means

Performance criteria

The awarding of these performance shares in 2021 shall be based on the following five criteria:

Financial criterion	30%	Cumulative Group EBITDA 2021 +2022 +2023
Shareholder return criteria	15%	Cumulative Earnings Per Share (EPS) 2021 +2022 +2023
	15%	Total shareholder return – TSR ◆ TSR relative companies in the same sector (7.5%) ◆ TSR relative SBF 120 restated (7.5%)
Strategic criterion	20%	2023 identified stakes ratio
CSR/Responsible gaming criterion	20%	2022 Vigeo rating

- **Criterion 1**: Cumulative Group EBITDA for the period 2021-2022-2023 [1];

  weight: 30%, threshold: 15%, maximum achievable: 45%.
- **Criterion 2**: Cumulative earnings per share for the years 2021-2022-2023 (for 191 million shares);

  weight: 15%, threshold: 7.5%, maximum achievable: 22.5%.
- **Criterion 3**: shareholder return:
  - relative reference companies: Flutter, Entain, Tabcorp, OPAP, Kindred, Betsson, 888, SG and IGT [2],

  weight: 7.5%, threshold: 3.75%, maximum achievable: 11.25%.
  - relative SBF 120 restated for financials, real estate and energy, or 24 stocks out of 120 [2];

  weight: 7.5%, threshold: 3.75%, maximum achievable: 11.25%.
- **Criterion 4**: 2023 identified stakes ratio [3];

  weight: 20%, threshold: 10%, maximum achievable: 30%.
- **Criterion 5**: assessment in terms of CSR and responsible gaming based on the 2022 Vigeo Eiris non-financial rating (available at the end of March 2023), according to the achievement of the A1+ rating, its change versus 2020, and its position in relation to companies in the same sector.

  weight: 20%, maximum achievable: 25%.

Maximum awardable amount

The value of the performance-based shares awarded to each of the ECDs, estimated at the date they are awarded (2021), would be capped at 40.5% of their 2021 total remuneration assuming they achieve 100% of their targets (fixed remuneration +100% of annual variable remuneration +100% of long-term variable remuneration) [4] and at 47.4% including outperformance (fixed remuneration + maximum annual variable remuneration + maximum long-term variable remuneration) [5]. Note that the delivery of performance shares will only take place at the end of a 3-year vesting period and subject to performance conditions.

Lock-up obligation until end of term

In accordance with the French Commercial Code, the ECDs shall be required to hold a number of performance shares set by the Board of Directors at the time of the award decision, until the end of their terms. This number of shares to be held corresponds to 20% of the shares included in the 2021 award.

Condition of presence

The permanent vesting of the performance shares is subject to a condition of presence at the final vesting date of the performance shares, as provided for all recipients, including the two ECDs, save for the exceptions laid out by the plan's regulations (particularly in the event of death, disability or retirement).

In accordance with the Afep-Medef Code, the Board of Directors may decide, if warranted, to remove the condition of presence on a pro rata basis for the two ECDs (unless they were withdrawn for negligence or misconduct) provided that this decision be made public and explained. The performance shares retained in this way will still be subject to the applicable plan rules, particularly in terms of the schedule and performance conditions.

The possibility of retaining their rights to performance shares if they leave before the end of the period set for evaluating the performance criteria helps incentivise the ECDs to think of the long term when taking action.

Other multi-year remuneration mechanisms

In 2021, the ECDs are not receiving any other long-term or multi-year remuneration mechanisms.

Other benefits and remuneration components

Benefits in kind: the two ECDs receive a company car and a fixed number of hours of specialised legal advice.

The two ECDs receive the same life and health insurance as all FDJ SA employees.

None of the ECDs collect any remuneration for their terms as Board members of the Company or any of the Group's companies.

Duration of the ECDs' terms – corporate director employment contracts

The duration of the terms of the various corporate directors is indicated in sub-section 1.1.1.2 of this report.

Other than the directors representing employees and the director representing employee shareholders, none of the corporate directors have an employment contract with the Company.

The conditions for withdrawing corporate directors are as defined by law and in the Articles of Association accessible on the Company's website.

(1) Excluding the impact of new projects not projected in the Budget, such as the external growth project, subject to the approval of the Board of Directors, and excluding major decisions that may be made during the years 2021 to 2023.

(2) Reference price: Q4 2023 average price vs. Q4 2020 average price; with reinvested dividends.

(3) (stakes on fdj.fr and parionssport.fr + point-of-sale stakes by identified players)/total stakes.

(4) 100% X fixed annual remuneration/(100% +47% +100%) X fixed annual remuneration. = 40.5%.

(5) 145% X fixed annual remuneration/(100% +61% +145%) X fixed annual remuneration. = 47.4%.

Remuneration components, indemnities or benefits owed to the ECDs for leaving office – pension commitments

In 2021, the ECDs are not receiving any commitment for remuneration or indemnities that would have been owed for leaving office, regardless of the reason why, nor any supplemental pension commitments.

In accordance with Afep-Medef recommendations, if the ECDs leave office, the amount of annual variable remuneration for the current financial year may be prorated based on the time they were present during the financial year in question, and also depending on the performance level observed and assessed by the Board of Directors for each of the criteria initially selected. It is specified that no variable compensation will be paid for an ECD removed for negligence or misconduct.

In cases of retirement, the rules of the LTI plan apply to ECDs.

1.1.3 Remuneration components and benefits of all types paid or awarded to corporate director for financial year 2020

1.1.3.1 Remuneration and benefits paid to Company's executive and corporate directors

1.1.3.1.1 The tables below show the remuneration and benefits of all types paid to executive corporate directors by the Company or by any Group company during the financial years ended 31 December 2019 and 31 December 2020.

Table No. 1 (AMF Nomenclature) – Summary table of the remuneration and options and shares allocated to each executive corporate director

Ms Stéphane Pallez, Chairwoman and CEO	2019 financial year	2020 financial year
Remuneration due in respect of the reporting period *(detailed in table 2)*	€387,069	€376,984
Value of the options allocated during the reporting period *(detailed in table 4)*	None	-
Value of the performance-based shares allocated during the reporting period *(detailed in table 6)*	None	-
Value of the other long-term remuneration plans	None	-
TOTAL	**€387,069**	**€376,984**

Mr Charles Lantieri, Deputy Chief Executive Officer	2019 financial year	2020 financial year
Remuneration due in respect of the reporting period *(detailed in table 2)*	€299,501	€292,584
Value of the options allocated during the reporting period *(detailed in table 4)*	None	None
Value of the performance-based shares allocated during the reporting period *(detailed in table 6)*	None	None
Value of the other long-term remuneration plans	None	None
TOTAL	**€299,501**	**€292,584**

Table No. 2 (AMF nomenclature) – Summary table of the remuneration paid to each executive corporate director

	2019 financial year		2020 financial year	
Ms Stéphane Pallez, Chairwoman and CEO	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration	€274,884 gross	€274,884 gross	€293,337 gross *	€293,337 gross
Annual variable remuneration	€66,581 gross	€60,000 gross	€78,400 gross **	€66,581 gross
Exceptional remuneration	€40,000 gross	None	None	€40,000 gross
Attendance fees	None	None	None	None
Benefits in kind	€5,604	€5,604	€5,247	€5,247
TOTAL	**€387,069**	**€340,488**	**€376,984**	**€405,165**

* *After deducting a donation of one month's fixed remuneration (€26,667 gross) made in respect of solidarity in the context of the health crisis. The reference annual remuneration over 12 months is €320,004 gross.*

** *For 2020, Stéphane Pallez's variable remuneration to be received in 2021 represented 24% of her annual fixed remuneration excluding donation, or €320,004, in accordance with the Board of Directors' resolution of 11 February 2021.*

	2019 financial year		2020 financial year	
Mr Charles Lantieri, Deputy Chief Executive Officer	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Fixed remuneration	€213,448 gross	€213,448 gross	€227,337 gross *	€227,337 gross
Annual variable remuneration	€51,578 gross	€47,000 gross	€60,760 gross **	€51,578 gross
Exceptional remuneration	€30,000 gross	None	None	€30,000 gross
Attendance fees	None	None	None	None
Benefits in kind	€4,483	€4,483	€4,487	€4,487
TOTAL	**€299,501**	**€264,931**	**€292,584**	**€313,402**

* *After deducting a donation of one month's fixed remuneration (€20,667 gross) made in respect of solidarity in the context of the health crisis. The reference annual remuneration over 12 months is €248,004 gross.*

** *For 2020, Charles Lantieri's variable remuneration to be received in 2021 represented 24% of his annual fixed remuneration excluding donation, or €248,004, in accordance with the Board of Directors' resolution of 11 February 2021.*

Table No. 4 (AMF nomenclature) – Share subscription or purchase options allocated during the financial year to each executive corporate director

	2020 financial year					
	Plan No. and date	**Nature of the options (purchase or subscription)**	**Value of the options according to the method used for the consolidated financial statements**	**Number of options allocated during the reporting period**	**Exercise price**	**Reporting period**
Ms Stéphane Pallez	None					
Mr Charles Lantieri	None					

Table No. 5 (AMF nomenclature) – Share subscription or purchase options exercised during the financial year by each executive corporate director

	2020 financial year		
	Plan No. and date	**Number of options exercised during the reporting period**	**Exercise price**
Ms Stéphane Pallez	None		
Mr Charles Lantieri	None		

Table No. 6 (AMF nomenclature) – Performance-based shares allocated free of charge during the reporting period to each executive corporate director by the issuer

	2020 financial year					
	Plan No. and date	**Number of shares allocated during the reporting period**	**Value of the shares according to the method used for the consolidated financial statements**	**Vesting date**	**Availability date**	**Performance conditions**
Ms Stéphane Pallez	None					
Mr Charles Lantieri	None					

Table No. 7 (AMF nomenclature) – Performance-based shares becoming available during the financial year to each executive corporate director

	2020 financial year	
	Plan No. and date	**Number of shares becoming available during the financial year**
Ms Stéphane Pallez	None	
Mr Charles Lantieri	None	

Table No. 8 (AMF nomenclature) – Past share subscription or purchase option allocations

	Plan No. 1	Plan No. 2	Plan No. 3	Etc.
Date of meeting				
Date of the Board meeting				
Total number of shares that can be subscribed for or purchased, including the number that can be subscribed for or purchased by:				
Opening date to exercise options				
Expiry date		None		
Subscription or purchase price				
Exercise methods (when the plan has several tranches)				
Number of shares subscribed at 31 December 2020				
Accumulated number of share subscription or purchase options cancelled or void				
Share subscription or purchase options remaining at year-end				

Table No. 9 (AMF nomenclature) – Share subscription or purchase option allocated to first ten employees not holding a corporate director mandate and options exercised by the latter

	Total number of options allocated/ subscribed or purchased	Weighted average price	Plan
Options allocated, during the financial year, by the issuer and any company comprised within the options allocation perimeter, to ten employees of the issuer and of any company included in this perimeter, for which the number of options thus allocated is the highest (global information)	None		
Options held by the issuer and the companies previously referred to, exercised, during the financial year, by ten employees of the issuer and of these companies, for which the number of options thus purchased or subscribed is the highest (global information)			

Table No. 10 (AMF nomenclature) – Past performance-based share allocations

	Plan No. 1	Plan No. 2	Plan No. 3	Etc.
Date of meeting				
Date of the meeting of the Board of Directors or Executive Board as applicable				
Total number of shares allocated, including those allocated to:				
Share vesting date				
Holding period end date		None		
Performance conditions				
Number of shares vested on 31 December 2020				
Cumulative number of cancelled or void shares				
Performance-based shares remaining at year-end				

Table No. 11 (AMF nomenclature)

	Employment contract		Additional pension scheme		Indemnities or benefits due or likely to become due as a result of a cessation or change of function		Indemnities relating to a non-competition clause	
Executive corporate directors	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Ms Stéphane Pallez Chairwoman and CEO Start of term of office: 21 October 2014 End of term of office: 2024 (Annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2023)		X		X		X		X
Mr Charles Lantieri Deputy Chief Executive Officer Start of term of office: 6 July 2006 End of term of office: 2024 (Annual General Meeting of Shareholders called to approve the financial statements for the financial year ending on 31 December 2023)		X		X		X		X

1.1.3.1.2 Fixed, variable, and exceptional that make up the total remuneration and benefits of all types paid during the past financial year or awarded for that same year to Ms. Stéphane Pallez, Chairwoman and CEO

Fixed remuneration for financial year 2020: €320,004

Ms. Pallez's fixed remuneration for financial year 2020 was approved by the General Meeting of Shareholders on 18 June 2020 after being adopted by the Board of Directors on 19 March 2020 on the proposal of the CGNR.

Ms. Stéphane Pallez's fixed remuneration was increased by 16% compared with that of 2019.

In 2020, in order to participate in the solidarity initiative to which FDJ employees contributed, FDJ's executive corporate directors, Ms. Pallez and Mr. Lantieri, decided to renounce one month of their fixed annual remuneration (based on one month's gross salary or €26,667 gross for Stéphane Pallez and €20,667 for Charles Lantieri). Half of the equivalent of this month's salary was used to reduce the Company's expenses, with the other half allocated to foundations (Fondation de France and FDJ Foundation for initiatives in favour of the most disadvantaged and healthcare workers).

Variable remuneration for financial year 2020: €78,400

The Chairwoman and Chief Executive Officer's annual variable portion could amount to €80,000 (without outperformance), or 25% of her fixed remuneration for financial year 2020. If she achieves the maximum outperformance targets, the maximum annual variable portion could amount to €104,000 for financial year 2020.

Stéphane Pallez's variable remuneration was based on 5 criteria (3 quantitative and 2 qualitative), totalling 100 points in nominal terms and which could lead to 130 points of outperformance in the event of exceeding quantitative criteria targets (EBTDA, revenue and free cash flow):

- three quantitative criteria (for 60% of variable remuneration in nominal terms and 90% in the event of outperformance):
  - actual Group EBITDA margin over budgeted Group EBITDA margin,
  - actual Group revenue over budgeted Group revenue,
  - actual free cash flow over budgeted free cash flow.

For each criterion, the Board of Directors defined a target [(1)], corresponding to the amount shown in the Budget. A formula is used to calculate the amount of variable remuneration owed by counting, based on the financial year's consolidated financial statements, the actual level met compared to the target. If the target is exceeded, the value of the variable remuneration is adjusted upwards, within the maximum limit set for each criterion. In the event of performance exceeding the target set, the value of the variable portion is adjusted upwards within the limit of a maximum set for each criterion. If the performance is below the lower limit set for each target, the variable remuneration for that criterion is equal to zero.

Nevertheless, the Board of Directors, at its meeting on 19 March 2020 specified that, given the unprecedented health situation in France, it may exceptionally, with regard to annual variable remuneration, adjust the weightings, thresholds and maximum achievable percentages for the criteria presented in order to take account of this crisis situation, and to mitigate its impact on these performance criteria, while considering how well this exceptional situation has been managed.

As a result, the CGNR meeting of 11 December 2020 proposed that the Board of Directors adjust the quantitative economic criteria by restating the 2020 budget and actual amounts, for the revenue and EBITDA of FDJ offerings shut down or virtually shut down during the spring lockdown period, in this case Amigo and sports betting.

As a result of this restatement, these quantitative criteria were 60% met, resulting in the award of a total of 60 points:

- Two qualitative criteria (for 40% of the variable remuneration):
  - responsible gaming: in view of the quantitative and qualitative information presented, the CSR and Responsible Gaming Committee awarded 23 out of 25 points for the responsible gaming criterion;
  - governance: the Governance, Nominations and Remuneration Committee observed that this criterion was 100% met and awarded 15 points.

The Board of Directors therefore set the performance level at 98% (allowing for 98% of the variable portion).

It was unnecessary for the Company to use the option to request the repayment of variable remuneration during financial year 2020 under the provisions of Article L.225-37-3 of the French Commercial Code [(2)].

Multi-year variable remuneration

Ms. Stéphane Pallez did not receive any multi-year variable remuneration for financial year 2020.

Allocations of share subscription or purchase options

Ms. Stéphane Pallez was not allocated any stock options for financial year 2020.

Free share awards

Ms. Stéphane Pallez was not awarded any free shares for financial year 2020.

Exceptional remuneration

No exceptional remuneration was allocated to Ms. Stéphane Pallez for financial year 2020.

Commitments corresponding to components of remuneration, indemnities or benefits due or likely to be due as a result of entering or leaving office

The Company did not make any commitments corresponding to components of remuneration, indemnities or benefits due or likely to be due as a result of Ms. Stéphane Pallez entering, leaving, or changing office or subsequent to holding that office, in particular pension commitments and other lifetime benefits.

(1) The targets are not made public, for confidentiality reasons.

(2) Article L.22-10-9 of the French Commercial Code at 1 January 2021.

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Benefits in kind

Ms. Stéphane Pallez received professional communication devices (telephone, laptop computer), the services of a driver, and a company car representing in-kind benefits of €5,247 for financial year 2020, and the option to use a number of hours of custom legal advice for professional purposes. She did not use this option in 2020.

Remuneration paid or allocated by a business that falls within FDJ's scope of consolidation

The tables above include all the remuneration paid or allocated by a business that falls within the Company's scope of consolidation as defined by Article L.233-16 of the French Commercial Code.

Remuneration as a Board member

Ms. Stéphane Pallez did not collect any remuneration as a Board member of the Company for financial year 2020.

Pay ratio

Ratio between the level of annual remuneration paid to Ms. Stéphane Pallez and the annual average remuneration (actual gross remuneration paid adjusted for absences including profit-sharing, incentives and employer's matching contribution) on a full-time equivalent basis of employees on long-term or short-term work contracts, present throughout the financial year, at FDJ and FDP other than corporate directors:

Year	Average
2020	5.60
2019	4.76
2018	4.68
2017	4.94
2016	4.87

Ratio between the level of annual remuneration paid to Ms. Stéphane Pallez and the annual median remuneration (actual gross remuneration paid adjusted for absences including profit-sharing, incentives and employer's matching contribution) on a full-time equivalent basis of employees on long-term or short-term work contracts, present throughout the financial year, at FDJ and FDP other than corporate directors:

Year	Median
2020	6.21
2019	5.41
2018	5.31
2017	5.61
2016	5.50

Consideration of the most recent Ordinary General Meeting of Shareholders vote set out in paragraph II of Article L.225-100 of the French Commercial Code (1)

The General Meeting of Shareholders of 18 June 2020 approved, by a majority of 99.97% of the votes cast, the information relating to the remuneration of corporate directors for the financial year ended 31 December 2019, as described in the corporate governance report pursuant to Article L.225-37-3 I of the French Commercial Code, in accordance with Article L.225-100 II of the French Commercial Code.

Adherence to the adopted remuneration policy

The items that make up the total remuneration and benefits of all types paid during the financial year 2020 or awarded for that same year to Ms. Stéphane Pallez, Chairwoman and CEO, comply with the remuneration policy adopted for 2020 by the General Meeting of Shareholders on 18 June 2020.

Divergence from the procedure to implement the remuneration policy and exception applied in accordance with the second subparagraph of paragraph III of Article L.225-37-2 of the French Commercial Code (2)

The Board of Directors decided to take into account the effects of the health crisis when assessing the performance criteria used to determine the amount of Ms Stéphane Pallez's annual variable remuneration for financial year 2020 in accordance with:

(i) what was mentioned in the "annual variable remuneration" topic of the remuneration policy (sub-section 1.1.2.2) presented in the 2019 corporate governance report;

(ii) the details provided in the "variable remuneration for financial year 2020" section of this report in sub-section 1.1.3.1.2.

1.1.3.1.3 Fixed, variable and exceptional components of total remuneration and benefits of all types paid during the past financial year or allocated for that same year to Mr. Charles Lantieri, Deputy Chief Executive Officer

Fixed remuneration for financial year 2020: €248,004

Mr. Charles Lantieri's fixed remuneration for financial year 2020 was approved by the General Meeting of Shareholders on 18 June 2020 after being adopted by the Board of Directors on 19 March 2020 on the proposal of the CGNR.

Mr. Charles Lantieri's fixed remuneration was increased by 16% compared with that of 2019.

In 2020, in order to participate in the solidarity initiative to which FDJ employees contributed, FDJ's executive corporate directors, Ms. Pallez and Mr. Lantieri, decided to renounce one month of their fixed annual remuneration (based on one month's gross

(1) Article L.22-10-34 I of the French Commercial Code at 1 January 2021.

(2) Article L.22-10-8 III, paragraph 2 of the French Commercial Code at 1 January 2021.

salary or €26,667 gross for Stéphane Pallez and €20,667 for Charles Lantieri). Half of the equivalent of this month's salary was used to reduce the Company's expenses, with the other half allocated to foundations (Fondation de France and FDJ Foundation for initiatives in favour of the most disadvantaged and healthcare workers).

Variable remuneration for financial year 2020: €60,760

The Deputy Chief Executive Officer's annual variable portion could amount to €62,000 (without outperformance), or 25% of his fixed remuneration for financial year 2020. If he achieves the maximum outperformance targets, the maximum annual variable portion could amount to €80,600.

Mr. Charles Lantieri's variable remuneration was based on the same quantitative and qualitative criteria as Ms. Stéphane Pallez.

The Board of Directors decided that the performance level of those criteria was as follows: 98% (allowing for 98% of the variable portion).

It was unnecessary for the Company to use the option to request the repayment of variable remuneration during financial year 2020 under the provisions of Article L.225-37-3 of the French Commercial Code [(1)].

Multi-year variable remuneration

Mr. Charles Lantieri did not receive any multi-year variable remuneration for financial year 2020.

Allocations of share subscription or purchase options

Mr. Charles Lantieri was not granted any stock options for financial year 2020.

Free share awards

Mr. Charles Lantieri was not awarded any free shares for financial year 2020.

Exceptional remuneration

No exceptional remuneration was allocated to Mr. Charles Lantieri for financial year 2020.

Commitments corresponding to components of remuneration, indemnities or benefits due or likely to be due as a result of entering or leaving office

The Company did not make any commitments corresponding to components of remuneration, indemnities or benefits due or likely to be due as a result of Mr. Charles Lantieri entering, leaving, or changing office or subsequent to holding that office, in particular pension commitments and other lifetime benefits.

Benefits in kind

Mr. Charles Lantieri received professional communication devices (telephone, laptop computer) and a company car representing in-kind benefits of €4,487 for financial year 2020, and the option to use a number of hours of custom legal advice for professional purposes. He used 20 hours for €8,180 excl. tax in 2020.

Remuneration as a Board member

Not applicable, as Mr. Charles Lantieri is not a director of the Company.

Remuneration paid or allocated by a business that falls within FDJ's scope of consolidation

The tables above include all the remuneration paid or allocated by a business that falls within the Company's scope of consolidation as defined by Article L.233-16 of the French Commercial Code.

Pay ratio

Ratio between the level of annual remuneration paid to Mr. Charles Lantieri and the annual average remuneration (actual gross remuneration paid adjusted for absences including profit-sharing, incentives and employer's matching contribution) on a full-time equivalent basis of employees on long-term or short-term work contracts, present throughout the financial year, at FDJ and FDP other than corporate directors:

Year	Average
2020	4.33
2019	3.71
2018	3.65
2017	3.86
2016	3.80

Ratio between the level of annual remuneration paid to Mr. Charles Lantieri and the annual median remuneration (actual gross remuneration paid adjusted for absences including profit-sharing, incentives and employer's matching contribution) on a full-time equivalent basis of employees on long-term or short-term work contracts, present throughout the financial year, at FDJ and FDP other than corporate directors:

Year	Median
2020	4.80
2019	4.21
2018	4.14
2017	4.38
2016	4.30

(1) Article L.22-10-9 of the French Commercial Code at 1 January 2021.

1

Consideration of the most recent Ordinary General Meeting of Shareholders vote set out in paragraph II of Article L.225-100 of the French Commercial Code (1)

The General Meeting of Shareholders of 18 June 2020 approved, by a majority of 99.97% of the votes cast, the information relating to the remuneration of corporate directors for the financial year ended 31 December 2019, as described in the corporate governance report pursuant to Article L.225-37-3 I of the French Commercial Code, in accordance with Article L.225-100 II of the French Commercial Code.

Adherence to the adopted remuneration policy

The items that make up the total remuneration and benefits of all types paid during the financial year 2020 or awarded for that same year to Mr. Charles Lantieri, Deputy Chief Executive Officer, comply with the remuneration policy adopted for 2020 by the General Meeting of Shareholders on 18 June 2020.

Divergence from the procedure to implement the remuneration policy and exception applied in accordance with the second subparagraph of paragraph III of Article L.225-37-2 of the French Commercial Code (2)

The Board of Directors decided to take into account the effects of the health crisis when assessing the performance criteria used to determine the amount of Mr. Charles Lantieri's annual variable remuneration for financial year 2020 in accordance with:

(i) what was mentioned in the "annual variable remuneration" topic of the remuneration policy (sub-section 1.1.2.2) presented in the 2019 corporate governance report;

(ii) the details provided in the "variable remuneration for financial year 2020" topic of this report in sub-section 1.1.3.1.3.

1.1.3.1.4 Other information

Year-on-year change in the Company's performance-based remuneration, the remuneration paid to Ms. Stéphane Pallez, the average remuneration on a full-time equivalent basis of employees on long-term or short-term work contracts present throughout the financial year at FDJ and FDP, other than ECDs, and the ratios mentioned above during the four last financial years:

In M€	**2017**	**2018**	**2019**	**2020**
Revenue	1,762	1,803	1,956	1,920
Change base 100	*104*	*106*	*115*	*113*
EBITDA	316	319	346	427
Change base 100	*105*	*106*	*115*	*142*
In € thousand	**2017**	**2018**	**2019**	**2020**
CEO remuneration	322	321	340	405
Change base 100	*101*	*100*	*106*	*127*
Average employee remuneration	65	69	72	72
Change base 100	*98*	*105*	*109*	*110*
Average equity ratios	4.94	4.68	4.76	5.60

(1) Article L.22-10-34 of the French Commercial Code at 1 January 2021.
(2) Article L.22-10-8 III, paragraph 2 of the French Commercial Code at 1 January 2021.

1.1.3.2 Remuneration and benefits paid to Company's other corporate directors

1.1.3.2.1 The tables below show the remuneration and benefits of all types paid to non-executive corporate directors by the Company or by any Group company during the financial years ended 31 December 2019 and 31 December 2020.

Table No. 3 (AMF nomenclature) – Table on remunerations received by non-executive corporate directors

Non-executive corporate directors	Amounts paid for financial year 2019 *	Amounts paid for financial year 2020 **
Name: Didier Trutt (1)		
Remuneration as Board member	€10,324	€36,975
Other remuneration	-	-
Name: Ghislaine Doukhan (1)		
Remuneration as Board member	€11,509	€42,075
Other remuneration	-	-
Name: Catherine Delmas-Comolli (1) (until 21.11.2019)		
Remuneration as Board member	€6,462	-
Other remuneration	-	-
Name: Henri Serres (1) (until 21.11.2019)		
Remuneration as Board member	€10,439	-
Other remuneration	-	-
Name: UBFT		
Remuneration as Board member	€14,485	€37,500
Other remuneration	-	-
Name: FNAM		
Remuneration as Board member	€9,222	€18,000
Other remuneration	-	-
Name: Marie-Ange Debon (since 21.11.2019)		
Remuneration as Board member	€5,128	€44,468
Other remuneration	-	-
Name: Françoise Gri (since 16.12.2020)		
Remuneration as Board member	-	€2,438
Other remuneration	-	-
Name: Fabienne Dulac (since 21.11.2019)		
Remuneration as Board member	€5,128	€41,922
Other remuneration	-	-
Name: Xavier Girre (2)		
Remuneration as Board member	€10,256	€67,500
Other remuneration	-	-
Name: Corinne Lejbowicz (since 21.11.2019)		
Remuneration as Board member	€5,128	€51,500
Other remuneration	-	-

* *Amounts due in respect of the 2019 financial year and paid in 2020 before deduction of the amounts withheld for tax and social security contributions.*

** *Amounts due in respect of the 2020 financial year that will be paid in 2021 before deduction of the amounts withheld for tax and social security contributions.*

(1) Amount after repaying of 15% to the French State.

(2) Amount after repaying of 100% to the French State until 21 November 2019.

(3) Amount after repaying of 100% to the French State.

Non-executive corporate directors	Amounts paid for financial year 2019 *	Amounts paid for financial year 2020 **
Name: Pierre Pringuet (since 21.11.2019)		
Remuneration as Board member	€7,692	€64,500
Other remuneration	-	-
Name: Predica (since 18.06.2020)		
Remuneration as Board member	-	€16,855
Other remuneration (non-voting director)	-	€16,000
Name: Mélanie Joder (until 21.11.2019)		
Remuneration as Board member	-	-
Other remuneration	-	-
Name: Agnès Lyon-Caen		
Remuneration as Board member	N/A	N/A
Other remuneration	-	-
Name: Philippe Pirani		
Remuneration as Board member	N/A	N/A
Other remuneration	-	-
Name: Michel Durand (until 13.12.2019)		
Remuneration as Board member	N/A	N/A
Other remuneration	-	-
Name: Xavier Lehongre (until 21.11.2019)		
Remuneration as Board member	N/A	N/A
Other remuneration	-	-
Name: David Chianese (since 18.06.2020)		
Remuneration as Board member	-	N/A
Other remuneration	-	-
Name: Charles Sarrazin (3) (since 09.03.2020)		
Remuneration as Board member	-	-
Other remuneration	-	-
Name: Emmanuel Bossière (3) (from 03.09.2019 to 09.03.2020)		
Remuneration as Board member	-	-
Other remuneration	-	-
Name: Schwan Badirou-Gafari (3) (until 03.09.2019)		
Remuneration as Board member	-	-
Other remuneration	-	-
TOTAL	**€95,773**	**€439,734**

** Amounts due in respect of the 2019 financial year and paid in 2020 before deduction of the amounts withheld for tax and social security contributions.*
*** Amounts due in respect of the 2020 financial year that will be paid in 2021 before deduction of the amounts withheld for tax and social security contributions.*
(1) Amount after repaying of 15% to the French State.
(2) Amount after repaying of 100% to the French State until 21 November 2019.
(3) Amount after repaying of 100% to the French State.

The terms for distributing Board member's remuneration (formerly called attendance fees) in effect for the 2020 financial year are the same as those described in the topic "*Criteria for distributing the annual amount allocated to Board members*" of sub-section 1.1.2.1 of this report.

The amounts owed to the Eligible Members are either paid to them directly and/or paid in whole or part to the French State's budget, in accordance with Articles 5 and 6V of Ordinance No. 2014-948.

After taking note of the number of meetings of the Board of Directors and committees during the previous year and recalling that the remuneration funding was €600,000 (on an annual basis), the Board of Directors meeting of 11 February 2021 adopted the distribution of the Board member remuneration funding as set out in table No. 3 above.

The Chairwoman and CEO does not receive any director's remuneration in respect of her work within the Board of Directors.

The Director representing the French State [1], did not personally receive any remuneration from the Company in respect of his office. The private sector directors appointed by the General Meeting of Shareholders upon suggestion from the French State, Didier Trutt and Ghislaine Doukhan, received 85% of the remuneration corresponding to their offices by virtue of the order of 5 January 2018 pursuant to Article 6 of ordinance No. 2014-948 of 20 August 2014 on governance and transactions on the share capital. The remainder of the remuneration corresponding to these offices is paid directly to the Public Treasury in line with regulations.

The directors representing employees on the Company's Board of Directors did not receive any remuneration from the Company in respect of their offices as directors. They are Mr. Philippe Pirani and Ms. Agnès Lyon-Caen. The same applies to the Director representing employee shareholders, Mr David Chianese, appointed by the General Meeting of Shareholders on 18 June 2020.

The non-executive members did not collect any remuneration from the Company for serving as Board members, or from a company within its scope of consolidation:

- no exceptional remuneration;
- no share subscription or purchase options;
- no free share allocations;
- no benefits in kind.

No commitments were made to directors corresponding to components of remuneration, indemnities or benefits due or likely to be due as a result of entering, leaving, or changing office or subsequent to their holding that office, in particular pension commitments and other lifetime benefits.

Consideration of the most recent Ordinary General Meeting of Shareholders vote set out in paragraph II of Article L.225-100 of the French Commercial Code [2]

The General Meeting of Shareholders of 18 June 2020 approved, by a majority of 99.97% of the votes cast, the information relating to the remuneration of corporate directors for the financial year ended 31 December 2019, as described in the corporate governance report pursuant to Article L.225-37-3 I of the French Commercial Code, in accordance with Article L.225-100 II of the French Commercial Code.

Adherence to the adopted remuneration policy

The remuneration funding granted to Board members as well as the distribution terms comply with the remuneration policy adopted for 2020 by the General Meeting of Shareholders on 18 June 2020.

Divergence from the procedure to implement the remuneration policy and exception applied in accordance with the second subparagraph of paragraph III of Article L.225-37-2 of the French Commercial Code [3]

No divergence from the procedure for implementing the remuneration policy or any exception to the remuneration policy adopted by the General Meeting of Shareholders on 18 June 2020 were applied.

(1) Mr. Emmanuel Bossière from 3 September 2019 to 9 March 2020. Then, Mr. Charles Sarrazin from 9 March 2020.
(2) Article L.22-10-34 of the French Commercial Code at 1 January 2021.
(3) Article L.22-10-8 III, paragraph 2 of the French Commercial Code at 1 January 2021.

1.2 Ownership and facts that could be relevant in the event of a public offering

1.2.1 Capital structure

The General Meeting of Shareholders held on 4 November 2019 decided, subject to the condition precedent and with effect on the date of approval by the Financial Markets Authority of the prospectus for admission of Company shares on the regulated exchange of Euronext Paris (i) to confer double voting rights to registered shares held for over two years then (ii) divide the par value of Company shares by 955 by exchanging 191,000,000 new shares at a par value of €0.40 each for 200,000 old shares with a par value of €382.

Composition of share capital as at 31 December 2020:

FDJ ownership as at 31 December 2020	Number of shares	% of capital (as a%)	% of voting rights (as a%)	Number of actual voting rights
French State	41,852,014	21.91	29.91	83,704,028
Military veterans' associations, together (UBFT share 9.8%) (1)	28,233,690	14.78	19.27	53,939,425
Total FDJ Group employee funds	7,506,971	3.93	4.20	11,762,423
Other (individual ownership below 5%)	97,990,870	51.30	39.07	109,337,382
Treasury shares	26,333	0.01	N/A	N/A
Company/Soficoma *	5,730,000	3.00	4.09	11,460,000
Predica **	9,660,122	5.06	3.45	9,660,122
TOTAL	**191,000,000**	**100.00**	**100.00**	**279,863,380**

* *Soficoma's holding of FDJ shares is subject to current legal proceedings before the Aix-en-Provence Court of Appeal.*

** *In a letter dated 14 January 2020 sent to the AMF, the company Prédica stated that it had breached the 5% ownership threshold in the Company on 8 January 2020, owning 9,556,241 shares in the Company, representing the same number of voting rights, i.e. 5.003% of its capital and 3.39% of its voting rights.*

(1) The block of Military veterans' associations consists of the following entities: FNAM, AMGYO, Union Fédérale, CARAC, France Mutualiste (comprising the "FNAM block") and UBFT and the Ailes Brisées (comprising the "UBFT block").

1.2.2 Statutory limitations on exercising voting rights and transferring shares or agreements as set out in Article L.233-11 of the French Commercial Code

Legislative and regulatory provisions delaying, deferring or preventing a change of control

In accordance with the Action Plan for Business Growth and Transformation (Pacte) law No. 2019-486 of 22 May 2019 and the Pacte Ordinance No. 2019-1015 of 2 October 2019, regardless of its stake, the Government has direct control over the Company, particularly in the form of:

- the obligation that the Chairman, Chief Executive Officer and Deputy Chief Executive Officers of FDJ be approved by the Ministers in charge of the Budget and Finance (who may refuse to grant their approval solely for reasons relating to the existence of certain criminal convictions or the failure to comply with the objectives mentioned in the Order);
- the obligation that a shareholder whether an individual or legal entity, acting alone or in concert, that wishes to hold more than 10% or a multiple of 10% of the share capital or voting rights of the Company, be approved by the Ministers in charge of the Budget and the Economy (authorisation may be refused solely on grounds of protection of public order, the fight against money laundering and the financing of terrorism, the needs of public safety or the fight against excessive or pathological gambling).

Breaching thresholds set by the Articles of Association

Pursuant to Article 11 of the Company's Articles of Association, in addition to declarations of crossing of legal thresholds, any individual or corporate entity, acting alone or in concert, that comes to hold, or ceases to hold, directly or indirectly, a fraction of the share capital or voting rights of the Company:

- greater than or equal to 1% of share capital or voting rights of the Company, or any multiple of that percentage up to 5% of the share capital or voting rights; and
- greater than or equal to 0.5% of the share capital or voting rights of the Company, or any multiple of that percentage above 5% of the share capital or voting rights, including above the reporting thresholds stated in the laws and regulations in force,

must inform the Company of the total number of shares and voting rights that it owns and of the securities giving access to the share capital and voting rights potentially attached thereto by means of a registered letter with acknowledgement of receipt sent to the headquarters by the closing of the fourth trading day following the day that the threshold is crossed.

For the purpose of determining the thresholds referred to above, indirectly held shares or voting rights and shares or voting rights similar to the shares or voting rights held as defined by the provisions of Articles L.233-7 and following of the French Commercial Code will be taken into account.

In the event that the provisions of this article are not observed, on a request recorded in the minutes of the General Meeting of Shareholders by one or several shareholders holding at least 5% of the share capital or voting rights of the Company, the shareholder who has not made the aforementioned declaration within the prescribed time shall be deprived of the voting right in any meeting of shareholders that would be held until the expiry of a period of two years following the date of a declaration of regularisation.

The Company reserves the right to inform the public and shareholders of the information notified to it, as well as, where applicable, the failure to comply with the aforementioned obligation by the person or entity in question.

AMF notice by the UBFT/FNAM/others collective under Article L.233-11 of the French Commercial Code

In accordance with Article L.233-11 of the French Commercial Code, on 14 November 2019 the AMF was notified (with a supplemental letter received on 5 December 2019) by FNAM and UBFT of their finalisation of the terms and conditions of a shareholders' agreement constituting a concerted action within the meaning of Article L.233-10 I of the French Commercial Code, in order to govern their relations within the Company (the "Shareholders' Agreement").

Under AMF opinion 219C2633, this Pact, which came into effect on the date of the Company's IPO, has an initial term of 10 years, renewable in five-year periods.

The objectives pursued by the FNAM and the UBFT shall consist of implementing a common and sustainable policy towards FDJ, in order to preserve the common values that have animated the historical relations between the FNAM and the UBFT, as well as the asset value and the return on their respective holdings in FDJ, which condition the continuation of their general interest activities. This Shareholders' Agreement shall include provisions relating to governance and to securities transfers:

- the FNAM and the UBFT undertake to exercise their votes on the Board of Directors and all their voting rights at shareholders' meetings and, more generally, to do everything in their power to ensure that representatives of the FNAM and the UBFT sit on FDJ's Board of Directors;

- the parties to the Shareholders' Agreement shall consult each other in order to prepare for the meetings of the Board of Directors and the General Meetings of Shareholders of FDJ, and in particular with respect to strategic decisions relating to (i) the distribution policy and investment value protection, (ii) the determination of the strategy of FDJ and (iii) the governance and control of the financial statements;
- the parties agree not to transfer any shares if this would cause their equity stake in the Company to be lower than it was once the initial public offering had taken place, by the following percent:
  - a cumulative 10% within the two years following the IPO,
  - a cumulative 25% within the five years following the IPO,
  - a cumulative 50% at any point in the duration of the pact;
- for the entire duration of the pact, the parties agree to not acquire or subscribe for shares of the Company, directly or indirectly, that would cause the parties to collectively own more than 29% of the Company's capital and/or voting rights at any point in the duration of the concerted action;
- unless otherwise stipulated, each party agrees to register all shares that it owns currently or subsequently, in a registered account;
- a mutual pre-emptive right applicable to certain transfers of the Company's shares is instituted between UBFT and FNAM and, if applicable, the FNAM block (see below).

In those same letters, the AMF received a shareholders' pact entered into on 8 November 2019 between the FNAM, the Union Fédérale des Associations Françaises d'Anciens Combattants et Victime de Guerre (the "Union Fédérale"), and the Association des Mutilés de Guerre des Yeux et des Oreilles (AMGYO) that counts as a concerted action between them with respect to the Company, to govern their relations within the Company.

On the same day, two mutual insurers for veterans, CARAC and France Mutualiste, signed on to this second pact, thereby forming the "FNAM block" alongside the FNAM, Union Fédérale, and AMGYO.

This second pact has an initial term of ten years, renewable in five-year periods for a maximum duration of 25 years beginning 21 November 2019.

The objectives pursued by the FNAM block consist of enacting a shared, lasting policy with respect to the Company, in order to protect the earning potential of their stakes and ensure stable ownership for veterans' organisations, a historic stakeholder in the National Lottery.

This Shareholders' Agreement shall include provisions relating to governance and to securities transfers:

- the FNAM is the FNAM block's representative on the Company's Board of Directors, and within it will defend the common interests of the FNAM block, and more generally speaking, veterans' organisations;
- the FNAM will retain a dominant role within the FNAM block;
- the parties to the Pact will cooperate to prepare for the Company's General Meeting of Shareholders, in particular on strategic decisions related to dividends, returning value to shareholders, and other important decisions;
- each member of the FNAM block commits to retaining 75% of its stake in the Company for the duration of the pact, and for that duration, the members of the FNAM block will keep all of their shares in the Company in a registered account;
- subject to free transfers, a mutual pre-emptive right will be instituted within the FNAM block;
- in the event that FNAM wishes to give or sell more than 50% of its shares in the Company to a third party, then subject to the exercise of the aforementioned pre-emptive right, the other members of the FNAM block will have a tag-along right for all or some of their own shares, under the same conditions.

In those same letters, the AMF received a shareholders' pact entered into on 24 October 2019 between UBFT and the association Ailes Brisées, which counts as a concerted action between them with respect to the Company, to govern their relations within the Company.

This Pact has an initial duration of ten years beginning 21 November 2019, renewable for a five-year period.

The goals pursued by UBFT and Ailes Brisées consist of enacting a shared, lasting policy with respect to the Company, in order to preserve both the common values that guided their historic ties. This Shareholders' Agreement shall include provisions relating to governance and to securities transfers:

- UBFT and Ailes Brisées, if they believe it necessary, will cooperate in advance on draft resolutions included on the agenda of any General, Ordinary, Extraordinary, or Special Shareholders' Meeting of the Company;
- a mutual pre-emptive right applicable to certain transfers of the Company's shares has been instituted between UBFT and Ailes Brisées; this pre-emptive right granted to Ailes Brisées is a second-tier pre-emptive right, inferior to the pre-emptive right granted by UBFT to the FNAM block under the conditions of the shareholders' pact agreed by UBFT and FNAM on 16 October 2019 (see above);
- unless otherwise stipulated, each party agrees to register all shares that it owns currently or subsequently, in a registered account.

In the same letters, the collective formed by the FNAM block, UBFT and Ailes Brisées, stated that it owned 28,233,690 shares of the Company, representing 53,939,425 voting rights, or 14.78% of its capital and 18.63% (1) of its voting rights (on the basis of share capital comprised of 191,000,000 Company shares representing 289,508,341 voting rights).

(1) *Calculated on the date of the threshold breach with a different denominator of number of voting rights from that used to calculate the percentage of voting rights of the collective at 31 December 2020.*

1.2.3 Direct or indirect stakes in capital pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code, brought to the Company's attention

In a letter received on 14 January 2020, the limited company Predica (50-56 rue de la Procession, 75015 Paris) said it has risen above the 5% threshold of equity in the Company on 8 January 2020, owning 9,556,241 shares representing the same number of voting rights, i.e. 5.003% of its capital and 3.39% of its voting rights.

To the Company's knowledge, there is no other shareholder holding directly or indirectly, alone or in concert, more than 5% of the share capital or voting rights.

1.2.4 Shares that contain special control rights, and description thereof

In accordance with Article 9, "Rights and obligations attached to the shares" in the Company's Articles of Association, double voting rights relative to those of other shares, considering the percentage of capital that they represent, were granted effective 4 November 2019 to all fully paid shares which could be proven to be held in the registered account of the same shareholder for at least two years.

1.2.5 Control mechanisms set out in a potential employee ownership system, when control rights are not exercised by that system

A company mutual fund (FCPE), the FCPE Actionnariat FDJ, was created for the purposes of preserving and managing the shares acquired by Company employees as part of its Employee Savings Plan (PEE). The Supervisory Board of the FCPE Actionnariat FDJ is made up of six employees representing unitholders, those employees themselves being unitholders, and two representatives of Management. The unitholder employee representatives were appointed by the Central Works Council. The Supervisory Board exercises the voting rights attached to the shares held in the fund, and as such, appoints a representative to represent the fund at FDJ's General Meeting of Shareholders.

Another company mutual fund (FCPE), the FCPE Actionnariat Groupe FDJ Invest, was created at the time of the offer reserved for employees when the Company was privatised through an initial public offering, for the purposes of preserving and managing the shares acquired by employees of the Company and of the companies participating in the Group Savings Plan (PEG) and the International Group Savings Plan (PEGI). The Supervisory Board of the FCPE Actionnariat Groupe FDJ Invest is made up of five employees representing unitholders, those employees themselves being unitholders, and three representatives of Management. The unitholder employee representatives have been chosen by the unitholders, from among the unitholders. The Supervisory Board exercises the voting rights attached to the shares held in the fund, and as such, appoints a representative to represent the fund at the Company's General Meeting of Shareholders.

At their meetings on 5 and 6 November 2020, the Supervisory Boards of FCPE Actionnariat FDJ and Actionnariat Groupe FDJ Invest approved the plan to transfer the assets of the FCPE Actionnariat FDJ within the FCPE Actionnariat Groupe FDJ Invest, which is expected to take place at the end of Q1 2021 after approval by the French Financial Markets Authority (AMF) and informing unitholders. Once this transfer has taken place, the Supervisory Board of the FCPE Actionnariat w will exercise the voting rights attached to all the shares included in this fund, including those transferred from the FCPE Actionnariat FDJ.

1.2.6 Agreements between shareholders that could entail restrictions on transferring shares and on exercising voting rights

See part 2.2 above

1.2.7 Rules that apply to the appointment and replacement of Board of Directors members and to the amendment of the Company's Articles of Association

The terms for appointing and replacing Board of Directors members are detailed in Article 14 of the Company's Articles of Association, reproduced below:

"14.1 Board members whose election becomes effective upon the transfer of the majority of the Company's capital to the private sector and Board members elected from that date on are appointed for a maximum of four years. Within that limit, the General Meeting of Shareholders may decide to appoint Board members for different durations in order to space apart the durations of their respective terms. The terms of members end upon the conclusion of the annual Ordinary General Meeting of Shareholders held in the year during which those terms expire. Members can be re-elected and are subject to the laws and regulations that apply to holding multiple offices.

The number of members age 70 and over may not be greater than one-third of the members in office.

14.2 In the event of vacation by death or resignation of one or more Board members appointed by the General Meeting of Shareholders, the Board of Directors may, between two General Meetings of Shareholders, make temporary appointments under the conditions set by the French Commercial Code, except for: (i) the Government Representative, who is appointed as per Article 4 I of Ordinance 2014 and (ii) the directors representing the employees and the employee shareholders, appointed in accordance with the legislative and regulatory provisions in force, as well as these Articles of Association. The Board member co-opted by the Board of Directors to replace an outgoing member remains in office only long enough to serve out the remaining term of their predecessor. Appointments made by the Board are subject to ratification at the next Ordinary General Meeting of Shareholders. If not ratified, earlier deliberations and actions by the Board are still considered valid.

If the seat of a director representing employee shareholders becomes vacant, that person's replacement will be under the conditions set out in Article 13.1 a) above, with that Board member being appointed by the Ordinary General Meeting of Shareholders for a new period of four years.

If there is a vacancy in the seat of director representing the employees, the vacant seat is to be filled in accordance with Article L.225-34 of the French Commercial Code.

14.3 The General Meeting of Shareholders may withdraw the members it has appointed at any time."

The specific system for appointing the Chairman, CEO, and Deputy Chief Executive Officers of the Company should be specified, in accordance with Article 20 of the Pacte Ordinance of 2 October 2019 cited above. Indeed, in accordance with this Ordinance, the assumption of office of the Chairman, the CEO and the Deputy Chief Executive Officers of FDJ shall be subject to prior license by the Ministers in charge of the Budget and Finance, after consulting the French gaming regulatory authority (ANJ). Such licenses may be withdrawn by decree of the competent Ministers, after consulting the French gaming regulatory authority (ANJ). Decree 2019-1060 of 17 October 2019 related to the terms of direct Government control of the Company provides that the Ministers have thirty days to respond when asked for approval. Failure by the Ministers in charge of the Economy and Budget to provide an answer by the end of such thirty-day period amounts to a license decision. Any refusal or withdrawal of license shall be motivated and delivered after the person concerned has been invited to provide comments.

Furthermore, Article 18 of the same Ordinance states that amendments to the Company's Articles of Association must be approved by decree.

1.2.8 Agreements by the Company that are amended or end if control of the Company were to change

Significant agreements entered into by the Company that would be amended or ended if control of the Company were to change are as follows:

Crédit Bred Banque Populaire

A loan with a nominal amount of €120 million was subscribed in November 2016 with BRED Banque Populaire to partially finance the acquisition of the Group new head office ("Delta building"). It is a fixed-rate loan with a final maturity of 20 December 2031, repayable in half-yearly instalments (annual repayment of €8 million). It is subject to early repayment in full in the event of a change of control.

An amendment to the repayment conditions of this loan was agreed on 15 October 2019. It states that, upon completion of the Company's planned public offering (effective since end-November 2019), the loan will be subject to early repayment in full in the event of a change of control, defined as (i) the French State ceasing to hold, directly or indirectly, at least 20% of FDJ's share capital and voting rights, or (ii) a third party holding more than 25% of the Company's share capital. In such case and also in the event that the leverage ratio (net debt [(1)]/EBITDA) exceeds 3x, FDJ has agreed to grant the lender a senior mortgage lien in respect of the Delta building for the outstanding amount. The fixed rate will be reviewed annually according to changes in the leverage ratio.

At the end of December 2020, €88 million remained to be repaid.

Syndicated loan – acquisition of Sporting Group

In May 2019, the Group took out a syndicated loan of GBP 100 million to finance the acquisition and refinancing of Spynsol Limited (Sporting Group), a UK-based operator in B2B and B2C sports betting markets. This loan, granted by a syndicate of banks (Barclays Bank PLC, Crédit Agricole Corporate & Investment Bank and Société Générale), has a final maturity of 15 May 2024 and has two one-year extension options. It carries interest at Libor plus a variable margin based on the leverage ratio (consolidated net debt [(2)]/consolidated EBITDA) and is subject to a partial interest rate hedge. One of the banks in the banking syndicate has already indicated that it would not authorise the extension of the loan's maturity for its share of the loan, which represents one third of the loan's balance.

The loan is subject to early repayment in full if the Group loses its exclusive rights to operate lottery games online and in points of sale and offline sports betting, or in the event of a change of control, defined as (i) the French State ceasing to hold a percentage of FDJ's share capital, unless it continued to exercise close control, or (ii) a third party holding at least 50% of FDJ's share capital or voting rights.

In accordance with the possibilities offered by the loan agreement, the Group decided to repay £40 million early when the loan was repaid in August 2020.

Syndicated loan – financing of the financial consideration for the exclusive rights granted to FDJ for a term of 25 years

On 1 April 2020, FDJ subscribed to a €380 million syndicated loan with 2 banking groups, repayable in instalments over 20 years on a straight-line basis at a variable rate (for which a 50% interest rate hedge for the amount was taken out over a 6-year period). Its main characteristics are:

- possible voluntary early repayment without penalty after 18 months;
- mandatory early repayment in the event of loss of exclusive rights, loss of the French State's close control or a change of control (in the event that the French State's stake falls below 10% of the capital and/or a third party holds more than 33.33% of the Company's share capital or voting rights);
- a margin based on the Group's consolidated debt ratio.

This loan was drawn down on 21 April 2020 and used immediately to pay the French State the financial consideration for the exclusive operating rights granted to the Company pursuant to law No. 2019-486 of 22 May 2019 on the growth and transformation of companies, the amount of which was set at €380 million by decree No. 2019-1060 of 17 October 2019 on the terms of application of the close control of the government on the Company.

1.2.9 Agreements to compensate members of the Board of Directors or employees if they resign or are dismissed without real and serious cause, or if their employment ends due to a public offering of purchase or exchange

No corporate agreement provides for such compensation. The compensation set out in the collective bargaining agreement is applied.

The executive members of the Group Management Committee have a severance clause in their employment contract that exceeds the collective bargaining agreement.

(1) Net debt corresponds to the total amount of capital and interest accrued on short, medium and long-term loans and debt (of any kind, including shareholder current accounts and any receivable factoring or assignment that is not non-recourse), less current and non-current assets at amortised cost and cash and cash equivalents.

(2) Consolidated Net Financial Debt corresponds to non-current and current financial liabilities, less non-current financial assets at amortised cost, current financial assets, and cash and cash equivalents (see Annex 2 – Notes to the consolidated financial statements).

1.3 Agreement(s) between a director or significant shareholder in the Company and a subsidiary of the Company

To the knowledge of the Board of Directors, no agreements were entered into in 2020, either directly or through an intermediary, between one of the corporate directors or shareholders holding a percentage of the Company's voting rights greater than 10%, and any other company in which the Company directly or indirectly owns more than half of the capital thereof, except for agreements related to ordinary, arm's length transactions.

Management report

2.1 2020 highlights

2.1.1 New fiscal framework from 1 January 2020

Article 138 of law 2019-486 of 22 May 2019 on business growth and transformation amended the tax rules applicable to gaming, providing in particular for a change in the calculation basis for public levies and FDJ's remuneration applicable to lottery and sports betting, both online and in the offline distribution network. The change in the tax basis, from stakes to Gross Gaming Revenue (GGR [1]), took effect on 1 January 2020.

For lottery games, Payout Ratios (PR [2]) are defined within a range, with a cap a floor set by game category, whereas for online and offline distribution networks sports betting PRs are capped, respectively.

As a result, a change in PR has an impact on Net Gaming Revenue (NGR [3]). NGR is in fact a balance, calculated from GGR, which is in turn based on the PR for each game category, less public levies on games. The level of NGR can thus vary depending on the PR applied by FDJ to each game (margin effect), and on the volume of player stakes in each corresponding game category (volume effect).

At constant PR, NGR rate expressed as a percentage of stakes is relatively close to the previous prevailing rate, as shown in the table below for four of the six games with stakes exceeding €1 billion:

	PR *	NGR until 31.12.2019	NGR as of 01.01.2020
Loto®	55.35%	12.60%	11.91%
Euro Millions	50.00%	12.60%	13.33%
Amigo	67.55%	11.30%	12.03%
Cash	71.00%	10.90%	10.75%

* *Theoretical PR set pursuant to the terms of the order dated 9 March 2006 relating to the distribution of stakes, as amended.*

The calculation basis for public levies applicable to lottery and sports betting activities now consists of NGR rather than stakes, except for the following territories: French Polynesia, Principality of Monaco, Saint-Barthélemy, Saint-Martin, Saint Pierre and Miquelon.

Levies earmarked for the General State Budget are now fixed (as a% of GGR); as such they are no longer set as the balance, for each game, of stakes net of winnings, structural allocations, tax and social security deductions (excl. income tax), VAT and NGR.

VAT rates remain unchanged.

Public levies liabilities are now settled on a monthly basis, whereas they were mainly paid on a weekly basis previously. An advance payment is made the same month for public levies payable in December.

This same article also states that the funds referred to in Articles 13 and 14 of Decree No. 78-1067 of 9 November 1978 are closed from 1 January 2020 and that the sums deposited in these funds shall be paid to the French State by 30 December 2022, pursuant to Article 3 of Decree 2019-1456 of 26 December 2019. This includes counterparty funds and permanent funds, as well as reserve funds.

As of 1 January 2020, following the enforcement of the new tax and regulatory framework for gambling, counterparty risk for lottery games is no longer insured by counterparty funds but by an insurance policy. The policy was underwritten by FDJ within the framework of an annual policy with several insurance companies to cover cumulative counterparty risks for lottery games based on a counterparty mechanism. In 2020, the policy covered the cumulative net impact on NGR of potential counterparty losses over the financial year, for an amount raising from €6 million (excess) and €150 million (cap), and within the limit of winnings payable for a unit draw set at €100 million, pursuant to Article 8 of Decree 2019-1061 of 17 October 2019 related to the supervision of the gaming offer of La Française des Jeux and Pari Mutuel Urbain. The insurance premium is disclosed in general and administrative expenses and, where applicable, claims-related payments are included in other operating income.

Unclaimed prizes are now all paid to the French State each year, before 30 June of the following financial year, pursuant Article 2 of Decree 2019-1456 of 26 December 2019, with the exception of first-rank prizes and winnings awarded on pooled sports betting games and traditional draw games, as well as first-rank prizes and winnings from additional draw games.

Until 2019, payments to the French State were only related to unclaimed prizes on instant games, whereas unclaimed prizes related to draw games or sports betting were kept in reserve funds to finance promotional operations, such as free stakes or winnings contributions. As indicated above, these funds are now closed and will revert to the French State before 30 December 2022.

(1) Difference between stakes and player payout.

(2) Player payout as a percentage of stakes.

(3) GGR, net of public levies.

Comparison of financial years:

In order to compare key financial indicators, the table below shows the details of the Group's income statement at 31 December 2019 with the following items:

- new fiscal framework applicable from 1 January 2020;
- Loto® and Euro Millions draw games exceptional long cycles;
- a full year of business for Sporting Group, which was included in the Group's consolidation scope since 30 May 2019;
- costs associated with the Initial Public Offering (IPO) and changes in the regulatory framework;
- theoretical tax effect related to the restatements carried out.

In millions of euros	**31.12.2019 reported**	**Promotions**	**New tax framework**	**Structural allocation to funds & counterparty spreads**	**Prizes in kind**	**Insurance premium**	**Sporting Group (full year)**	**Exceptional long cycles Lottery**	**IPO expenses**	**31.12.2019 Restated**
Stakes	17,239	-	-	-	-	-	27	(136)	-	17,131
Gross gaming revenue (GGR)	5,541	(15)	-	-	-	-	(1)	(66)	-	5,459
Net gaming revenue (NGR)	1,925	(15)	(18)	128	-	-	7	(18)	-	2,009
Revenue	**1,956**	**(15)**	**(18)**	**128**	**0**	**0**	**16**	**(18)**	**0**	**2,048**
Cost of sales	(1,191)	-	-	-	-	-	(2)	6	-	(1,187)
Marketing and communication expenses	(330)	-	-	-	(2)	-	(12)	-	-	(344)
General and administrative expenses	(173)	-	-	-	-	(3)	(7)	-	-	(183)
Other recurring operating income/expenses	(9)	-	-	-	-	-	-	-	-	(9)
Recurring operating profit	**252**	**(15)**	**(18)**	**128**	**(2)**	**(3)**	**(5)**	**(12)**	**0**	**326**
EBITDA	**346**	**(15)**	**(18)**	**128**	**(2)**	**(3)**	**(3)**	**(12)**	**-**	**422**
Other non-recurring operating income/expenses	(63)	-	-	-	-	-	-	-	31	(32)
Operating profit	**189**	**(15)**	**(18)**	**128**	**(2)**	**(3)**	**(5)**	**(12)**	**31**	**294**
Financial result	21	-	-	-	-	-	-	-	-	21
Share in profit of associates	2	-	-	-	-	-	-	-	-	2
Income tax	(78)	5	6	(44)	1	1	2	4	(11)	(114)
NET PROFIT	**133**	**(10)**	**(12)**	**84**	**(1)**	**(2)**	**(3)**	**(8)**	**20**	**202**

The table below presents the restatements impacting the Group's EBITDA by activity:

2019 EBITDA – reported	**346**
Lottery	16
Sports betting	65
Insurance premium	(3)
Sporting Group (full year)	(3)
2019 EBITDA – restated	**421**

Payment to the French State in return for securing exclusive operating rights

Order No. 2019-15 of 2 October 2019 reforming the regulatory framework of gambling set the term of the exclusive rights secured by FDJ at 25 years. The decree of the supreme administrative court (Conseil d'Etat) dated 17 October 2019 approving the Specification Document, subsequent to approval by the French Investments and Transfers Commission (Commission des Participations et des Transferts), set the amount of the financial consideration payable by FDJ at €380 million. This financial consideration was paid to the French State on 21 April 2020.

As of 30 June 2019, these rights are recorded as intangible assets amortised over 25 years, amortisation period beginning 23 May 2019, the date on which the reform was enacted by the Pacte Law.

A syndicated loan was taken out on 1 April 2020 in the amount of the financial consideration to secure exclusive operating rights with a consortium of banks (Bred Banque Populaire, Caisse d'Epargne Ile-de-France, Caisse d'Epargne Hauts-de-France, Caisse Régionale de Crédit Agricole de Paris and Ile-de-France and Crédit Lyonnais). The variable-rate loan totalled €380 million, with a term of twenty years. A 6-year hedge was taken out to cover 50% of the debt.

Main features of the loan are:

- repayment in quarterly instalments;
- voluntary early repayment without penalty after 18 months;
- compulsory early repayment in the event of loss of exclusive rights, loss of the French State's close control or in the event of a change of control (the French State falls below 10% of the capital and/or a third party owns more than 33.33% of the capital or voting rights);
- margin based on the Group's consolidated debt ratio.

2.1.2 Covid-19 health crisis and economic consequences

2020 was dominated by the Covid-19 crisis.

The Group took prompt action by launching its business continuity plan in February. The purpose of the BCP is to guarantee the best safety and working conditions for employees (the vast majority of staff switched to telework), and to keep the business running, particularly in terms of information systems and supply chain.

The Group's revenue was nevertheless affected by the crisis, mainly during the first lockdown, which took place from 17 March to 11 May. Over this period, the Group's stakes fell by nearly 60%, predominantly stemming from the decline in sports betting by more than 90% after virtually all sporting events were cancelled. Meanwhile, the lottery (excluding Amigo, which was completely halted) limited its year-on-year decline to around 40%, with strong growth in digital lottery stakes only partially offsetting the decline in point-of-sale activity.

Revenue automatically fell as a result, down €200 million, with an EBITDA impact estimated at around €100 million, due to the decrease in the variable cost of sales component (mainly remuneration of sales intermediaries). In a bid to limit this impact on its results, the Group quickly implemented a cost-savings plan of more than €80 million (over 10% of overheads). The savings plan was implemented in full over the year. Advertising and promotional expenses were cut, starting with the media plan in the first half, representing the lion's share of the savings generated. Operating expenses were also reduced (travel costs, fees and communication costs) and sales promotions temporarily trimmed down. The cost-savings plan did not prevent the Group from taking initiatives to drive the recovery in the second half, including in particular by supporting commercial operations under way (launching and relaunching games, holding super jackpots, etc.).

By mid-June, stakes had broadly already re-aligned with June 2019 levels, thanks in large part to the gradual resumption of key sports competitions in mid-May and the reopening of bars in early June. The second lockdown in the second half-year 2020 (30 October to 15 December, with bars once again closed and yet to re-open) was very different from the first, generating a limited impact on Group results and predominantly affecting Amigo because point of sales screens were turned off. Business was up 3% overall Groupwide, fuelled by persistently strong momentum in sports betting and the appeal of draw games (such as Loto® and Euro Millions, carried out over multiple long cycles), while instant games did stable business.

Financial strength

The Group's cash position was satisfactory in 2020. Its financial position was solid year-round, with short-term cash reserve of more than €1 billion, and was bolstered by €150 million in unused confirmed credit facilities in February 2021.

The Group did not apply for financial aid or the short-time working programmes set up by the State.

Solidarity and protection measures

The Group showed solidarity with all stakeholders.

FDJ established support measures for its distribution network during both lockdowns, tailored to each retailer's circumstances. For example, payments were suspended for closed distribution points, and were relaxed for those able to remain open. Payments resumed at the end of the first lockdown, in accordance with the newly defined payment schedule. By end-2020, the distribution network totalled around 30,000 points of sale, reflecting only a slight year-on-year decline. Only exclusive bars are still currently closed due to administrative decisions in relation with the health crisis.

Prize payout deadlines were also postponed to ensure that winners would be paid at the end of lockdown.

The following solidarity, protection and awareness-raising actions were carried out:

- solidarity with employees: salaries were paid in full to all employees unable to continue working, without calling on the aid packages provided by the State;
- national solidarity: employees donated days of paid leave (monetised equivalent of €0.3 million paid to associations combating the virus) and corporate officers donated one month's salary;
- contribution to the national effort in the fight against Covid-19, including a donation by FDJ of €1 million to "Tous Unis Contre le Virus" conducted by Fondation de France, AP-HP and Institut Pasteur;
- FDJ donated €1.2 million to vulnerable persons and particularly young adults hit hard by the crisis, and FDJ Foundation donated €0.3 million to the Group's partner associations.

The costs directly incurred from these measures, in addition to the cost of masks purchased for employees and retailers, were recognised under recurring operating profit (€4 million).

Impairment testing

Impairment tests carried out in the context of the Covid-19 pandemic revealed impairment losses on the Sporting Group CGU. At 30 June 2020, the CGU's value in use was measured at £60 million, with net assets of £83.5 million. Based on these figures, goodwill impairment of £23.5 million (i.e. €26 million) was booked to other non-operating expenses. The test was updated at 31 December, and no additional impairment was recorded.

Restructuring of Sporting Group

As a result of the 2019 decision on the strategic reorientation of Sporting Group activities, eight companies went into liquidation, generating a tax-deductible short-term capital loss that lowered the tax expense by €20 million. These entities were deconsolidated at end-December 2020 and the resulting impact on the Group's cash position at 31 December 2020 was -€10.4 million, booked to Investments in the consolidated statement of cash flows in accordance with IAS 27. The Group will recover these funds when the liquidation will officially be ruled on.

2

2.2 Financial analysis

2.2.1 Elements related to the Group

2.2.1.1 Comments on the consolidated income statement

In millions of euros	31.12.2020	31.12.2019 reported	Change vs. N-1 published		31.12.2019 restated [1]	Change vs. N-1 restated	
Stakes	**15,959.2**	**17,239.5**	**(1,280.2)**	**(7.4%)**	**17,131.0**	**(1,171.8)**	**(6.8%)**
Player payout	(10,851.8)	(11,698.6)	846.8	(7.2%)	(11,671.9)	820.2	(7.0%)
Gross Gaming Revenue (GGR)	**5,107.5**	**5,540.9**	**(433.4)**	**(7.8%)**	**5,459.1**	**(351.7)**	**(6.4%)**
Public levies	(3,242.7)	(3,498.0)	255.2	(7.3%)	(3,467.4)	224.7	(6.5%)
Structural allocations to counterparty funds	-	(127.8)	127.8	N/A	-	-	N/A
Other revenue form sports betting	13.9	9.7	4.2	43.1%	17.3	(3.3)	(19.2%)
Net Gaming Revenue (NGR)	**1,878.7**	**1,924.8**	**(46.2)**	**(2.4%)**	**2,008.9**	**(130.3)**	**(6.5%)**
Revenue from other activities	**40.9**	**30.8**	**10.2**	**33.0%**	**39.5**	**1.4**	**3.6%**
Revenue	**1,919.6**	**1,955.6**	**(36.0)**	**(1.8%)**	**2,048.5**	**(128.9)**	**(6.3%)**
Cost of sales	(1,079.0)	(1,191.0)	112.0	(9.4%)	(1,186.8)	107.8	(9.1%)
Marketing and communication expenses	(329.7)	(330.4)	0.7	(0.2%)	(344.1)	14.4	(4.2%)
General and administrative expenses	(172.5)	(173.1)	0.5	(0.3%)	(182.5)	10.0	(5.5%)
Other recurring operating income/ expenses	(13.6)	(9.1)	(4.6)	50.5%	(9.0)	(4.6)	50.9%
Recurring operating profit	**324.7**	**252.0**	**72.7**	**28.9%**	**326.0**	**(1.3)**	**(0.4%)**
EBITDA	**426.6**	**346.1**	**80.5**	**23.3%**	**422.0**	**4.6**	**1.1%**
Operating profit	**292.7**	**188.7**	**104.0**	**55.1%**	**293.7**	**(1.0)**	**(0.3%)**
Net financial income/(expense)	4.6	20.6	(15.9)	(77.4%)	20.6	(15.9)	(77.4%)
Share of net income from joint-ventures	1.3	2.0	(0.7)	(33.7%)	2.0	(0.7)	(33.7%)
Income tax expense	(85.0)	(78.3)	(6.7)	8.6%	(114.4)	29.4	(25.7%)
NET PROFIT	**213.7**	**133.0**	**80.7**	**60.7%**	**201.8**	**11.8**	**5.9%**

(1) Restated to reflect new fiscal framework applicable from 1 January 2020, impact of exceptional long cycles on the Lottery, IPO costs and consolidating Sporting Group over the full year.

The changes commented below are presented in relation to the restated 2019 data.

Stakes

The Group's stakes totalled €15,959 million, down 6.8% compared to 31 December 2019.

After a performance in line with objectives at the start of the year, the health crisis and the first lockdown (mid-March/mid-May) affected first-half stakes, which dropped by 18.4%. Following a gradual recovery from mid-May which intensified during the summer, and despite the second lockdown (end-October/mid-December), FDJ recorded growth in stakes of +2.8% in the second half of the year.

The trend in stakes by product range is as follows:

In millions of euros	31.12.2020	31.12.2019 reported	Change vs. N-1		31.12.2019 restated [(1)]	Change vs. N-1	
Instant games	7,718.4	8,204.6	(486.2)	(5.9%)	8,204.6	(486.2)	(5.9%)
Draw games	5,014.7	5,479.8	(465.1)	(8.5%)	5,344.1	(329.4)	(6.2%)
Lottery	**12,733.1**	**13,684.4**	**(951.3)**	**(7.0%)**	**13,548.7**	**(815.6)**	**(6.0%)**
Sports betting	**3,185.7**	**3,537.8**	**(352.1)**	**(10.0%)**	**3,537.8**	**(352.1)**	**(10.0%)**
Other [(2)]	**40.4**	**17.3**	**23.1**	**133.9%**	**44.5**	**(4.1)**	**(9.3%)**
Stakes	**15,959.2**	**17,239.5**	**(1,280.2)**	**(7.4%)**	**17,131.0**	**(1,171.8)**	**(6.8%)**
o/w online stakes [(3)]	*1,534.8*	*1,102.3*	*432.5*	*39.2%*	*1,097.6*	*437.2*	*39.8%*
o/w digitalised stakes [(3)]	*3,815.6*	*3,403.0*	*412.6*	*12.1%*	*3,398.2*	*417.4*	*12.3%*

(1) Restated to reflect the new fiscal framework applicable from 1 January 2020, the impact of exceptional long cycles on the lottery and consolidating Sporting Group over the full year.

(2) Classic sports betting offer ("fixed odds") provided by Sporting Group.

(3) Including stakes related to the classic sports betting offer ("fixed odds") provided by Sporting Group.

Lottery (€12,733 million; -€816 million, -6%)

Lottery game stakes decreased by 6% compared to 2019. The very strong growth in online stakes, +62% to more than €1.1 billion, or nearly 9% of lottery stakes, only partially offset the decline in point-of-sale activity. The impact of the health crisis was particularly significant in the first half (stakes down by 12.6%) while activity proved resilient in the second half (-1.7% and +1.0% excluding Amigo).

Instant game stakes amounted to €7.7 billion, down by -5.9% compared to 2019. This trend which affects all segments is attributable to reduced visits of points of sale during the two periods of lockdown and the removal of events and activities from the marketing calendar in the second quarter. The games launch – reformatting schedule was particularly disrupted with postponements to the second half of 2020, or even 2021. Accordingly, the *Mots Croisés* family of games (€3, €5 and €10) was reformatted in October instead of April as initially planned. In early November, FDJ also launched its second phygital game, *Qui veut gagner des millions?* inspired by TV game show Who wants to be a millionaire. It consists of a physical scratch card and an optional additional digital game, allowing players to put any winnings back into play and attempt to multiply them up to 50 times.

Draw games recorded stakes of €5 billion, down by 6.2% compared to 2019. Excluding *Amigo*, draw games stakes increased by 5.2% to more than €4 billion, thanks to Loto® and Euro Millions good performance, driven by long cycles, particularly in the fourth quarter, and the success of their reformatting operations (November 2019 and February 2020 respectively), as well as Keno, successfully reformatted in October 2020, and Bingo. The impact of the lockdowns on *Amigo* was significant with, in order to stop people lingering in points of sale, its suspension between 19 March and 8 June 2020 and the turning-off of point-of-sale screens during the second lockdown. The *Amigo* game was also reformatted in November. Despite a drop of more than 30%, the game retains a level of stakes exceeding €1 billion.

Sports betting (€3,186 million, -€352.1 million; -10%)

Sports betting stakes totalled €3.2 billion, down by 10% compared to 2019. Stakes rebound in the second half (+20%) could not fully offset the drop of nearly 40% recorded in the first half of the year. This is attributable to the reduced state of the betting offer between mid-March 2020 and mid-May 2020 following the cancellation of almost all sports competitions. During this period, the offer was limited (Belarus football championship/cup as well as Korean football and baseball championships), and stakes fell by more than 90%. From mid-May, stakes rebounded sharply with the gradual resumption of most major sports competitions, and FDJ supported this strong recovery, notably with the "Signez votre retour" media campaign, the launch of the new ParionsSport En Ligne website and the launch of the new Loto Foot 8 and 12 game offers.

Apart from the postponement during the summer of a few competitions (Football Champions League, main European championships) and the performance of French teams in the Champions League, the good level of activity in the second half of the year, particularly in the fourth quarter, confirms the considerable attractiveness of sports betting, which in particular resulted in several consecutive betting records set, in November, both for ParionsSport Point de Vente and ParionsSport En ligne, which even posted growth over the year.

Online stakes

Driven in particular by the strong growth in digital lottery stakes, the Group's online stakes recorded a further annual increase of nearly 40% to more than €1.5 billion, i.e. almost 10% of total stakes.

Digitalised stakes

Digitalised stakes include online and digitalised stakes at the point of sale, i.e. using a digital service/application for their preparation, prior to registration by the retailer.

Thanks to the performance of online lottery stakes and with digitalised point of sales sports betting stakes virtually stable, digitalised stakes increased by 12% to €3.8 billion. At end-December 2020, they represented 23.9% of total stakes (vs. 19.7% at the end of 2019), exceeding the target set by the Group of 20% of digitalised stakes in 2020.

Net Gaming Revenue (NGR)

Net Gaming Revenue (NGR) corresponds to player stakes net of winnings paid out or to be paid out to players, and public levies on games. It also includes the revenue generated by Sporting Group's B2C [(1)] business (spread betting [(2)], fixed odds betting).

(1) B2C designates commercial and marketing activities carried out for final consumers.

(2) Spread betting consists of predicting if a number of actions (or events) occurring during a match will be greater or smaller than the range of actions (spread) set by the trader.

Player payout was €10.9 billion at end-December 2020 (-7% vs. 2019). The average Payout Ratio (PR) for the period was 68.0%, compared to 68.1% at 31 December 2019.

Gross Gaming Revenue (GGR) amounted to €5,107 million at end-December 2020 (-6.4% vs. 2019).

Public levies amounted to €3,243 million, down by 6.5% (€- 225 million) compared to 31 December 2019. Their change follows the change in the GGR, which represents the basis for their calculation under the new fiscal framework in force since 1 January 2020.

The withdrawal of counterparty fund from 1 January 2020 following the adoption of the Pacte Law implies the removal of structural allocations to related counterparty funds recognised in the Group's income statement until the end of 2019.

Other sports betting activities include the spread betting component of Sporting Group's B2C business. This activity was down by 9.3% at 31 December 2020 compared to 31 December 2019, impacted by the cancellation of almost all sports competitions in the second quarter of 2020.

Net Gaming Revenue constitutes FDJ Group's remuneration on its gaming activities. It amounted to €1,878.7 million, down by €130.3 million compared to 31 December 2019 (-6.5%).

Revenue

Revenue includes Net Gaming Revenue (NGR), revenue from other activities that mainly relate to sales of software maintenance and development services as well as the provision of services to sports betting operators for B2B[(1)] international business. Revenue from other activities amounted to €40.9 million at 31 December 2020, up by €1.4 million (+3.6%) compared to 31 December 2019.

The Group's revenue amounted to €1,919.6 million at end-December 2020, down by €128.9 million compared to 31 December 2019 (-6.3%).

Recurring operating profit/EBITDA

Cost of sales amounted to €1,079 million at 31 December 2020, down by €108 million (-9.1%) compared to 31 December 2019. It comprised the remuneration of retailers for €772 million (-€87 million compared to 31 December 2019, or -10.1%), whose level changes automatically with point-of-sale stakes over the period (-10%), and the remuneration of other intermediaries for €33 million, down by €5.5 million (14%). Other cost of sales (€289 million in 2020) fell by €15 million compared to 31 December 2019 due to the reduction in other variable costs linked to the decline in activity (purchase of gaming materials, betting rights), as well as the temporary reduction in the sales promotion actions.

Marketing and communication expenses include advertising and offer design costs, as well as IT development and operation of games and service costs. They amounted to €329.7 million at 31 December 2020, down by €14.4 million compared to 31 December 2019 (-4.2%). The reduction in advertising and promotional expenditure, primarily for the media plan in connection particularly with the suspension of the marketing calendar in the second quarter, explains the decline as expenses related to the development of the games and services offer continued to rise, in keeping with the Group's strategy.

General and administrative expenses mainly include personnel expenses and operating costs for corporate functions, as well as building costs and IT infrastructure costs. They amounted to €172.5 million at end-December 2020, down €10 million compared to 31 December 2019 (-5.5%), due to the reduction in operating expenses (travel costs, fees and internal communications) initiated under the savings plan.

The decline in other operating income and expenses (-€4.6 million compared to 2019) is due to the amortisation of exclusive rights to operate games over a full year, which began in May 2019.

The Group's recurring operating profit amounted to €324.7 million at end-December 2020, down by €1.3 million (-0.4%) compared to 31 December 2019.

The increase in net depreciation and amortisation (+€5.9 million compared to 31 December 2019) is mainly attributable to the exclusive operating rights, which are amortised in the Group's financial statements as of May 2019.

EBITDA, which corresponds to recurring operating profit with depreciation and amortisation, amounted to €426.6 million, up by €4.6 million (+1.1%) compared to 31 December 2019. The EBITDA margin stood at 22.2% at 31 December 2020, up by 1.6 points compared to 31 December 2019.

Operating profit

Other non-recurring operating income and expenses amounted to -€32 million at end-December 2020, impacted mainly by asset impairment (-€25.8 million) and restructuring expenses related to the discontinuation of Sporting Group's proprietary trading activity at the end of 2019 (-€4.4 million).

At 31 December 2019, other non-recurring operating income and expenses amounted to -€32 million, mainly due to asset impairment (-€22 million) and expenses related to M&A transactions (-€5 million).

Operating profit amounted to €292.7 million at end-December 2020, down €1 million compared to 31 December 2019 (-0.3%).

Net financial income/(expense)

The decrease in the net financial income (+€4.6 million at end-December 2020 vs. +€20.6 million at end-December 2019) is mainly due to the less favourable trend in financial markets in 2020, securities measured at fair value through profit and loss having only generated income of €3.4 million in 2020 vs. €11.0 million in 2019, and the increase in the cost of financial debt (€5.4 million in 2020 vs. €2.3 million), following the signing of a syndicated loan for €380 million to finance the securing of exclusive operating rights.

Income tax expense

The Group's income tax expense (€85 million at end-2020 vs. €114.4 million at 31 December 2019) was lower due to the decline in pre-tax income and a tax-deductible short-term loss related to the liquidation of Sporting Group companies acquired by the Group in 2019. The effective tax rate was therefore 28.6% at end-December 2020 vs. 36.2% at 31 December 2019.

Net profit

Consolidated net profit amounted to €213.7 million at end-December 2020 (€201.8 million at 31 December 2019).

(1) B2B means the commercial and marketing activities carried out between businesses.

2.2.1.2 Segment reporting

in millions of euros	31.12.2020 Lottery BU	Sports Betting BU	Other segments – ABU	Holding company	Total before depreciation and amortisation	Depr./ amort.	Group total
Stakes	12,733	3,186	40	-	15,959	-	15,959
Gross Gaming Revenue (GGR)	4,337	769	2	-	5,107	-	5,107
Net Gaming Revenue (NGR)	1,492	372	15	-	1,879	-	1,879
Revenue	**1,495**	**372**	**52**	**1**	**1,920**	**-**	**1,920**
Cost of sales	(847)	(183)	(9)	-	(1,039)	(40)	(1,079)
Marketing and communication expenses	(145)	(86)	(46)	(24)	(301)	(28)	(330)
Contribution margin	**502**	**103**	**(3)**	**(23)**	**579**	**(68)**	**511**
Administrative and general costs & Other operating income and expenses	-	-	-	(152)	(152)	(34)	(186)
Total expenses	*(992)*	*(269)*	*(55)*	*(176)*	*(1,493)*	*(102)*	*(1,595)*
EBITDA	**-**	**-**	**-**	**-**	**427**	**-**	**-**
Depreciation and amortisation	-	-	-	-	-	(102)	-
RECURRING OPERATING PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**325**

in millions of euros	31.12.2019 restated (1) Lottery BU	Sports Betting BU	Other segments – ABU	Holding company	Total before depreciation and amortisation	Depr./ amort.	Group total
Stakes	13,549	3,538	45	-	17,131	-	17,131
Gross Gaming Revenue (GGR)	4,618	841	-	-	5,459	-	5,459
Net Gaming Revenue (NGR)	1,585	407	18	-	2,009	-	2,009
Revenue	**1,589**	**407**	**52**	**1**	**2,048**	**-**	**2,048**
Cost of sales	(932)	(210)	(6)	-	(1,148)	(39)	(1,187)
Marketing and communication expenses	(147)	(96)	(43)	(31)	(318)	(26)	(344)
Contribution margin	**509**	**100**	**3**	**(30)**	**583**	**(65)**	**517**
Administrative and general costs & Other operating income and expenses	-	-	-	(161)	(161)	(31)	(192)
Total expenses	*(1,079)*	*(306)*	*(49)*	*(192)*	*(1,627)*	*(96)*	*(1,723)*
EBITDA	**-**	**-**	**-**	**-**	**422**	**-**	**-**
Depreciation and amortisation	-	-	-	-	-	(96)	-
RECURRING OPERATING PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**326**

(1) Restated to reflect the new fiscal framework in force from 1 January 2020, the impact of exceptional long cycles on the Lottery and consolidating Sporting Group over the full year.

Lottery BU

Despite the decrease by 6% in lottery stakes (see Note 2.2.1.1 Comments on the consolidated income statement) and 5.9% in revenue, control of operating expenses (-8.1% to €992 million) limited the decline in the BU's contribution margin, which amounted to €502 million at 31 December 2020, or 33.6% of revenue, up by 1.5 points compared to 31 December 2019.

Cost of sales amounted to €847 million at 31 December 2020, down by €85 million compared to 31 December 2019 (-9.1%). It mainly corresponds to the remuneration of distribution network, with the change reflecting the drop in stakes within the offline distribution network over the period.

The virtual stability of marketing and communication costs (€145 million at end-December 2020, €-2 million, -1.5%, compared to 31 December 2019) is explained by the increase in customer service costs, mainly digital, and costs of the game offer development, while advertising and promotional expenses declined, reflecting the Group's savings plan over the financial year.

Sports betting BU

Based on an annual decline in sports betting stakes by 9.9% (see Note 2.2.1.1 Comments on the consolidated income statement), the BU's revenue decreased by only 8.5% given an average annual payout ratio (PR) of 75.9%, down by 0.4 points compared to 2019, after unexpected sporting results, particularly at year-end. The significant decline in operating expenses (-12% to €269 million) resulted in a virtually stable contribution margin of €103 million, or 27.7% of revenue, an increase of 3.1 points compared to 31 December 2019 (24.6%).

The first half of the year was marked by low PR and the savings generated on promotional campaigns. In the second half of the year, the level of PR increased. Despite increased advertising at the end of the year, operating expenses remained below those of the previous year.

Cost of sales amounted to €183.1 million at 31 December 2020, down €26.9 million compared to 31 December 2019 (-12.8%). It mainly corresponds to the remuneration of the distribution network, with the change in line with the drop in offline distribution network stakes over the period. In addition, due to the cancellation of some of the competitions at the beginning of 2020, sports betting rights[(1)] decreased significantly, as did sales promotion costs, mainly due to the cancellation of promotional events for the distribution network.

Marketing and communication costs (€86.1 million at end-December 2020) decreased by €10.3 million compared to 31 December 2019. After an increase in the first quarter 2020 (application campaigns, Super Pactole Loto Foot in February, welcome bonus on ParionsSport En Ligne), monthly average media expenses were reduced by nearly 80% in the second quarter of 2020 before picking up with the restarting of competitions. The business momentum in the second half of the year was accompanied by increased advertising and promotion expenditure.

ABU

The ABUs or adjacent activities (International, Payment & Services and Entertainment) recorded revenue of €52 million, stable compared to 31 December 2019. This stability masks mixed trends with an increase in the revenues of international B2B activity, which offset the decline in Sporting Group's activity, reflecting the reduced state of the sports betting offer in the first half of 2020.

The ABUs' contribution margin amounted to -€3 million at end-December 2020, compared to +€3 million at 31 December 2019, mainly due to the decline in Sporting Group's activity related to the health environment and the maintainance of point-of-sale IT costs as part of the development of the Payment & Services business.

Holding company

Holding company costs totalled €176 million at 31 December 2020, compared to €192 million at 31 December 2019 (-€16 million, -8.1%). Their decline mainly relates to the effects of the savings plan on corporate advertising and promotional expenditure (decrease in advertising and sponsorship expenses).

2.2.1.3 Comments on the consolidated balance sheet

In millions of euros	31.12.2020	31.12.2019	Chg.
Non-current assets	**1,508.3**	**1,568.2**	**(59.9)**
o/w goodwill	*26.9*	*56.4*	*(29.4)*
o/w exclusive operating rights	*355.5*	*370.7*	*(15.2)*
o/w intangible assets	*165.7*	*148.3*	*17.4*
o/w property, plant and equipment	*374.2*	*394.0*	*(19.9)*
o/w non-current financial assets	*571.4*	*584.3*	*(13.0)*
Current assets	**1,389.8**	**1,287.8**	**102.0**
o/w trade and distribution network receivables	*255.4*	*469.8*	*(214.4)*
o/w other current assets	*214.8*	*314.8*	*(100.0)*
o/w total current financial assets	*215.7*	*272.2*	*(56.5)*
o/w total cash and cash equivalents	*673.2*	*201.5*	*471.7*
TOTAL ASSETS	**2,898.0**	**2,856.0**	**42.0**
Shareholders' equity	**698.7**	**569.2**	**129.5**
Non-current liabilities	**630.8**	**360.9**	**270.0**
o/w total non-current financial liabilities	*510.0*	*229.7*	*280.2*
Current liabilities	**1,568.5**	**1,925.9**	**(357.4)**
o/w trade and distribution network payables	*249.0*	*411.6*	*(162.6)*
o/w current player funds	*192.4*	*156.6*	*35.8*
o/w public levies	*412.0*	*414.8*	*(2.8)*
o/w winnings payable	*288.8*	*189.3*	*99.6*
o/w other current liabilities	*194.4*	*169.6*	*24.9*
o/w debts to the French State in respect of exclusive operating rights	-	*380.0*	*(380.0)*
o/w other current financial liabilities	*218.2*	*186.5*	*31.7*
TOTAL LIABILITIES	**2,898.0**	**2,856.0**	**42.0**

(1) Since the liberalisation of the online gaming market, France has opted to specifically protect sports events by introducing the concept of the "right to bet" as set out in the French Sport Code (Code du sport). Under this principle, sports federations and event organisers have the right to operate the sports events or competitions that they organise. This right includes the right to authorise betting on their sports events and competitions, in return for remuneration from betting operators (generally a percentage of the stakes recorded for the competition in question).

Goodwill relates to Sporting Group (see Note 5 of the consolidated financial statements).

Exclusive operating rights correspond to the securing of exclusive operating rights to lottery activities sold in the offline distribution network and online, as well as sports betting games sold in the offline distribution network, entrusted to La Française des Jeux for a period of 25 years under the Pacte Law. This asset, initially amounting to €380 million, is amortised over this term, from 23 May 2019, the date of promulgation of the Pacte Law 2019-486; the amortisation recorded in 2020 amounted to €15.2 million (€9.3 million in 2019). A corresponding debt (debt to the French State in respect of exclusive rights) was recorded in 2019; it was paid in 2020.

The decrease in trade and distribution network receivables is mainly due to a favourable calendar effect on the Group's receivables relating to its distribution network.

Current assets decreased mainly due to the reclassification of the advance payment on the permanent fund surplus (€265 million) in current financial liabilities (see current liabilities), partially offset by the recognition of an advance payment to the French State on public levies in December 2020 (€165 million).

Cash and cash equivalents increased by €472 million, driven by the activity for the financial year and a higher amount of operating liabilities to be paid at the end of December 2020 (winnings to be paid to players, public levy liabilities and unclaimed prizes), mainly due to the implementation of the new fiscal framework (see Note 2.1.1) and the postponement of deadlines for the collection of players' winnings.

Shareholders' equity includes a €92 million statutory reserve intended to cover the following risks:

- operating risks that may arise at any time during the life cycle of the games (design, production of gaming materials, logistics, marketing, etc.). They are measured, after tax, at 0.3% of stakes, and amounted to €52 million at the end of 2020, based on the 2019 financial statements;
- rare and extreme-case counterparty risks, exceeding ordinary risk for which models are available, are covered by counterparty funds and the permanent fund. These risks are measured as and when a major change occurs in the gaming offer and in players' behaviour. At the end of 2019, they were covered up to €40 million.

Dividends for 2019 amounted to €86 million.

Non-current financial liabilities mainly comprise:

- the portion due in more than one year (€347 million) of the loan, intended to finance the financial consideration to secure exclusive operating rights, signed on 1 April 2020 (with a nominal value of €380 million, repayable in instalments, a 20-year term, variable rate, subject to an interest rate hedge for €187 million);
- the portion due in more than one year (€80 million) of the loan linked to the acquisition of the Group's headquarters (with a nominal value of €120 million, fixed rate, repayable in instalments and maturing on 24 November 2031);
- a loan of £60 million, or €66.7 million, taken out in May 2019 for the acquisition of Sporting Group (variable rate, repayable in 2024 and 2025 in two tranches), which is the subject of interest rate hedging established on 27 June 2019 and maturing on 27 June 2022. This loan, with an initial nominal value of £100 million, was partially repaid in the second half of 2020 for £40 million;
- the liability of €19 million related to IFRS 16.

The change in trade and distribution network payables in 2020 can be attributed to a calendar effect.

Public levies (€412 million at 31 December 2020 and €415 million at 31 December 2019) consisted of:

- public levies for €341 million at 31 December 2020 (€104 million at 31 December 2019), up by €237 million following the application of the new fiscal framework (see Note 1.1), mainly comprising:
  - payables to the General State Budget of €225 million (€41 million at 31 December 2019); these payables were subject to an advance payment of €165 million at the end of December 2020 disclosed in current assets,
  - social security (CSG, CRDS) tax payables, public levies on sports betting, and payables to other local authorities of €117 million (€62 million at 31 December 2019);
- unclaimed prizes on draw, sports betting and scratch games recognised in 2020 (€71 million), which will be paid to the French State in the first half of 2021.

At 31 December 2019, they also included the permanent fund surplus (nil at 31 December 2020).

Winnings payable – player balances amounted to €289 million (€189 million at 31 December 2019). They include:

- the remaining winnings payable to players (€241 million at 31 December 2020 and €154 million at 31 December 2019); the increase is mainly due to an extension of claim time limits on instant games due to the health environment;
- the cash balances of online players (€48 million as of 31 December 2020 and €35 million as of 31 December 2019, i.e. the amounts available in players' accounts on their fdj.fr or parionssportenligne.fr account).

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2.2.1.4 Comments on the change in consolidated net cash surplus

In millions of euros	31.12.2020	31.12.2019
Non-current financial assets at amortised cost	320.0	440.0
Non-current financial assets at fair value through profit or loss	182.1	114.4
Other	69.2	29.9
Total non-current financial assets	**571.4**	**584.3**
Current financial assets at amortised cost	210.0	253.0
Current financial assets at fair value through profit or loss	5.0	16.1
Current derivatives	0.5	0.9
Deposits and guarantees	0.2	2.1
Total current financial assets	**215.7**	**272.2**
TOTAL FINANCIAL ASSETS	**787.1**	**856.5**
Investments, cash equivalents	218.5	121.2
Bank accounts and other credit balances	454.7	80.3
TOTAL CASH AND CASH EQUIVALENTS	**673.2**	**201.5**
Financial debt, maturing in over one year	(490.2)	(205.0)
Lease liabilities, maturing in over one year	(19.3)	(24.4)
Other financial liabilities	(0.5)	(0.3)
Total non-current financial liabilities	**(510.0)**	**(229.7)**
Financial debt, maturing in less than one year	(26.9)	(8.2)
Lease liabilities, maturing in less than one year	(6.8)	(7.0)
Current derivatives	(1.7)	(0.7)
Bank overdrafts	(0.3)	(40.2)
Other financial liabilities	(182.6)	(130.5)
Total current financial liabilities	**(218.2)**	**(186.5)**
TOTAL FINANCIAL LIABILITIES	**(728.2)**	**(416.3)**
Deposits & guarantees received/given (current & non-current)	(64.0)	(26.4)
Exclusive operating rights	-	(380.0)
Reclassification of player portfolios not covered by the trust	-	(26.9)
Cash subject to restrictions	(5.0)	(5.3)
Amounts allocated exclusively to winners of the Euro Millions game	(85.8)	(77.2)
Net debt on permanent fund surplus	-	(46.1)
NET CASH SURPLUS	**577.3**	**79.9**

Net cash surplus totalled €577.3 million at 31 December 2020 (€79.9 million at 31 December 2019). This increase breaks down essentially as follows:

- cash generated by operating activities, with EBITDA of €426.6 million in 2020;
- a positive Group's operating WC in 2020 (+€360.5 million), mainly on:
  - winnings payable to players (+€100 million), mainly due to the extension of claim time limits on instant games related to the health environment, and winnings payable on the New Year's Day SUPER LOTO® at the end of December 2020,
  - public levy liabilities which increased compared to 31 December 2019 (+€72 million). At the end of 2019, the majority of levies due had been paid early. At the end of 2020, an advance payment of €165 million was made to the French State corresponding to the General State Budget component,
  - unclaimed prizes on draw, sports betting and scratch games (+€70 million); these prizes will be transferred to the French State in the first half of 2021,
  - a favourable calendar effect on receivables relating to its distribution network (+€69 million);
- these positive changes were partially offset by:
  - investments of €80 million (excluding exclusive operating rights that had already been included in net cash surplus at 31 December 2019),
  - corporate income tax paid amounting to €92 million,
  - dividends paid by the Group to its shareholders amounting to €83 million.

2.2.2 Elements related to FDJ SA

2.2.2.1 Comments on the income statement

In millions of euros	31.12.2020	31.12.2019
Stakes	**15,918.8**	**17,222.2**
Player payout	(10,813.0)	(11,682.3)
Gross Gaming Revenue	**5,105.8**	**5,539.9**
Public levies	(3,242.2)	(3,497.6)
Structural allocations to counterparty funds	-	(127.8)
Net Gaming Revenue	**1,863.6**	**1,914.5**
Revenue from other activities	21.6	16.0
Revenue	**1,885.2**	**1,930.4**
Capitalised production	32.1	26.9
Reversals of provisions and transfers of expenses	20.3	9.8
Other operating income	1.0	0.4
Total operating income	**1,938.6**	**1,967.5**
Inventory purchases used	28.2	34.8
Other external purchases and expenses	1,260.2	1,386.1
Taxes and duties	20.6	19.7
Personnel expenses	162.9	151.2
Depreciation and amortisation	88.4	79.6
Provisions	16.5	16.3
Other expenses	17.3	14.8
Total operating expenses	**1,594.2**	**1,702.6**
Operating profit	**344.3**	**264.9**
Total financial income	**21.6**	**22.1**
Total financial expenses	**44.6**	**11.5**
Net financial income/(expense)	**(23.0)**	**10.6**
Current profit	**321.3**	**275.6**
Total non-recurring income	**99.8**	**34.9**
Total non-recurring expenses	**97.0**	**80.4**
Non-recurring profit (loss)	**2.9**	**(45.4)**
Employee profit-sharing and incentives	23.4	18.8
Corporate income tax	85.4	73.3
NET PROFIT	**215.4**	**138.1**

Stakes: See comments on the consolidated income statement (the difference of €40 million relates to Sporting Group).

The savings plan implemented by the Company, combined with the decrease in commissions paid to the distribution network (in conjunction with the decline in activity), resulted in operating profit increasing by €79 million, or more than 30%.

The financial result decreased by €34 million, impacted by an impairment on securities amounting to €32.8 million, mainly related to FGS for €32.5 million.

In 2019, the non-recurring loss mainly reflected expenses related to the Company's IPO in the amount of €32.1 million and M&A expenses.

2.2.2.2 Comments on the balance sheet

In millions of euros	31.12.2020 Gross	31.12.2020 Amortisation, depreciation and provisions	31.12.2020 Net	31.12.2019 Net
Exclusive operating rights	380.0	24.5	355.5	370.7
Other intangible assets	349.8	227.2	122.5	105.2
Property, plant and equipment	663.4	324.6	338.9	353.0
Financial assets	203.9	45.7	158.2	140.6
Capital assets	**1,597.1**	**622.0**	**975.1**	**969.5**
Inventories	15.8	1.3	14.5	10.2
Advances and payments on accounts	2.4	-	2.4	13.6
Trade and distribution network receivables	341.3	16.4	324.9	506.9
Other receivables	200.3	0.1	200.2	307.6
Transferable securities	281.8	0.1	281.7	218.1
Cash and cash equivalents	1,046.3	-	1,046.3	748.3
Prepaid expenses	18.8	-	18.8	26.1
Current assets	**1,906.7**	**17.8**	**1,888.9**	**1,830.9**
Deferred expenses spread over several periods	4.7	-	4.7	0.6
Unrealised exchange gains	0.1	-	0.1	4.2
TOTAL ASSETS	**3,508.6**	**639.8**	**2,868.8**	**2,805.4**

In the year ended 31 December 2020, total assets increased by €63 million compared with 31 December 2019.

The variation mainly reflects:

- investments net of amortisation and depreciation during the year amounting to €6 million;
- current assets up €58 million;
  - the decrease in trade and distribution network receivables amounting to €182 million. This change is due to a calendar effect and the slowdown in activity over the year,
  - the decrease in other receivables amounting to €107 million, mainly consisting of advance payments on amounts due to the French State at the end of the year. The advance payment on public levies in December 2020 is lower than the advance payment on the 2019 permanent fund surplus (€165.4 million vs. €265 million),
  - the increase in the overall cash position for an amount of €361.5 million.

In addition, FDJ SA subscribed to 100% of the capital of two new entities (FDJ Services and DVRT 13) created at the end of the year with the aim of spinning off the new activities implemented by the Group.

In millions of euros	31.12.2020	31.12.2019
Share capital	76.4	76.4
Legal reserve	7.6	7.6
Statutory reserve	91.7	87.5
Optional reserve	224.5	176.6
Net income for the period	215.4	138.1
Regulated provisions	135.8	140.9
Shareholders' equity	**751.5**	**627.1**
Provisions for risks	4.9	8.9
Provisions for liabilities	90.5	90.2
Provisions for risks and liabilities	**95.4**	**99.1**
Loans from credit institutions	521.1	254.0
Supplier and distribution network payables	259.7	416.3
Player funds relinquished to the French state	155.9	103.9
Public levies and prizes won	886.0	755.9
Debts to the French State in respect of exclusive operating rights	-	380.0
Other payables	151.7	133.6
Prepaid income (player stakes)	46.0	35.4
Payables	**2,020.4**	**2,079.2**
Unrealised exchange losses	1.4	0.1
TOTAL LIABILITIES	**2,868.8**	**2,805.4**

The decrease in debts in the amount of €59 million is mainly due to:

- a new loan taken out during the year amounting to €380 million in order to finance the acquisition of exclusive rights (see Note 2.1.3. FDJ SA statutory financial statements);
- the decrease in distribution network payables (mirroring the decline in receivables), which is explained by a calendar effect and the slowdown in activity over the year, for €157 million;
- the increase in player funds, winnings payable to players and public levies amounting to €182.2 million.

2.2.2.3 Research and development

The Company's research and development costs amounted to €62.2 million (including €32.1 million of capitalised production) in 2020 compared with €64 million in 2019 (including €26.9 million of capitalised production).

2.2.2.4 Reintegration of general expenses and total amount of lavish expenses

Reintegration of general expenses into taxable profits

N/A

Amount of lavish expenses incurred during the year

For 2020, lavish expenses incurred amounted to €485,000 and relates solely to rents for passenger vehicles.

2.2.2.5 Results for the past five financial years

In accordance with the provisions of Articles R.225-81-3 and R.225-83-6 of the French Commercial Code, the following table shows the Company's results for each of the past five financial years.

In thousands of euros	2020	2019	2018	2017	2016
Share capital at year-end	-	-	-	-	-
Share capital	76,400	76,400	76,400	76,400	76,400
Number of shares outstanding	191,000,000	191 000 000	200,000	200,000	200,000
Number of bonds convertible into shares	-	-	-	-	-
Transactions and results	-	-	-	-	-
Gaming commissions	-	-	-	-	-
Stakes *	15,918,806	17,222,191	15,817,043	15,144,448	14,330,738
Revenue	1,885,152	1,930,433	1,786,909	1,753,435	1,687,156
Profit/loss before tax and employee profit sharing, depreciation and provisions	381,237	326,428	338,338	315,785	192,653
Corporate income tax	85,352	73,277	80,794	74,042	83,390
Employee profit-sharing	16,851	11,580	11,813	12,103	11,795
Net profit	215,448	138,105	172,085	167,769	145,789
Dividends paid **	171,900	85,950	122,000	130,000	124,000
Earnings per share *(in euros)*	-	-	-	-	-
Profit/loss after tax and employee profit-sharing and before depreciation and provisions	1.46	1.26	1,228.66	1,148.20	487.34
Net profit	1.13	0.72	860.43	838.84	728.95
Dividends awarded **	0.90	0.45	610.00	650.00	620.00
Personnel	-	-	-	-	-
Headcount at 31 December	-	-	-	-	-
Weighted average headcount	1,569	1,517	1,443	1,377	1,243
Payroll	101,642	95,138	87,444	82,517	76,727
Amounts paid for employee benefits	55,005	51,260	47,805	43,599	41,150
Amounts paid for employee benefits, including taxes on wages	61,462	57,664	54,195	50,143	46,605

** Stakes correspond to the sums staked by players, irrespective of the distribution channel.*

*** Proposal for the distribution of dividends for the 2020 financial year submitted to the General Shareholders' Meeting of 16 June 2021 to approve the financial statements for the financial year ended 31 December 2020.*

2.2.2.6 2020 schedule of debts and receivables

Payables due not yet paid at year-end

	0 days (indicative)	1-30 days	31-60 days	61-90 days	Over 91 days	Total (1 day or more)
(A) Tranches of late payment						
Number of invoices concerned	2 129	-	-	-	-	1 129
Total amount of invoices before tax *(in millions of euros)*	29.2	0.2	1.0	-	0.4	1.5
% of purchases before tax	2.1%	-	0.1%	-	-	0.1%
(B) Invoices excluded from (A) relating to disputed or unrecorded payables						
Number of invoices excluded	-	-	-	-	-	117
Amount of invoices excluded	-	-	-	-	-	1.4

Invoices issued not yet paid at year-end

	0 days (indicative)	1-30 days	31-60 days	61-90 days	Over 91 days	Total (1 day or more)
(A) Tranches of late payment						
Number of invoices concerned	5,804	-	-	-	-	1,307
Total amount of invoices before tax *(in millions of euros)*	4.3	1.1	1.8	0.9	2.5	6.3
% of revenue before tax	0.2%	0.1%	0.1%	-	0.1%	0.3%
(B) Invoices excluded from (A) relating to disputed or unrecorded payables						
Number of invoices excluded	-	-	-	-	-	2,519
Amount of invoices excluded	-	-	-	-	-	18.3

2.2.3 Shareholding/treasury shares

At 31 December 2020, FDJ's share capital amounted to €76,400,000, consisting of 191,000,000 fully subscribed and paid-up shares with a par value of €0.40 each.

Its shareholders [1] at 31 December 2020 break down between the French State (22%), veterans associations [2] (15%), Predica (5%), employee shareholding funds (4%), and French and international institutional investors, as well as individual shareholders, each holding less than 5% of the share capital.

A share buyback programme authorised by the Board of Directors at its meeting of 19 December 2019 has been implemented, pursuant to the authorisation granted by the General Meeting of Shareholders of 4 November 2019, for the purpose of concluding a liquidity contract to facilitate trading in the FDJ share. The Board of Directors has decided to allocate the maximum authorised amount of €6 million to this liquidity contract, which took effect on 23 December 2019, for a period expiring on 31 December 2020. It was renewed for one year.

As of 31 December 2020, treasury shares recorded as a reduction in consolidated equity represented 26,333 shares and were valued at €0.9 million (12,896 shares were valued at €0.3 million at 31 December 2019).

(1) *Other Company shareholders' lock-up and retention commitment. UBFT, FNAM and Confédération Nationale des buralistes de France have committed to retaining their Shares (including those purchased under the Offer, where applicable) for 18 months from the Offer settlement-delivery date (i.e. the Open-Price Offer and Global Placement with institutional investors, with a settlement-delivery date of 22 November 2019), barring exceptions (takeover bid or exchange offer of the Shares or transfer to a controlled company). MASFIP has made a similar commitment but for a period of 12 months.*

Company's lock-up commitment for 180 calendar days following the Offer settlement-delivery date, barring exceptions (including the Share Offer Reserved for Employees, share buyback plan, free share allocation program, shares held by Soficoma, acquisitions).

French Government's lock-up and retention commitment for a period of 18 months from the Offer settlement-delivery date, barring exceptions (sale as part of the Offer, implementation of offer for employees, transfer to a French industrialist, acquisition, transfer to controlled entity, contribution of shares to a public tender or exchange of the Shares).

(2) *Union des Blessés de la Face et de la Tête (UBFT) and Fédération Nationale André Maginot (FNAM).*

2.2.4 Summary of transactions carried out on FDJ shares in 2020 by directors and persons closely related to them

Corporate Director/Director concerned	Nature of the transactions	Number of FCPE shares/units	Unit price *(in euros)*
Pascal Chaffard	Sale	990.0000 units	322.2320
Stéphane Pallez	Acquisition	1,500.0000 shares	19.4700
Cécile Lagé	Sale	1,198.2881 units	34.9699

2.2.5 Elements of calculation and results of the adjustment of the conversion bases and the conditions of subscription or exercise of securities giving access to capital and stock options

N/A

2.2.6 New regulated agreements authorised in 2020

No new regulated agreement was authorised in 2020.

2.2.7 Regulated agreements approved during previous financial years that were continued in 2020

Board of Directors meeting of 16 October 2019

This meeting authorised the signing of a Convention with the French State to anticipate the consequences of the occurrence of events likely to deteriorate the economic conditions for operation of FDJ's exclusive rights (changes in laws or regulations) and to anticipate the end of the period of the exclusive rights. The Convention shall terminate on 22 May 2044. On this date, the exclusive rights granted to FDJ pursuant to the Pacte Law shall terminate.

The Convention provides that in the event of a significant change in legislation or regulations either directly related to taxation of lottery games or sports betting operated through offline distribution network, or likely to affect such operation or, finally, reducing the scope or duration of the exclusive rights held by FDJ, the Group shall approach the French State in order to examine whether this change is likely to substantially deteriorate the economic conditions under which the FDJ operates its business, assessed on a consolidated basis. If so, FDJ may propose to the French State measures it deems necessary to enable it to continue its activities under economic conditions that are not substantially deteriorated.

With respect to the provisions governing the consequences of termination of exclusive rights, the Convention provides that assets strictly necessary for the operation under the exclusive rights are to be taken over by the French State in return for compensation amounting to the market value of the buildings and the net book value of other fixed assets. The list of such assets will be determined by the French State and FDJ, in an adversarial manner, within one year from the date of entry into force of the Convention.

Upon normal or early termination of the exclusive rights, FDJ guarantees to the French State or to any holder of the exclusive rights, the transfer or use, on a free-of-charge basis, of all copyrights, trademarks and trademark filing applications, rights on designs, logos, domain names, effective in France and relating to activities operated under exclusive rights. Similarly, for software and patents, upon normal or early termination of the exclusive rights, FDJ grants to the French State or the possible new holder of the exclusive rights a free licence to use the software and patents strictly necessary for the operation of such rights in France and owned by FDJ, for a limited period of 18 months from the expiry date of FDJ's exclusive rights.

This Convention also specifies that, upon normal or early termination of the exclusive rights, the French State and FDJ will meet to examine the situation of the employees assigned to the operation of the exclusive rights, and in particular the conditions for their reclassification and their transfer, where applicable, to the possible holder of the exclusive rights. To the extent feasible, FDJ will reclassify the employees in question. This new Convention terminates the previous convention binding FDJ and the French State, dated 29 December 1978.

Board of Directors meeting of 23 July 2019

This meeting authorised:

- FDJ to sign a tripartite agreement (the "Convention") with MDB Services, a subsidiary of the Confédération des Buralistes (Tobacconists Confederation), and the French Treasury for the outsourcing of the collection of fines, local public sector recovery notices and taxes. This Convention is part of the approach taken by the Company and aimed at developing additional sources of revenue for its commercial network and sharing the use of its point-of-sale infrastructure. It is concluded for a minimum period of five years;

- FDJ is to act as surety, in the event of the awarding of the French Treasury outsourcing contract, in favour of the bank issuing the bank guarantee provided for under the terms of the tender, as a counter guarantee of the bank guarantee granted by the banking institution for the French Treasury, in the amount of €19 million. This surety will be granted for the duration of the Convention, and at least until July 2024.

Board of Directors meeting of 22 March 2016

The Board of Directors authorised La Française des Jeux to sign a framework agreement with the Observatoire des Jeux providing for the free-of-charge exchange of information and data, in particular with a view to improving analysis and knowledge of players' behaviour and thus enhancing its measures to prevent excessive gambling. The agreement was signed on 3 March 2016 and will continue indefinitely.

The expenses incurred in the production and transmission of the relevant information and data are the only financial impacts for the Company.

Board of Directors meeting of 1 July 2015

The Board of Directors authorised La Française des Jeux to sign a protocol with the French Minister of Finance and Public Accounts and the online gambling regulatory authority (ARJEL) succeeded by the French gaming regulatory authority (ANJ), a government organisation, from 23 June 2020 providing for the free-of-charge exchange of information on preventing the betting-related manipulation of sporting competitions. Your Company is subject to the regulatory provisions applying to such monopolies, and as such must monitor the integrity of gambling transactions and to combat fraud, money laundering and all related criminal activities. The agreement was signed on 1 July 2015 and will continue indefinitely.

The expenses incurred by La Française des Jeux to secure the whistle-blowing and information exchange system with the ARJEL are the only financial impacts.

2.2.8 Statement of sureties, endorsements and guarantees given by FDJ and state of the guarantees granted by it

- CA$15 million (€9.6 million) guarantee: as part of a contract, FDJ has asked BNP Paribas for a guarantee of CA$15 million for FGS France for the benefit of the Canadian lottery operator OLG.
- €7.45 million guarantee relating to the FDJ Corporate Foundation (legal obligation).
- €1.4 million guarantee given to the International Cycling Union (UCI), in accordance with its regulations.
- €0.2 million guarantee given to the National Cycling League (LNC), in accordance with its regulations.
- Guarantee given under the French Treasury contract (DGFiP), to secure the sums collected on their behalf, for €4 million.
- Mortgage allocation commitment of €95.4 million: taken out by the Group in 2016 (including the principal, interest and related amounts), it relates to the purchase of its new headquarters.
- €1.1 million escrow account: this corresponds to the insurance deductible implemented to deal with any prejudice FDJ could cause other lotteries in the operation of the Euro Millions game.

2.2.9 Foreseeable change

In 2021, in an environment that remains uncertain, FDJ Group will continue its strategy to foster the omnichannel customer experience, maximising players' contact points and developing customer knowledge.

FDJ will roll out its marketing plans and resume an extensive calendar of events and activities. Accordingly, for lottery, ten launches and reformatting operations are planned for point-of-sale instant games (notably a new annuity game at the beginning of the year, the fourth edition of Mission Patrimoine, the third phygital game, etc.), while a dozen events promoting special enhanced Loto® and Euro Millions jackpots will pepper the year for draw games and the expansion of the online lottery gaming offer will continue, with innovative and richer gaming experiences. Sports betting, in addition to their intrinsic momentum, should benefit from the UEFA Euro, postponed from 2020.

2.2.10 Significant events occurring between the reporting date and the date of closing of the financial statements

N/A

2.3 Risks and risk management

The environment in which FDJ conducts its business may give rise to a variety of risks, some of which are beyond its control. In accordance with the provisions of Article 16 of regulation (EU) 2017/1129 of the European Parliament and of the Council, and for the purpose of complying with the ESMA Guidelines applicable in France since 4 December 2019, the risks described below are those identified as liable to have a material adverse impact on the Group, its business, results, financial position or outlook, and which are important to consider when making any investment decision.

Readers should be aware that the list of risks presented in Chapter 3 of the Universal Registration Document is not exhaustive and that other risks, not identified or not identified as liable to have a material adverse impact on the Group, its business, results, financial position or outlook, may exist or arise.

In each class and sub-class of risk referred to below, unless otherwise indicated the risk factors are classified in order of decreasing importance, as determined by FDJ.

The risk factors considered as the most important are flagged with an asterisk * *for their likelihood of occurrence and/or the severity of their potential detrimental impact, as the case may be. This risk classification factors in the effects of risk mitigation measures undertaken by the Company.*

Some of the potential risks described in this chapter are associated with social, environmental, ethical and human rights considerations. The main non-financial risks are flagged in the following tables with the acronym CSR.

IMPACT OF THE COVID-19 CRISIS ON RISK FACTORS

The systemic nature of the Covid-19 pandemic had – and could still have – a role of accelerator and amplifier of certain risks or trends associated with FDJ Group's activity and its ecosystem. The health crisis has thus changed the level of certain risks specific to the Group, as identified and described in this chapter.

A description of the main impacts of the Covid-19 crisis on the Group's trends and outlook is also presented in section 2.1 "2020 Highlights".

2.3.1 Risks related to the regulatory framework and legal risks

2.3.1.1 Risks related to the regulatory framework of the gaming sector

FDJ operates in the heavily-regulated gaming sector, which is strictly controlled by the French State in terms of the specific risks related to gambling that impact the preservation of public and social order, especially regarding the prevention of excessive gambling behaviours and underage gambling. As a general matter, gambling is prohibited in France, with limited exemptions pursuant to which the operation of gambling is permitted either under a system of exclusive rights or under a regime of authorisations or licenses issued by the French State.

In this context, FDJ holds exclusive rights for the operation of lottery games (draw games and instant games) offline and online, as well as for offline sports betting. Its online sports betting activities are operated in competition with other operators under a licence granted in 2010 for five years and last renewed in September 2020 by the French gaming regulatory authority (ANJ). The activities operated under exclusive rights represented more than 95% of FDJ stakes in 2020 [(1)].

Almost all the Group's activities are therefore regulated, with varying levels of regulatory constraints depending on the activities concerned.

These regulatory constraints specific to the gambling sector generate several types of risk: the risks associated with the overall implementation of the current regulatory framework, the risks of unfavourable developments in this framework and, more specifically, the risks associated with responsible gaming and money laundering.

(1) 90% of FDJ stakes were recorded offline in 2020.

2.3.1.1.1 Risks related to the implementation of the regulatory framework

2.3.1.1.1.1 Risks related to the recent establishment of a new regulatory body*

FDJ has always operated its activities in a strictly regulated framework and is familiar with the modalities of the application of the regulations.

Since 23 June 2020, the date on which it was set up, the French gaming regulatory authority (ANJ) has been responsible for regulating all lottery games and sports betting activities operated by FDJ, under exclusive rights and in competition.

The rules and control procedures that may be adopted by this new authority could create new constraints for FDJ affecting the operating conditions for its games, which could have an adverse impact on its revenue or its costs, and consequently on its results, financial position and prospects.

In this context, FDJ may also encounter difficulties in quickly adapting its games and information systems to these constraints or having to spend significant sums in order to make these adjustments, which could have a significant adverse effect on its business, results, financial position and prospects.

2.3.1.1.1.2 Risks related to the implementation of financial penalties imposed by the ANJ

The Order provides, in the event of a breach of existing regulations, that the ANJ Sanctions Committee may, instead of or in addition to the suspension or prohibition of gambling and the suspension or withdrawal of the licence mentioned above, impose a financial penalty, the amount of which would be proportionate to the seriousness of the breach, the situation of the operator in question, the extent of the damage caused and the benefits derived therefrom, without exceeding 5% of the revenue excluding tax for the last financial year ended generated by the activities covered by the license. This cap would be increased to 10% in the event of a new breach.

In addition, the Sanctions Committee may decide to attach to any sanction a publication of the decision in the official legal gazette ("Journal Officiel") or disseminate the decision, which may affect the image and reputation of the companies concerned.

Although the Group pays particular attention to compliance with applicable regulations, an unintentional error or omission could lead to the materialisation of any of the risks indicated above, which could have a significant adverse impact on FDJ's business, results, financial position and prospects.

2.3.1.1.1.3 Risk related to obtaining authorisations for the operation of new games

FDJ's operation of gaming and betting under exclusive rights is subject, for each new game, to prior authorisation from the ANJ. The regulator could refuse FDJ's authorisation request to operate a game or require a substantial change in its operation. The need for FDJ to reconsider the design of a game during its authorisation period could entail the risk that the game in question would not be as effective as expected, leading to a delay in the launch of the new game or even to its withdrawal, which could have a significant adverse effect on the Group's business, results, financial position and prospects.

In addition, FDJ must submit its exclusive rights gaming and betting programme to the ANJ each year by presenting both (i) the conditions for continued operation of the existing games, and (ii) the new games planned for the year in question and the following years, as well as its promotional strategy on all media and its action plans in terms of responsible gambling and the fight against fraud and money laundering.

The regulator could refuse to approve all or some of FDJ's documents or require the substantial modification of the conditions for their implementation. The need for FDJ to review its gaming and betting programme or revise its promotional strategy could lead to the need to modify sales schedules, which could have a significant adverse effect on the Group's business, results, financial situation and prospects.

2.3.1.1.1.4 Risks related to the submission of FDJ's governance and share capital structure to close control by the French State

Thus, irrespective of the French State's holding in FDJ's share capital, the texts provide that, in return for the exclusive rights granted to it and as from the date of the transfer to the private sector of the majority of FDJ's share capital, the French State will exercise close control over FDJ resulting in:

- the need to have FDJ's Articles of Association and their amendments approved by decree;
- the appointment by the Minister in charge of the Budget of a Government Commissioner within the Company to ensure the compliance of its activities with the objectives entrusted to FDJ by the regulations. This Government Commissioner sits on FDJ's Board of Directors with a consultative vote, as well as on the committees and commissions set up by the Board of Directors. The Government Commissioner may add any items to the agenda of the ordinary meetings of these bodies and may oppose a deliberation of the Board of Directors based on the objectives defined by the French Internal Security Code, or the deliberations relating to the estimates of FDJ's revenue and operating or investment expenses;
- the right of the Government Commissioner to have all information, in whatever form, communicated to him, and to conduct any verifications necessary for the carrying out of his mission;
- the right of the Government Commissioner to inform the ANJ of any failure by FDJ to comply with the obligations imposed upon it that are within the jurisdiction of that authority;
- obtaining approval, by order of the Ministers in charge of the Economy and the Budget, after consultation with the ANJ, prior to the appointment, of FDJ's Chairman, Chief Executive Officer and Deputy Chief Executive Officers;

- the obligation that a shareholder whether an individual or legal entity, acting alone or in concert, that wishes to hold more than 10% or a multiple of 10% of the share capital or voting rights of FDJ, be approved by the Ministers in charge of the Economy and Budget (authorisation may be refused solely on grounds of protection of public order, the fight against money laundering and the financing of terrorism, the needs of public safety or the fight against excessive or pathological gambling). In the absence of approval, the shareholders having acquired their shares in breach of this rule will not be able to exercise their voting rights, as long as their investment has not been approved by Ministers in charge of the Economy and of the Budget.

Although the control exercised by the French State, in return for the granting of exclusive rights, is a strict control related to the general interest and the protection of public order, and such control is, in any event, regulated by applicable texts, it is possible that such control may be implemented in a manner that goes beyond the objectives of general interest and public order for which it has been established, which could have an adverse impact on the Company's business, results, financial position and prospects.

2.3.1.1.1.5 Risk related to the prohibition of the exploitation of a game or set of games

The Order provides for the possibility that the ANJ may suspend or withdraw, by reasoned decision and after an adversarial procedure involving both parties, the authorisation of a game at any moment if the conditions under which its operation was authorised are no longer met.

The Order also provides that the Minister in charge of the Budget may suspend or prohibit at any time the operation of a game under exclusive rights for reasons related to the safeguarding of public and social order. Such suspension or prohibition shall be pronounced by a reasoned decision, after an adversarial procedure and after consulting the ANJ.

Finally, in the event of a breach of the obligations defined in the Order (in particular with regard to the prevention of excessive or pathological gambling and the protection of minors, and to the integrity of the game and the information system), the ANJ's Sanctions Committee may order sanctions against operators holding exclusive rights or a licence, including the temporary suspension of the operation of the game or all the games concerned or its definitive prohibition, as well as the temporary suspension of a licence or its withdrawal.

Such a decision or sanction could have a significant adverse impact on FDJ's business, results, financial position or prospects.

2.3.1.1.2 Risks related to changes in the regulatory framework

2.3.1.1.2.1 Risks related to changes in the regulatory framework of the gaming sector

Although the legislative and regulatory framework applicable to the gambling sector has recently been reformed, additional constraints, linked to stricter rules for the operation of games or betting under exclusive rights and in competition cannot be ruled out. Such developments could lead to an increase in operational requirements for FDJ or could impede its growth strategy.

2.3.1.1.2.2 Risks related to increased restrictions on advertising

The Group makes extensive use of advertising that is essential to publicise FDJ's game offer to the general public, inform it about sporting events or jackpots, accompany the launch of new games and strengthen the Group's reputation and image.

Advertising campaigns promoting gambling are strictly regulated, particularly by Decree No. 2020-1349 of 4 November 2020 laying down rules for inclusion and restrictions on the content of messages intended to more effectively prevent excessive gambling and underage gambling.

In Europe, there is a trend towards increased restrictions on gambling advertisements, for example in Belgium and Italy. A further strengthening of regulations in this area could affect FDJ's ability to attract new players, which could hinder the development of its activities and have an impact on the level of stakes and the Group's revenue, results, financial position and prospects.

2.3.1.1.2.3 Risks related to challenges to exclusive rights

With the adoption in 2019 of the new legislative and regulatory framework applicable to the gaming sector, FDJ was granted, under the terms of the Pacte Law and the Order, exclusive rights to operate offline and online lottery and offline sports betting for a period of 25 years. The activities operated under exclusive rights represented more than 95% of FDJ stakes in 2020 [1].

Although the scope of the exclusive rights granted to FDJ was extended for 25 years by the legislature in 2019, it is possible that, during this period, the general framework for the operation of gambling will evolve, affecting these rights directly (opening to competition of segments currently operated under exclusive rights) or indirectly (legalisation of games that are currently prohibited in France).

The Convention entered into between the French State and FDJ details the consequences of any significant change in the regulation and/or taxation of gambling, as well as changes in the scope or duration of the exclusive rights granted to FDJ, on the basis of case law principles of French administrative law with regard to the French State's responsibility. The Convention will provide, in particular, that in the event of a reduction in the duration or scope of the exclusive rights, FDJ will work with the French State in order to establish whether this modification is likely to lead to a substantial deterioration in the economic conditions under which FDJ operates its business activities. If so, FDJ may propose to the French State the measures necessary to enable it to continue its activities under economic conditions that are not substantially deteriorated. The French State undertakes to examine such proposals.

Finally, FDJ could, at the end of the 25-year period, fail to obtain the renewal of its exclusive rights, even though it considers that, given the experience it has acquired, its relationship with retailers and its recognised responsible gaming policy, it has the assets it needs to support its application for the renewal of its exclusive rights. If the exclusive rights are granted through a competitive process at the end of the 25-year period, such process would likely be initiated prior to the expiry of the 25-year period.

(1) The stakes recorded offline represented 90% of FDJ stakes in 2020.

Without prejudice to the application of the provisions of the Convention and the implementation of the above-mentioned measures, in particular if the duration of the exclusive rights is reduced, a loss of exclusive rights, even if it would probably not occur with immediate effect, could have a significant negative impact on FDJ's business, results, financial position and prospects.

2.3.1.1.2.4 Risk related to changes in the gaming taxes

For the 2020 financial year, out of a total of nearly €16 billion in stakes, FDJ paid out €10.8 billion to prize winners and €3.2 billion in gaming taxes to the state treasury. FDJ's revenue and EBITDA therefore depend very heavily on the rate of public levies on gaming.

The Group may be confronted with developments in tax matters in France and in the countries in which it operates. An increase in public levies or a significant change in their terms of application could have a significant adverse effect on the Group's revenue, business, results, financial position and prospects.

2.3.1.1.3 Risks related to responsible gaming

2.3.1.1.3.1 Risks related to underage gambling CSR

Article L320-8 of the French Code of Domestic Security states that FDJ, like all gambling operators, is obliged to prevent the participation of minors, emancipated or otherwise, in the gaming or betting activities it offers. It also states that it is forbidden to sell or offer games of chance free of charge to minors.

The fight against underage gambling is a priority for FDJ, whether at point of sale or online.

The Group's determination to prevent underage gambling is consistent with the strengthening in the regulatory framework and the growing expectations of stakeholders. Thus, the Order issued pursuant to the Pacte L aw amends or strengthens existing administrative and criminal penalties and provides for new penalties in the event of non-compliance with the rules applicable to the gaming sector.

Despite substantial efforts made by the Group to supervise the sale of games and its activities with retailers and the sales force, this prohibition could be insufficiently respected.

A significant or repeated failure to respect the rules and principles of the prohibition of underage gambling is likely to have a major impact on the Group's ethical values and cause a deterioration of its image and reputation and may entail the non-compliance with applicable legal and regulatory provisions. In the event of an extremely serious breach, FDJ could be sanctioned by the regulators (see section 2.3.1.1.1.2 "Risks related to the implementation of financial penalties imposed by the ANJ"). The occurrence of these various risks could have a significant adverse impact on its business, financial position, results and prospects.

2.3.1.1.3.2 Risks related to excessive gambling CSR

Gambling, which can be addictive, may create a risk of addiction for some players. For many years, as part of its commitment to a gaming model that is intended to be recreational and responsible (see section 2.3.5.3 "Responsible gaming management policy"), the Group has deployed significant efforts to prevent excessive or even addictive gambling behaviour. Despite these efforts, gambling addiction can cause both financial and psychological harm to those concerned and to their relatives.

Such situations could give rise to legal actions by players or their relatives and could make retailers (as the players' direct point of contact) or FDJ itself liable, which could damage FDJ's image and reputation.

In addition, if FDJ is found to be responsible for breaches of responsible gaming regulations, the Company could be subject to sanctions imposed by the regulator, which could have a significant adverse impact on the Group's revenue, results and prospects.

2.3.1.1.4 Money laundering risk CSR

In the context of accelerating regulatory developments relating to the fight against money laundering and terrorist financing (notably the transposition and implementation of the 5th Anti-Money Laundering Directive), FDJ must be increasingly vigilant when taking bets and paying winnings.

Although, in recent years, FDJ has initiated a process to improve its knowledge of players and implement means to reduce the circulation of cash in points of sales, its activities, in particular sports betting, which is subject to greater risk than lotteries, face the risk that they may be used by money laundering networks. In addition, the due diligence system in terms of the origin of the funds has been strengthened in recent years. In 2020, FDJ filed 252 suspicious transaction reports to Tracfin [(1)].

FDJ may encounter failures in the detection or handling of money laundering cases and may not be able to keep up with the constant developments in fraud/money laundering techniques and the increasingly rapid transmission of information by fraudsters.

A failure in the detection or handling of a money laundering event could expose the Group to prosecution for complicity in money laundering and/or lead to significant sanctions, which could damage FDJ's image and reputation. Depending on the seriousness of the situation, retailers may have their approvals withdrawn and, if serious and repeated breaches of their obligations in this regard are found, FDJ may be subject to severe financial penalties of up to €5 million and, in extreme cases, the use of exclusive rights may be temporarily or permanently called into question, which could have a significant adverse impact on the Group's business, financial position, results and prospects.

(1) Tracfin is an intelligence service under the authority of the Ministry of Finance and Public Accounts.

2.3.1.2 Legal risks

2.3.1.2.1 Risk of infringement to the security of personal data CSR

European regulation 2016/679 on the protection of personal data (known as the "GDPR"), which entered into effect on 25 May 2018, imposes transparency, integrity and confidentiality in the processing operations carried out by FDJ, as well as the possibility for the persons concerned to exercise new rights in respect of their personal data. In addition to this regulation, the legal and regulatory requirements relating to the protection of personal data are regularly strengthened, with, for example, the new requirements laid down by the CNIL (French Data Protection authority) regarding "cookies" ("tracking" of Internet users) in 2019 and 2020. The Group's strategy involves improving its knowledge of its customers, requiring the collection and use of a growing amount of personal data, including personal data, in accordance with a constantly changing framework.

Although the Group has put in place a specific organisation and governance, a structured approach involving many contributors, it cannot guarantee that it will comply at all times with every new regulation in force, particularly when it uses market solutions that are essential to its activities and for which it does not have control over the timeframe for complying with the most recent requirements of the supervisory authorities.

Moreover, although FDJ takes all the appropriate precautions to secure its data, losses or theft of personal data are becoming more frequent and publicised, especially in France.

Inadequate protection of the personal data of players or potential players, employees, suppliers or service providers could lead to non-compliance with regulatory requirements, litigation or sanctions. For example, in 2019 in France, the CNIL issued 8 sanctions, including 5 public sanctions for a total amount of more than €51 million against different companies or bodies. In 2020, 12 CNIL sanctions were made public for a total amount of more than €138 million.

Regardless of any non-compliance, an infringement to the security of the personal data of the persons concerned could lead to a deterioration of the Group's image and reputation, which could also have a significant adverse impact on its business, results, financial position or prospects.

2.3.1.2.2 Risk of corruption and other breaches of probity CSR

France has strengthened its system for preventing and detecting corruption, with the entry into force on 1 June 2017 of law 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of the economy (the so-called "Sapin 2" law) promulgated on 9 December 2016. The anti-corruption component of this law requires the implementation of a plan to prevent and detect corruption.

Although it has implemented the means to comply with the eight obligations set out in the corruption prevention and detection plan and has established awareness-raising and control procedures, FDJ could be confronted with attempted public or private acts of corruption, particularly by its traders or its managers.

In addition to the consequences of non-compliance with regulations and the resulting penalties, this risk could have a significant impact on the Group's ethical values and lead to a deterioration in the Group's reputation, along with a loss of trust on the part of its partners. Should such incidents of non-compliance continue to occur, they could have significant adverse effects on FDJ's business, financial position, results and prospects.

2.3.1.2.3 Risks related to sports competitions CSR

Given that FDJ's activities are strongly linked to sports competitions, whether through sports betting offered by FDJ or sponsorship activities (such as the FDJ-Nouvelle Aquitaine-Futuroscope and Groupama-FDJ cycling teams), FDJ's image and reputation could be affected if shortcomings in sports ethics were noted during sports betting organised by FDJ (for example in the case where bets have been placed by professional athletes or their entourage, despite being prohibited from betting on their sport, as was the case with handball in 2012) or from FDJ partners (match-fixing, athlete doping, leaders of international sports bodies suspected of corruption).

Although law No. 2010-476 of 12 May 2010 entrusts the ANJ with responsibility to take into account integrity risks in the establishment of the list of authorised betting and to prohibit betting on a competition in the event of suspicion or serious signs of fraud or match-fixing, it is possible that one or more events challenging the ethics of the sports sector could damage FDJ's image and reputation and cause a decline in its revenue, particularly in sports betting, which could lead to a decline in its results and prospects.

2.3.1.2.4 Risks related to litigation

FDJ may be involved in legal, administrative or regulatory proceedings in the normal course of its business, in particular in connection with the creation and sale of its draw games, scratch games, online or point of sale sports betting, or in the context of its relations with its retailers.

With around 23 million players, FDJ is regularly confronted with very diverse claims from players, who sometimes take their claims to court. By way of illustration, players have brought legal claims for the payment of winnings despite the absence of a receipt, or for the payment of winnings on the basis of a "free" interpretation of the game rules. Others have challenged the cancellation of a sports bet and then claimed payment of winnings. In addition, players may consider themselves winners, without actually having won, and claim damages for loss of opportunity.

FDJ is also involved in litigation with one of its former shareholders and in a significant number of disputes with its former agent-brokers.

In addition to the fact that any legal dispute, particularly when it concerns a company whose brand is well known to the general public, may constitute a risk to the Company's image or reputation, if several legal disputes of the same nature arise simultaneously, if one or more of these disputes were to result in an unfavourable outcome for FDJ, or if provisions passed by FDJ were not sufficient to cover the estimated risk, these outcomes could have an adverse impact on the Group's results, financial position and prospects, despite the fact that FDJ considers that it has recorded a sufficient amount of provisions (see Chapter 3 "Consolidated financial statements" - Note 7 "Provisions and contingent liabilities").

2.3.1.2.5 Legal risks related to the coexistence of activities carried out under exclusive rights and in competition

Since 12 May 2010, the date of the partial opening of online gambling to competition (sports betting, horse-race betting and poker), FDJ has carried out most of its activity under exclusive rights (offline sports betting and lottery), but has also obtained a license to operate online sports betting in the competitive sector.

The co-existence of activities operated under exclusive rights and activities open to competition must be carried out in compliance with competition law. FDJ may not operate activities under exclusive rights as a monopoly in a manner that results in abusive behaviour likely to distort the market for the Company's activities that are open to competition. Doing so could give rise to possible legal proceedings by gaming operators before the French Competition Authority However, rules exist to mitigate this risk (in particular, FDJ must keep separate accounts for the two activities and must not promote competitive gaming to customers of the monopoly activity).

Competitors or third parties could attempt to challenge, before the courts or before the competent authorities, the co-existence of activities under exclusive rights and in competition. The consequences of such a challenge could have a significant adverse effect on FDJ's business, financial position, results and prospects.

2.3.1.2.6 Risks related to intellectual property rights

The Group's brands, domain names and other intellectual property, and in particular the FDJ, Loto®, Euro Millions, Keno, Amigo and Parions Sport brands, and the domain names parionssportenligne.fr and fdj.fr, are well known to the general public, contributing to the Group's business and development. The protection of its intellectual property rights is therefore very important.

Third parties may wish to use the Group's trademarks and other intellectual property in a fraudulent manner, including offering online games that may be confused with FDJ games, or attempting to scam players into believing that they have won. The Group cannot guarantee that the various preventive actions and the lawsuits it engages in to defend its intellectual property rights will prevent third parties from marketing products identical or similar to its own and that this will not result in weakening of the brand's value. These frauds may harm FDJ's image and reputation and interfere with the Group's offers.

Third parties may also try to contest the intellectual property rights held by FDJ, notably by claiming the FDJ brands lack distinctive features. Although the Group believes that it is taking appropriate preventive measures, it is possible that it may be prohibited from submitting and using a trademark or other intellectual property rights. This could have consequences for its expansion strategy and in particular for the launch of new games, which could be delayed in the event of a dispute.

More broadly, third parties could also request the termination of a game or an advertising campaign relating to a game, or of business activities subsequent to a trademark, patent or copyright infringement proceeding initiated by a third party whose rights may have been infringed by the Group.

The infringement of intellectual property rights held by the Group could lead to a decrease in the value and reputation of its intellectual property assets, affect its image and reputation and have an adverse effect on the Group's revenue, results, financial position and prospects.

Lastly, under the Pacte Law, FDJ will guarantee the French State, and any new holder of the exclusive rights, access to any intellectual property rights used in connection with the operation of activities under exclusive rights at the conclusion of the 25-year exclusivity period. The Convention addresses the transfer or the use of copyrights and trademarks, and provides for a free licence to software and patents for a period of 18 months.

2.3.1.2.7 Risk of recourse against legislation concerning activities under FDJ's exclusive rights

As a reminder, the laws and regulations applicable to FDJ and its activities had been substantially overhauled during 2019 by Article 137 of the Pacte Law, the Order and its implementing decrees (including in particular the Exclusive Rights Decree and the Close Control Decree).

In a decision of the Council of State dated 19 August 2020 (No. 436439), in which the latter rejected the request for referral to the Constitutional Council with regard to a priority preliminary ruling on the issue of constitutionality (QPC), it was stated that three appeals were brought by the same party (The Betting and Gaming Council), one against the Order, another against the Exclusive Rights Decree and the last against the Close Control Decree.

These three appeals remain pending before the Council of State. FDJ is not a party to any of them and therefore does not receive the elements and documents of these proceedings.

A possible annulment by the administrative judge of the acts concerned is not likely to affect FDJ's exclusive rights, granted by Article 137 of the Pacte Law. However, it is possible that other aspects of the new regulation provided for in the Order or its implementing decrees may be called into question.

Similarly, in the event that the Convention is annulled, assuming that it is concerned by the said appeals, the provisions of the Convention would no longer apply, although FDJ would remain protected against changes in law under the jurisprudential principles established by the administrative judge.

Although the annulment of the Order and/or the Convention would not be likely to affect the exclusive rights granted to FDJ, such an event could create uncertainties as to which rules would remain in force and how they would be applied to FDJ and thereby create difficulties in implementing the new applicable regulation, which could have a negative impact on the conduct of the Company's activities.

2.3.2 Risks related to the Group's transformation and strategic risks

2.3.2.1 Risks related to the competitive environment of gambling

At 31 December 2020, more than 95% of FDJ's stakes were generated by its activities under exclusive rights [1]. Despite this situation, FDJ is faced with growing and multifaceted competitive pressure from other gaming operators and more broadly from other players in the entertainment industry.

2.3.2.1.1 Risk of lack of competitiveness in the online sports betting sector*

In the French online sports betting market, which is experiencing strong growth and is still not consolidated, the Group is facing increasingly intense competition as a result of high churn from players, which leads to commercial aggressiveness of online sports betting operators, especially in terms of attracting new players, with particularly high levels of communication and promotional expenses.

Competition between online sports betting operators is also very intense in terms of odds setting policies and new offers, and new features are developed quickly. This competition could further intensify with the arrival of new international players on the market.

In this competitive environment where product innovation is key, FDJ makes significant investments to anticipate and adapt its offer to the expectations of sports betting players. Nevertheless, FDJ competes with specialised larger operators with superior technology and who benefit from economies of scale by offering not only online sports betting but also other types of online offers, such as online horse-race betting and online poker, both in France and internationally. These other online offers also benefited from significant enthusiasm in France at the time of the lockdown period in the second quarter of 2020, while the online sports betting offer was severely affected by massive cancellations or late resumptions of sports events [2].

It cannot therefore be assured that the actions implemented by the Group will prove sufficient to maintain the attractiveness and competitiveness of its offers, particularly because of the development and/or coverage of the specialised operators, sometimes reinforced by events related to the Covid-19 health crisis. As such, a further deterioration in the global health environment could result in further cancellations or postponements of the main national or international sports competitions, supporting the sports betting activity (as was the case with the postponement of the Euro 2020 football).

In the event that its strategic plan for sports betting, particularly online, should fail, FDJ could face a global drop in its sports betting offer coverage and a decrease in the attractiveness of its offers, which could ultimately have a significant negative impact on the Group's business, results, financial position and prospects.

2.3.2.1.2 Risks related to knowledge of customers in a competitive environment

To achieve its strategic growth objectives, FDJ must maintain a player base consistent with its extensive model and must therefore ensure the attraction and retention of a population of players whose needs and expectations are constantly evolving and differ according to the type of offer and the typology of the players.

Adaptation of the offer to the expectations of customers and prospects

To consolidate its player base, FDJ has sought to diversify its gaming offer.

However, the tastes and aspirations of players, especially younger generations of players, change very rapidly. FDJ may not be able to adapt its offer with sufficient agility and speed to meet the expectations of new generations of players, who may shift from FDJ's gaming offer to the offers of other players in the gaming sector.

Point of sale identification system

Moreover, in order to better meet the needs of its customers and develop a responsible gaming policy adapted according to gaming practices (see section 2.3.5.3 "Responsible gaming management policy"), FDJ has set an objective of implementing an identification system in points of sale. However, players or potential players may not naturally embrace it as it could be considered too burdensome or intrusive.

Finally, and more broadly, gambling activities compete with other consumer products for consumers' discretionary spending and in particular with other forms of leisure and entertainment offering other types of rewards or satisfaction. If FDJ was unable to respond to this type of competition, it could have an adverse impact on the Group's business, results, financial position and prospects.

2.3.2.1.3 Risk of unfair competition through offers that do not comply with online lottery regulations

New forms of gambling or betting are rapidly emerging in a national market without complying with gambling legislation and constitute unfair competition. Their operators avoid the cost of implementing technical and responsible gambling requirements to protect players, as well as the payment of national taxes.

These illegal online gaming offers can interfere with authorised lottery games, by diverting players or hindering their development. Although the ANJ, which is responsible for combating illegal gambling, is particularly vigilant and has made this fight a strategic objective, illegal operators, or operators at the limit of legality, could eventually enter the market.

This could lead to a drop in stakes and thus have a significant negative impact on the Group's business, results, financial position and prospects.

(1) The stakes recorded offline represented 90% of FDJ stakes in 2020.

(2) Source ANJ, Q2 2020 online gaming market review: Gross gaming revenue up 126% for poker and 33% for horse-racing betting online but down 56% for online sports betting compared to Q2 2020 in France.

2.3.2.2 Risks related to the development strategy

2.3.2.2.1 Risks related to the development of the online lottery offer

Consumption trends are changing and placing digital technology at the heart of the consumption ecosystem, with digital or mixed use (combining offline and online) becoming increasingly significant. In 2020, the Covid-19 crisis greatly accelerated this transformation with the significant use by French people of e-commerce sites, in line with the health measures that were then in force.

In order to support the transition of this purchasing behaviour, FDJ is making the digitalisation of its offer, and in particular its lottery offer, one of the Group's strategic priorities. The acceleration of the Group's omnichannel trajectory enables it to meet the new expectations of players through the development of digital and phygital offers and services and also the implementation of improved experiences reconciling offline and online. The development of the online lottery offer is also a lever for resilience complementary to other lottery offers currently provided exclusively at points of sale (Amigo).

In the event of the failure of its strategic plan to develop the online lottery offer, FDJ could face a weakening of its player base or see a decrease in the attractiveness of its offers, which could ultimately have a significant negative impact on the Group's business, results, financial position and prospects.

2.3.2.2.2 Risks related to the development of emerging activities

In order to reinforce the resilience of its business model, one of the Group's strategic focuses is the development of three emerging activities in addition to its two core businesses, by exploring areas of growth that it believes to be promising and relying on its assets and its know-how, with the ultimate objective of generating profitability outside the gaming activities regulated by the ANJ.

The Group is developing three emerging activities: (i) a B2B international services offering to lottery and/or sports betting operators, (ii) payment services and services for retailers and the general public, and (iii) the exploration of segments in the entertainment sector (eSport and other entertainment concepts) (see section 5.3.2 "Group Strategy"). These three emerging activities each raise risks.

2.3.2.2.2.1 Risks related to the implementation of the development strategy in these emerging activities

The three emerging activities were recently developed by the Group and, for some, are still in the early stages of development. It is therefore difficult to anticipate at this stage whether the Group will be able to successfully implement its strategy in these new market segments and predict the profitability that can be derived from these future opportunities.

In regard to international B2B services for lottery and/or sports betting operators, the sector has been rapidly consolidated in recent years with several major acquisitions on an international scale since 2015. In this context, the Group may encounter difficulties in facing the competition from larger operators already present in this market segment. Although the Group has already marked its first successes, it could nevertheless encounter difficulties in winning new mandates outside of France, where it would have less control over the environment and compete against more powerful or more experienced competitors. Given this intense competitive environment, it is possible that a number of projects under consideration by the Group will not be realised.

In the area of providing payment and services and entertainment, although the Group has also enjoyed its first successes, the Company's entrance into these areas is recent and still in the exploratory phase and therefore presents numerous risks, particularly in the entertainment sector, which is undergoing rapid digital changes, in an environment marked by a multitude of operators and business models. As a result, the Group may not be able to develop projects within the expected deadlines or achieve the expected success.

If the Group were to encounter significant difficulties in the implementation of its development strategy for emerging activities or if this development does not prove sufficiently profitable, its image, strategy and prospects could be affected.

2.3.2.2.2.2 Risks related to the development of activities in an international context

The development of an international B2B activity entails new risks for the Group, due in particular to cultural, commercial and regulatory environments that differ from those in its home market. This new activity involves, for example, participation in calls for tender launched by public or private players in lottery and sports betting in contexts over which the Group has less control. As a result, the Group could face new difficulties in winning new contracts, which could slow down its international development.

The Group could also encounter difficulties in adapting to the regulatory constraints of the countries in which it is developing its B2B activities, which could lead, in the event of non-compliance with these constraints, to financial penalties or to civil contractual or tortious liability and, where applicable, to reputational damage to its image that could make it more difficult to obtain contracts in other countries. By way of illustration, the activities of Sporting Group and its subsidiaries (acquired in May 2019), in particular spread betting, are subject to specific regulations under the control of the competent local authorities [(1)].

FDJ cannot guarantee that it will be able to manage all the risks related to its international development and could also encounter difficulties in applying the regulatory provisions in force, which may have an adverse effect on its image and reputation, its business, results, financial position and prospects.

(1) UK Gambling Commission and Financial Conduct Authority (for spread betting) in Great Britain.

2.3.2.3 Risks related to the Group's organisation and the points of sale network

2.3.2.3.1 Risk of a mismatch in the offline distribution network and the Group's strategy*

To stay close to its customers, the Group relies on a network of nearly 30,000 points of sale, spread throughout France. Unlike other major lotteries, which have chosen to promote their offer through a variety of distribution channels (specialised shops, gas stations, supermarkets and grocery stores), FDJ offers its games mainly in the bar-tobacconist-newsagent network, which has been historically strong throughout France.

However, the bar-tobacconist-newsagent sector has been weakened in recent years through the implementation of various regulations, including the introduction of a smoking ban in public places, the increase in the price of tobacco and the application of the "neutral packaging" law, as well as due to the weakening of the printed press market. During the Covid-19 crisis, the offline points of sale of FDJ's distribution network were mostly accessible as part of the authorisations given by the French State to tobacconists and newsagents. However, the exceptional health measures taken by the authorities, such as the closure of most shops and restrictions on individual travel in France, led to a sharp decline in footfall in points of sale, particularly during lockdown periods. This exceptional situation has exacerbated the difficulties of certain points of sale, whose medium- and long-term effects (customer footfall, receivables, cessation of activity, etc.) are monitored by FDJ but remain uncertain at this stage.

For several years, FDJ has initiated measures to support the maintenance and development of the traditional bar-tobacconist-newsagent network and has implemented a process to diversify its distribution network, in consultation with the organisations representing the traditional bar-tobacconist-newsagent network, in order to increase contact points with its customers.

Furthermore, the changing consumption habits of French people and their gradual appropriation of digital or mixed use also concerns the offline distribution network, with changes sometimes accentuated by the context of the Covid-19 crisis (closure of certain shops, reduction in opening hours due to "curfew" measures, etc.). To support its long-standing partners in this transformation, FDJ has launched a programme to modernise and digitise points of sale.

Despite its efforts, FDJ may not be able to support the changes in its offline distribution model, which could ultimately lead to a reduction in the amount of stakes, and have an unfavourable impact on the Group's sales, results, financial position and prospects.

2.3.2.3.2 Risks related to the externalisation of offline distribution

FDJ and its retailers are closely linked, as evidenced by the fact that in 2020, 90% of the Group's stakes were wagered in points of sale and the remuneration paid by FDJ to retailers represented the second largest source of revenue for most retailers.

However, the arrival of new players and new games and services (for example, via payment cards), or new forms of services (such as banking or other services, or local services) could eventually change the points of sale ecosystem. For example, advertising information screens and spaces dedicated to specific services are being developed in points of sale and retailers are being offered services for their customers such as rechargeable cards for online bets.

This multiplication of services and sources of income for retailers is due in particular to the attractiveness of the bar-tobacconist-newsagent network (in terms of location and number), the scarcity of contact points with physical customers for all operators, and the desire of some online sports betting operators to establish themselves within points of sale. These new services offered to retailers, which provide them with additional sources of revenue, are likely to present in the future a form of competition for the FDJ product offering within points of sale.

Despite the measures taken by FDJ aimed in particular at modernising and diversifying the activities of its point of sale network, in particular by forging new partnerships, and despite the fact that FDJ owns the terminals present in the points of sale, this multiplication of service offerings in points of sale could lead to confusion among players as to the different types of offerings, to a limitation of the spaces dedicated to the development of FDJ offerings in points of sale, and to an increase in advertising costs and, where applicable, in the total distribution cost of its offers in points of sale. In addition, although a new commission level for retailers was negotiated in 2018 as part of an agreement that leads to an increase in distribution costs, further changes in the commission structure can never be ruled out.

In the long term, these trends could have a significant negative impact on the Group's expenses, financial position and prospects.

2.3.2.4 Risks related to the transformation of information systems

FDJ's activities are closely linked to its information system and depend, even in points of sale, on this system. This information system supports all gaming operation processes, including the validation of gaming operations in points of sale and on the internet, the management of gaming platforms, customers, and logistic supply, invoicing and remuneration of retailers, as well as tools for training the sales force.

Having decided to use proprietary technology, FDJ must maintain a high-level, high-performance information system at all times. Risks related to questions of game integrity (see sections 2.3.3.2.1 "Risk of prolonged unavailability of game terminals in points of sale*" and 2.3.3.3.3 "Risk in the computer processing of games*") are therefore critical for the Group's activities and reputation.

The Group may also face difficulties in adapting its information system to serve its expanded offerings and new business lines. Indeed, as illustrated by the significant increase in online betting, particularly in 2020, the Group's business practices are changing rapidly, in an increasingly dematerialised environment. In this context, information systems play a major role.

Although the Group has put in place measures to mitigate these potential difficulties, if it encounters significant difficulties in the management of its information system or fails to develop it in accordance with its objectives, or if this evolution is delayed, this could have a significant adverse impact on its business, image, results, financial position and prospects.

2.3.2.5 Risks related to acquisitions

The Group may consider acquisition opportunities, as it did with the acquisition of Sporting Group in 2019, as part of its international expansion strategy.

In the event of significant acquisitions, the Group's results will partially depend on its ability to successfully integrate the acquired businesses. Such integrations may require the implementation of long and complex processes and generate a number of risks. Indeed, the Group cannot guarantee that an acquisition will generate the expected synergies, cost savings, increased results, or, more generally, the benefits the Group may hope for. The Group may also be exposed to unforeseen liabilities or commitments related to such acquisitions. If these liabilities and commitments are significant or the Group fails to effectively integrate a new acquisition, this could have an adverse impact on its business, results, financial position, development and prospects.

In addition, the Group may not be able to identify targets to accelerate the implementation of its strategic development pillars, or may have to outbid competitors, reducing the economic interest of these developments. In addition, the examination of potential targets and the integration of acquisitions may require a significant mobilisation of management teams that may divert management from their daily functions.

2.3.3 Risks related to the Group's operations

2.3.3.1 Cybercrime risk*

In the context of increasing external threats (targeted or global cyber-attacks in particular), the Group may be the target of cyber-attacks, whether internal or external, with the objective in particular of intrusions, scams, digital identity theft, phishing, hacking, financial misappropriation, denial of service, website defacement, extortion and theft of sensitive or personal data.

The information systems of operators in the gaming sector are increasingly under attack. For example, French gaming operators were subject to denial of service (DoS) attacks in 2019 and 2020.

Cyber-attacks could also be carried out by organisations that could use the denunciation of gambling as a way to promote themselves.

Although the Group has taken a significant number of measures to reduce the risk of cybercrime, described in section 2.3.5.2.2 "Organisation in terms of Cyber risk management", such attacks could lead to an interruption of all or part of the Group's activities, lead to litigation risks and cause financial losses. They could also have negative consequences on the Group's image and reputation.

2.3.3.2 Business continuity risks

2.3.3.2.1 Risk of prolonged unavailability of game terminals in points of sale*

Although FDJ has a threefold IT data security system and an IT continuity plan (see section 2.3.5.2.1.1 "Game integrity organization.2.1.1"), the game terminals in points of sale may be subject to failures or human error (insufficient tests before going into production, for example), or could suffer from saturated computer networks, third-party failure (such as a telecommunications network failure), cyber-attacks or natural disasters.

A prolonged unavailability (more than 2 hours) of the gaming terminals in points of sale, or of the telecommunications network through which the game terminal information is transmitted, or a failure by a strategic supplier (in particular the supplier of gaming terminals), preventing the recording of stakes, could result in financial losses for FDJ (estimated at approximately €100,000 in lost stakes per minute of interruption at peak activity times), expose it to potential disputes with retailers, damage its image and reputation and cause it to lose market share on offers in competition.

2.3.3.2.2 Risk of interruption of the supply chain for points of sale

FDJ operates the largest local distribution network in France, with nearly 30,000 points of sale in 2020. This vast network must be supplied with gaming materials that meet the expected quality requirements and within the expected deadlines.

FDJ has set up a system for switching game production between two main printers, allowing one to ensure all or part of the production if the other fails (the two main North American suppliers, which alone provide most of the cards ordered by the Group each year). Although the Group favours the use of several suppliers for each type of gaming material to offset any failure by a supplier, it may nevertheless encounter difficulties in its supply, such as delays or interruptions in delivery, despite the arrangements put in place to avoid such difficulties or to limit their consequences (implementation of an emergency supply plan with printers), which could lead to significant replacement costs.

In addition, FDJ has since 2016 a 10,000 m^2 mechanised central warehouse in the Paris area and has implemented a business continuity plan for this warehouse, in particular through the opening of an operational emergency warehouse with an emergency stock allowing it to cover an interruption of two to three weeks. However, in the event of a prolonged interruption to the production or logistics systems due to a breakdown, a national or local social movement affecting ground transportation, for example, or a major event (climatic, health, etc.) likely to delay or prevent the delivery of products to the central warehouse, the preparation of orders at the warehouse level or the transportation of products to the distribution network, the Group could face a shortage of stocks or an interruption of the delivery chain. For information, in 2020, the administrative or health measures related to the Covid-19 crisis did not result in an interruption in the gaming material supply chain at the central warehouse level or to the distribution network.

The impossibility to supply points of sale with all or part of the lottery games could damage the Company's image, lead to potential disputes with retailers, and have a negative impact on the Group's revenue, results and prospects.

2.3.3.3 Risks related to the integrity and security of gaming operations

In exchange for the exclusive rights granted to it for the organisation and operation of lottery games (offline and online) and online sports betting, FDJ must ensure the integrity, security and reliability of its gaming operations and ensure the transparency of their operation.

In this context, FDJ continuously strives to prevent the many risks of damage to the integrity of its games that could occur throughout the game processing chain, from their design to payment of winnings.

NB: The various risk factors presented below are not listed by order of importance but instead are presented according to the game processing chain.

2.3.3.3.1 Risk of design defects in lottery games

FDJ offers a large number of lottery games, both in points of sale and online, some of which may be complex at times. When designing these games, technical and human defects cannot be ruled out (for example, errors in lot scoreboards).

Although the rare occurrence of these incidents have thus far proven to be insignificant, the occurrence of such failures, which may compromise the integrity, reliability and transparency of FDJ games and arouse players' mistrust, could call into question the compliance of FDJ games with applicable regulations and could thereby lead to the temporary suspension or permanent withdrawal of the operating licenses for the games concerned or result in financial penalties. Errors or other design defects may result in a negative experience for customers and delay product introductions or enhancements.

These failures could also force FDJ to pay players winnings that exceed the stakes or expose it to claims or disputes from players, which could damage FDJ's image and reputation, with adverse consequences for its business, results, financial position and prospects.

2.3.3.3.2 Risk in the manufacture of instant games

Instant games (whether physical or digital), are composed of a series of blocks that together make up the game unit. Each instant game consists of one or more blocks with the same lots scoreboard. The symbols representing winnings are hidden before the game is made available to the public. The symbols are revealed at the player's initiative by an action or a decision on his part. In 2020, more than €20 million was wagered every day in instant games.

In this regard, the quality of scratch card materials is of fundamental importance for FDJ and is subject to multiple controls at the various key stages of manufacture by the suppliers themselves and by FDJ, as well as by external third parties (such as laboratories or external auditors).

Despite the quality control measures in place, one or more suppliers could make errors, for example in the printing of tickets. These errors could lead FDJ to pay amounts that were not anticipated on the basis of the lots scoreboard or could expose FDJ to claims or legal disputes initiated by players. Although supply contracts stipulate that the manufacturer is responsible for unduly paid lots as result of a printing error, such errors, as well as FDJ's errors in game planning, could give rise to disputes with players. Such errors could also lead to the non-compliance of the games concerned with applicable regulations and consequently lead to a temporary suspension or permanent withdrawal of the operating licenses of the games concerned or to financial penalties, which could have a significant adverse effect on the Group's image and reputation, its business, results, financial position and prospects.

2.3.3.3.3 Risk in the computer processing of games*

The Group's activities are increasingly dependent on information systems for the recording of stakes in points of sale, digitalised betting or online gaming and betting, as well as for the conduct of its B2B activities for the benefit of lottery and sports betting operators abroad.

Although the Group has implemented protection mechanisms (see section 2.3.5.2.1.1 "Game integrity organisation"), a problem with FDJ's information system (accident, breakdown, human error, insufficient tests, saturation of the computer network, cyber-attacks, natural disasters) could lead to the cessation of taking bets or prevent online draws from being made. This could have significant negative consequences on its revenue, results and prospects.

FDJ may face many risks in this area, including:

- an anomaly in the execution of computer draws that would deliver more or less winnings than they should (for example, an anomaly in one of the random generation systems for the Super Jackpot);
- an anomaly in the terminal at the point of sale that would result in the failure to detect winning tickets;
- a malfunction in the display of the winnings (inconsistency between the computer system and what is displayed to players);
- a prolonged unavailability of the odds system or a malfunction in the setting of odds;
- a defect in game integrity. For example, two FDJ gaming sites were preventively blocked in 2018, from Saturday morning, 14 April to Monday afternoon, 16 April, after display anomalies occurred during the night of Friday, 13 April to 14 April 2018. Between the beginning of the incident and the blocking of the sites, customers reported having access to other customers' personal information (but not to their means of payment).

Finally, operators of app stores on smartphones and tablets could decide to implement restrictive policies, in particular with regard to gambling (for example, prohibiting any application related to gambling) and could prohibit any application that does not work entirely (including for payments) within their operating system. For example, in September 2019, Apple published new guidelines requiring gambling applications on App Store to be developed directly within the Apple operating system (iOS).

In addition to the direct impact that this could have on FDJ's stakes and on its image and reputation, the risks in the computer processing of games could lead to disputes with players or even to a sanction from the regulator (as has already occurred in other countries for a breach of game integrity). Such consequences are likely to have a significant adverse effect on the Group's business, results, financial position and prospects.

2.3.3.3.4 Risk of draw error

The draws for FDJ lottery games, which are broadcast on television or on the internet for greater transparency, are subject to specific controls, carried out under the supervision of a judicial officer, who certifies the results using dedicated tools before their announcement.

However, these high-level protection measures cannot totally prevent the risk of technical or human errors during the draws or announcement of the results. In addition to the damage to FDJ's image that could result, the occurrence of such failures could force FDJ to pay players larger winnings than the normal payment of prizes, expose it to complaints from or litigation by players, and have a significant adverse effect on the Group's revenue, results and prospects.

2.3.3.3.5 Risks related to game security and the monitoring of the distribution network for game integrity

FDJ is required to ensure the integrity, security and reliability of gaming operations, to prevent risks of gambling operations being used for fraudulent or criminal purposes and to combat money laundering.

Thus, FDJ must ensure:

- the integrity and security of gaming operations in distribution channels to address the risks of fraud, breach of trust, scams and money laundering by point-of-sale retailers;
- compliance with the laws and regulations relating to the fight against money laundering and terrorist financing.

Although the Group's Security Department analyses atypical changes in stakes made in points of sale, the opening of new FDJ points of sale is strictly regulated and subject to approval and regular controls are carried out on points of sale, it is possible that players or retailers may use highly sophisticated means to launder money or carry out other illegal operations (see sections 2.3.3.4 "Risk of gambling fraud" and 2.3.1.1.4 "Money laundering risk").

A failure by FDJ to monitor games and points of sale could result in sanctions by the competent authorities, damage FDJ's image and reputation and, where applicable, have adverse consequences on FDJ's business, results, financial position and prospects.

2.3.3.4 Risk of gambling fraud CSR

The operation of games involves risks of fraud. As a gaming operator, FDJ is exposed to various forms of fraud (player fraud, retailer fraud, internal fraud), which may occur at all stages of the gaming chain, including during draws or payment of winnings.

In addition to the risk of fraudulent exploitation inherent in lottery games, the Group is also exposed to an increased risk of fraud due to its sports betting activities, particularly online betting, which is the preferred location for multiple types of fraud. One of the main risks in online sports betting is the possible collusion between players and traders. For example, at the end of 2019, a case of fraudulent betting on an Algerian D1 match led to several employees of a rival online betting operator of FDJ being questioned.

To protect itself against these risks of fraud, FDJ has put in place a significant number of measures designed to ensure that instances of fraud are detected quickly. However, these measures cannot exclude any risk of late or insufficient detection of fraud or a failure in the handling of detected cases. If it is unable to prevent or detect the fraudulent exploitation of its activities, the Group could suffer significant financial losses as well as damage to its image and reputation among interested parties (the French State, players, B2B customers, regulatory authorities, Tracfin etc.), which could have negative consequences for its business, results, financial position and prospects.

2.3.3.5 Counterparty risk

Some instant games and draw games (such as Amigo or Keno) are based on the fixed-odds principle: (i) the face value of prizes is fixed or determined by probability and (ii) the number or value of prizes won is determined by chance. Therefore, the total amounts that will be effectively paid to prize winners cannot be precisely predetermined in advance. Sometimes the total amount will be greater than, and sometimes less than the player payout.

For example, for draw games, the prize winners' share may be between zero and several times the total of the players' stakes. The 2019 "Exclusive Rights" decree limits the amount of winnings payable per event to €100 million for games based on the counterparty principle. However, it is possible that the lots scoreboard of one of the FDJ counterparty games may lead, for a given draw, in theoretically extremely rare cases (approximately once every 15,000 years), to winnings exceeding €100 million, or in theoretically and statistically very improbable cases, winnings exceeding €200 million. Potentially, there may therefore be a difference between the effective winnings and theoretical player payout. As the case may be, these positive or negative differences can result in a financial risk for FDJ. This is referred to as counterparty risk, which refers to the existence of discrepancies (positive or negative) between the theoretical share of stakes allocated to prize winners and the total amount of prizes actually distributed.

In addition, a counterparty risk may also arise in the case of fixed-odds sports betting, in the event that competitions are won repeatedly, over long periods, by favoured athletes or in the presence of very experienced players who multiply their winnings.

If the amount of winnings exceeds the regulatory limit for a given event, FDJ would not be able to pay players the amount of winnings that should be due to them, which could expose it to claims or disputes from players that could damage its image and reputation and affect the level of future bets collected by the Group on its games.

Until 31 December 2019, the counterparty risk was almost completely covered by a counterparty funds system whose principles of operation were defined by decree. Since 1 January 2020, concurrently with the entry into force of new regulations on the tax and accounting framework for gambling, the counterparty risk for lottery games is no longer insured by counterparty funds, but by an insurance policy that FDJ has arranged with several front-ranking French and international insurance and reinsurance companies. This insurance policy covers a basket of counterparty games for lottery activity on an aggregated basis. The guarantee applicable from 1 January 2021 includes an annual ceiling of €130 million and an excess of around €6 million (see paragraph 2.3.5.4.1 "Counterparty risk insurance for lottery games").

Notwithstanding this insurance policy being underwritten, the Group may not be able to fully cover the counterparty risk of certain games, due to the existence of standard exclusion clauses provided for in the insurance policy, which may lead to a total absence of compensation, late compensation or partial compensation.

In addition, insurance premiums may increase in the future, depending in particular on the evolution of counterparty claims statistics in the gaming sector, which could make it more difficult, costly, or even impossible for the Group to obtain or renew such an insurance policy. An absence of coverage or insufficient coverage of counterparty risk could have a significant adverse effect on FDJ's business, results, financial position and prospects.

2.3.3.6 Risks related to the health and safety of employees (including epidemic risk) CSR

Protecting the workforce (employees, service providers) is one of FDJ Group's priorities. In particular, the Group is exposed to risks relating to health and safety at work, which may lead to absence from work or the recognition of occupational illness, particularly with regard to its commercial and logistics activities.

In addition to traditional health and safety risks, the Covid-19 health crisis has reminded us that the epidemic risk (e.g.: SARS, H1N1 flu, Ebola virus, etc.) is a systemic risk, the consequences of which may concern FDJ Group employees, suppliers, retailers or customers. The Group's exposure to this risk mainly reflects epidemic scenarios in France or the United Kingdom, but more broadly in Europe and North America, as occurred in 2020 with the global Covid-19 epidemic.

The FDJ Group closely monitors health risks that could harm its employees or have an adverse impact on its activity. More specifically, in the face of the Covid-19 epidemic, the Group has undertaken various measures aimed at ensuring the continuity of its activities while maintaining the health and safety of its employees and service providers (e.g. use of teleworking, strengthening of collective and individual health measures for activities that cannot be carried out remotely, particularly in the logistics chain, etc.). However, the implementation of these measures cannot completely exclude the occurrence of cases of contamination among Group employees.

In addition to the human aspects for the Group, the epidemic risk could result in the closure of certain areas of activity or the limitation of individual travel, thereby causing changes in levels of consumption, transport and normal travel in various regions. The epidemic risk could also lead to the postponement or cancellation of numerous national or international sporting events, supporting the sports betting business (as was the case with the postponement of the Euro 2020 football) and therefore have a significant adverse impact on the Group's revenue, results and prospects (see section 2.1 "2020 Highlights").

2.3.4 Financial risks

2.3.4.1 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its cash requirements with its financial resources. This includes the risk that assets cannot be sold quickly under satisfactory conditions if required, and the risk of accelerated repayment of liabilities or the inability to access credit under satisfactory conditions.

In this respect, FDJ's exposure to liquidity risk is limited to the extent that, under the Group's cash management policy, over 20% of amounts outstanding must be invested in money market instruments, and the sum of these amounts outstanding and amounts outstanding invested in short-term instruments represents 80% of total investments. Most of these short-term instruments enable invested funds to be recovered, without penalty or capital risk, following 32 calendar days' prior notice. Unused confirmed credit facilities were signed in February 2021 for an amount of €150 million over various time horizons of between one and five years.

However, in the event of a crisis, the Group may not be able to obtain the financing or refinancing necessary to implement its investment plan or to obtain such financing or refinancing on acceptable terms.

Since 1 January 2020, FDJ is also exposed to liquidity risk associated with its counterparty risk (see section 2.3.3.5 "Counterparty risk") given that, as of that date, counterparty risk is not covered by counterparty funds, but by an annual insurance policy. As this insurance policy is based on a cumulated annual counterparty risk, in the event a counterparty risk claim arises during a financial year, the indemnity would be paid only at the beginning (first quarter) of the following financial year. This delayed indemnification will affect FDJ's liquidity until such time as it is paid. Lastly, FDJ is exposed to the risk of accelerated repayment of its financial liabilities, insofar as the main loans it has taken out are subject to standard default or early repayment clauses. FDJ may not be able to comply with these clauses in the future.

At 31 December 2020, the amount of borrowings and debts with credit institutions amounted to €520.5 million (comprising a loan taken out with Crédit Bred Banque Populaire to acquire the building hosting FDJ's headquarters in Boulogne Billancourt, a loan taken out with a banking syndicate composed of Barclays Bank PLC, Crédit Agricole Corporate & Investment Bank and Société Générale for the acquisition of Sporting Group, and a loan taken out with a banking syndicate composed of Caisse d'Epargne Ile de France, Bred Banque Populaire, Caisse d'Epargne Hauts de France, Caisse Régionale de Crédit Agricole Mutuel de Paris et d'Ile de France and Crédit Lyonnais to finance the securing of exclusive operating rights).

The loan agreement contracted with Crédit Bred Banque Populaire for the acquisition of the building located in Boulogne-Billancourt, which currently houses FDJ's head office, as modified by the amendment dated 15 October 2019, includes a provision for a change of control if (i) the French State ceases to hold, directly or indirectly, at least 20% of FDJ's share capital and voting rights or (ii) a third party comes to hold more than 25% of the share capital of FDJ.

The table below presents the maturity dates of the Group's financial debts as of 31 December 2020, including interest payments:

	Total		N+1		N+2		N+3		N+4		>N+5	
In millions of euros	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest	Nominal	Interest
Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Bank loans	520.5	48.4	27.0	5.5	27.0	5.2	27.0	4.9	49.2	4.5	390.2	28.3
Lease liabilities	26.0	-	6.8	-	4.7	-	4.3	-	3.5	-	6.5	-
Bank credit/bank overdrafts	0.3	-	0.3	-	-	-	-	-	-	-	-	-
Derivatives	1.7	-	1.7	-	-	-	-	-	-	-	-	-
TOTAL	**548.5**	**48.4**	**35.7**	**5.5**	**31.7**	**5.2**	**31.3**	**4.9**	**52.8**	**4.5**	**396.8**	**28.3**
Player funds closed on 1 January 2020 and permanent fund surplus to be returned to the French State (schedule to be defined)	155.8	N/A	155.8	N/A	-	-	-	-	-	-	-	-

2.3.4.2 Interest rate risk

The following table summarises the Group's net exposure to interest rate risk, before and after hedging as at 31 December 2020:

In millions of euros	Financial assets (a)		Financial assets (b)		Net exposure before hedging (c)=(a)-(b)		Hedging instruments rate (c)		Net exposure after hedging (e)=(c)+(d)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Less than 1 year	295.0	-	8.0	19.0	287.0	(19.0)	-	9.5	287.0	(9.5)
From 1 to 2 years	90.0	-	8.0	19.0	82.0	(19.0)	-	76.2	82.0	57.2
From 3 years to 5 years	225.0	-	24.0	123.7	201.0	(123.74)	-	28.5	201.0	(95.2)
More than 5 years	45.0	-	48.0	270.7	(3.0)	(270.75)	-	135.4	(3.0)	(135.4)
TOTAL	**655.0**	**0.0**	**88.0**	**432.5**	**567.0**	**(432.49)**	**0.0**	**249.6**	**567.0**	**(182.9)**

(a) Financial assets are term deposits, remunerated current accounts, as well as certain categories of debt securities (EMTN).
(b) Financial liabilities relate to borrowings.
(c) Interest rate hedging instruments include:
- *a cap to hedge the 5-year Sterling loan to finance the acquisition of Sporting Group. The maturity date of this hedge is 2022; the hedge will then be reviewed according to changes in interest rates. Only interest due in less than 3 years is subject to hedging;*
- *two caps intended to hedge part of the loan to secure exclusive rights, maturing in March 2026. Only interest due in less than 6 years, initially, has been hedged.*

More than 84% of the investments listed in the table above are term accounts, which can be redeemed at their nominal value after 32 days' notice. The interest rate risk on these investments is therefore low.

The Group's exposure to changes in interest rates is related to its investments and borrowings. The Group actively manages its interest rate risk under the supervision of the Treasury Committee. The objective of this policy is to ensure minimum revenue in the context of a five-year investment horizon.

Sensitivity to interest rate risk arises from (i) fixed income investments (bonds and negotiable debt instruments) and interest rate derivatives; as at 31 December 2020, no investments had been exposed to this direct risk (ii) variable rate loans. At 31 December 2020 two loans for an equivalent total amount of €432.5 million were at variable rates. Partial hedges were put in place in the form of cap purchases for maturities that are less than those of the corresponding loans. The loan related to the acquisition of Sporting Group was hedged for its total amount over a 3-year maturity for a 5-year loan maturity (of which two-thirds extended by one year). The loan intended to finance the securing of exclusive operating rights is approximately 50% hedged over six years for a 20-year loan maturity.

2.3.4.3 Market risk

In the context of investments of its surplus cash, the Group is exposed to market risk related to changes in the investment instruments used.

The Group implements an investment strategy that aims to mitigate these risks. The main component of this strategy is the definition of an asset allocation that governs investment opportunities by major asset classes.

This allocation provides for a ceiling on risky assets:

- equity investments cannot account for more than 4% of total assets;
- diversification investments (convertible bonds, loans, real estate, etc.) cannot account for more than 8% of assets;
- investments in medium/long-term bonds cannot account for more than 8% of assets;
- short-term money market and bond investments must account for a minimum of 80% of assets.

In addition to these allocation elements, geographical diversification of investments is implemented, and in the particular case of Equity investments, the strategies used should result in portfolio volatility that is significantly lower than that of market indices.

2.3.4.4 Other financial risks

See note 8.5 "Financial risk management policy" in the consolidated financial statements for the 2020 financial year.

2.3.5 Risk management

2.3.5.1 Business and risk management framework

The risk management and internal control system consists of an organisation, procedures and control systems implemented by the Executive Management and all staff under the responsibility of the Board of Directors. It is intended to provide reasonable assurance as to the achievement of operational objectives, compliance with the laws and regulations in force, the Group's ethical principles and standards, and in particular the reliability of financial and non-financial information.

The Group has adopted an approach to governance, risk and compliance organised along three lines of defence, based on IFACI (the French Audit and Internal Control Institute), AMRAE (the French Association for Management of Corporate Risks and Insurance) and IFA (the French Institute of Administrators) guidelines:

1. the first line of defence comprises operational teams and their supervisors, whose daily involvement is essential;
2. the second line of defence comprises the cross-business or corporate departments, independent of operations;
3. the third line of defence is Internal Audit.

The Group's risk management and internal control system is implemented in all Group entities with a dynamic of continuous improvement and involves both internal and external players.

2.3.5.1.1 Internal risk management and risks mapping bodies

FDJ's business units, support departments and subsidiaries implement the internal control systems governing their activities. The Group's operations are mainly monitored and controlled by various cross-business or corporate departments.

2.3.5.1.1.1 Security Department

The Security Department's mission is to guarantee the security of FDJ Group's human, material and reputational assets, and with a view to combating fraud, money laundering and terrorist financing (AML/CFT), to ensure the integrity and security of games and their marketing across the point of sale and digital networks.

In terms of organisation, within this department:

- the Games Security Department fights against fraud and money laundering by integrating security requirements into gaming projects or new processes, by monitoring and controlling gaming operations, logistics and payment operations, by inspecting the point-of-sale network and by collaborating with the authorities (judicial requisitions, right of communication, suspicious transaction reports to Tracfin);
- the Game Integrity Department guarantees the integrity of games and processes by defining, formalising and enforcing security standards, evaluating and authorising the most sensitive processes, certifying games, ensuring anti-money laundering compliance, training operators (FDJ employees and professional customers) and promoting certifications;
- the AML/CFT Internal Control and Compliance Department identifies, assesses and controls all risks of non-compliance with the legislative and regulatory obligations in terms of combating money laundering and terrorist financing (AML/CFT) and oversees the development and implementation of internal and external training and awareness-raising plans;
- the Safety Department protects human, tangible and intangible assets by guaranteeing the security of buildings, information and people;
- the Economic Intelligence Unit is responsible for monitoring on behalf of the Company, performs compliance analyses relating to partners and suppliers and produces notes or reports (due diligence) for internal requesters;
- the Crisis Management Unit is tasked with enabling the Group to deal with incidents threatening the sustainability of its activities through the crisis management system that can be mobilised to deal with a critical incident: An operational crisis unit involving all the internal operational business lines needed to resolve the incident rapidly and completely and/or a decision-making crisis unit involving the Directors of the Group Management Committee required to determine the Company-wide position and appropriate action plan to be adopted in response to the incident.

2.3.5.1.1.2 Regulation and Public Affairs Department

The regulation and Public Affairs Department manages the relationship with both national and European public authorities, as well as with the regulators on all issues related to the regulation of gambling.

It ensures financial compliance and the evaluation of counterparty risks related to the operation of the games, and ensures that the gaming and betting activities offered in competition and under exclusive rights by the Company comply with regulations, in particular by convening a dedicated Steering Committee which brings together and coordinates all the internal entities of the Company concerned.

2.3.5.1.1.3 Finance, Performance and Strategy Division

The Finance, Performance and Strategy division guarantees and checks that business performance issues are taken into account across all dimensions: financial, taxation, strategic, organisational and operational.

The Finance, Performance and Strategy division is also responsible for the quality and fair presentation of the accounting and financial information of the Company and its subsidiaries and external documents.

2.3.5.1.1.4 Legal Department

The Legal Department is tasked with managing the risks of non-compliance, contractual risks and litigation risks.

2.3.5.1.1.5 Audit, Risks, Controls, Quality and Ethics Department

The Audit, Risks, Controls, Quality and Ethics Department is responsible for the main specific or multidisciplinary risk control mechanisms, such as:

- Anti-corruption Compliance, which builds and coordinates the system for combating corruption and breaches of probity in accordance with the Sapin 2 law and extra-territorial foreign laws on combating corruption;
- the Fraud and Corruption Control function, which oversees the internal fraud prevention system and implements controls to prevent and detect internal fraud and corruption;
- Risk Management which enables improvement in the governance process and the risk identification, control and steering process of FDJ Group. Risk Management gives a top-down and comprehensive view of the Group's risks on a three-year horizon.

  This system is notably based on an annual risk mapping process whereby the Group's main risks are identified, assessed and classified in relation to its strategic priorities. Annual risk mapping involves examining the whole sphere of risks related to the Group's various business lines and activities, which is updated at least once a year and integrates strategic, external, operational and non-compliance risks. Each risk in the mapping system is assigned to a single "risk sponsor", a member of the Group Management Committee, whose mission is to determine and monitor the action plans related to this risk during the year. The mapping of Group risks and the progress of related action plans are presented each year to the Audit and Risks Committee;
- Internal Control reinforces Group risk management and associated risk control procedures. This mission notably involves the business lines conducting regular self-assessments of the implementation of their risk management systems. Internal Control provides a bottom-up view of the Group's control procedures, complementing that of Risk Management. Risk management and internal control systems therefore play a complementary role in the efficient oversight of the Company's activities;
- the Integrated Management System, supported by the Quality IMS Improvement division, provides tailored assistance to the entities in building a solid operating platform. It provides a framework for the Group's activities, by taking into account opportunities to facilitate flexibility and improvement. It coordinates the Group's various certifications and standard procedures;
- Internal Audit is a permanent, independent and objective activity (complying with professional standards and reporting directly to general management) which ensures a degree of control of the Group's operations, offers advice for improvement and helps to create added value. It helps the Group meet its risk management goals by systematically assessing its risk management, control and corporate governance processes and by suggesting areas for improvement. This assessment covers all the components of the internal control system, including the reliability and integrity of financial information, the effectiveness and efficiency of operations, the protection of the Company's assets and compliance with laws, regulations and contracts.

In 2020, the Audit, Risks, Controls, Quality and Ethics Department was also provided with a GRC (Governance, Risk, Compliance) tool enabling it to carry out its missions around an integrated tool. This tool also supports the Group internal control self-assessments campaign and real-time consolidation of the progress of the action plans of the audited entities.

2.3.5.1.2 External risk management system bodies

FDJ is subject to various controls exercised by public authorities.

In addition, like any other public limited company required to prepare consolidated financial statements, FDJ is subject to the control of a panel of two Statutory Auditors.

2.3.5.2 Description of the main risk management systems

As indicated above, the Group is exposed to specific risks linked to its activity as a gaming operator. Given the importance of the issues related to game integrity, Cyber risk management and responsible gaming, a description of the risk management systems related to these three themes is provided below.

2.3.5.2.1 Risk management principle for game integrity

Pursuant to its legal and regulatory obligations, FDJ must implement measures and perform the procedures and oversight needed to ensure the integrity, security and reliability of its gaming operations and their transparency.

2.3.5.2.1.1 Game integrity organisation

In step with the drive to implement the best information security practices among companies in general, and particularly companies operating lottery games, FDJ introduced its own Information Security Management System (ISMS) in 2009.

FDJ's ISMS addresses three major issues:

- ensure that FDJ's activities comply with regulations;
- guarantee game integrity;
- combat the risks of cybercrime.

The ISMS now covers all company processes: gaming systems and operations (both at points of sale and online), accounting, equipment, customer relationship management, websites and call centres, etc.

FDJ has ISO 27001 and WLA SCS certification. FDJ was one of the first lotteries to attain the World Lottery Association's new WLA-SCS 2016 certification, which includes 26 new checkpoints that reinforce the requirements for (i) electronic lottery draws, (ii) interactive services and digital distribution channels, in particular to secure remote financial transactions, and (iii) sports betting, as a result of strong growth in the market and issues related to sports integrity.

2.3.5.2.1.2 Overall technical system

At FDJ Group, game integrity is based on fundamental technical principles:

- a segmented and compartmentalised information system, using filtering mechanisms;
- a data centre built in 2009 in compliance with anti-seismic standards and equipped with two autonomous rooms for data supply, power supply and cooling systems. Data backups are conducted simultaneously in both of the computer rooms to ensure operational continuity in the event that one suffers an outage. FDJ also has an "integrity centre" that allows a triple replication of critical processes and data (e.g. gaming and payments);
- strict identity and access control management: unique identifiers and logical access controls based on the principle of the lowest privilege, enhanced physical access controls for sensitive areas such as vault rooms (lottery draw balls) or the data centre;
- a communication security system: monitoring of computer equipment, use of cryptography;
- a specific approach to managing the integrity of game information systems: data backup, "log/time stamping/data sealing" cycle; and
- a cybersecurity system (detailed in section 3.5.2.2 "Organisation in terms of Cyber risk management").

2.3.5.2.1.3 Measures in place to ensure the integrity of instant game operations

With €7.7 billion in stakes in 2020, instant games distributed at points of sale represent the Company's largest source of stakes (more than 46% of the total). They also play a major role in driving its offering of games, with numerous launches and relaunches. 2 billion tickets were printed by the three printers in charge of ticket production in 2020.

The integrity issues involved in the instant game range essentially concern:

- the generation and random distribution of prizes;
- the integrity and security of gaming materials (tickets);
- the security of the dedicated information system; and
- the physical security of tickets.

The various steps for any launch of instant games in points of sale include prevention and detection control points that are either automatic or operated by business teams:

1/ Design and validation phase:

Validation of the main components of the game (name, visual, lots scoreboard, etc.) by the Group's support functions (Security Department, Legal Department and Responsible Gaming Department).

2/ Manufacturing phase:

Manufacturing of gaming materials particularly by the two world leaders in lottery ticket printing, with the emphasis on the use of multiple distinct suppliers for each type of gaming material.

The quality of these materials is controlled at the different key stages of manufacture by the suppliers themselves and by FDJ, as well as by external third parties (laboratories, external auditors, etc.).

3/ Launch phase

Transport of the products to FDJ warehouses by boat and truck with continuity plans in place in case of unusual situations.

Implementation of security measures in order to secure various stages of the delivery of gaming materials (manufacturing, transport, storage in FDJ warehouses). In addition, instant game tickets have no value until the booklets are activated by the retailer at the point of sale.

The reception, storage and preparation of gaming material orders, in particular for instant games, are subject to various quantitative and qualitative controls. The various information systems make it possible to follow the location of the stock and its consumption on a global basis, in order to avoid any inventory shortages.

Lastly, in order to guarantee business continuity in the event of a major failure of the central warehouse (following a natural event, industrial accident, etc.), "back-up" inventory is available at a separate dedicated site enabling the continuous supply of the Group's main games to the distribution network nationwide for several weeks.

2.3.5.2.1.4 Measures in place to ensure the integrity of operations of draw games

In 2020, with €5 billion in stakes the draw game offer, which includes Loto®, Euro Millions-My Million, Keno Gagnant à Vie, JOKER+® and Amigo, represented nearly 32% of FDJ stakes.

The integrity challenges related to this game range are essentially related to:

- the validation and recording of bets;
- mechanical drawing operations and systems (machines and balls);
- online draw operations and systems;
- the security of the dedicated Information System;
- game receipts.

Validation and recording of draw games stakes

The validation and recording of draw game stakes is based on two separate systems: one for digital stakes (internet or via the application) and one for PoS stakes (involving the optical reading terminal provided to the retailer).

These two systems are related to three measures that are essential to game integrity:

- a dedicated platform for the generation of random numbers;
- a time stamping system allowing a trusted third party to certify the accuracy of transactions; and
- a central system for managing draw game stakes, carrying out checks and recording of winnings paid.

The integrity of the validation and recording operations for the draw game stakes is ensured by prevention and detection unit control points that are either automatic or operated by business teams, and in particular:

- compliance checks of game stakes, embedded in the optical terminal in points of sale or in mobile applications or on the fdj.fr website;
- recording and duplications on back-up and storage sites before printing the game receipt or before displaying the validation screen for digital games;
- digital fingerprinting device for each game stake;
- system for regular time-stamping of transaction files, securely operated, supervised and certified by an external service provider;
- each game receipt also has control codes and enhanced security measures.

Draw operations and announcements

Draws are carried out by the Draws and Announcements Department, in charge of managing the drawing systems, carrying out the draws and announcing the results, with ISO 9001 certification (Quality Management System).

The main mechanisms aimed at ensuring the integrity of the draws are as follows:

- engineering of mechanical draw systems;
- certification of mechanical and online drawing systems;
- accreditation of the random nature of online draw generators;
- security of hosting sites;
- certification of the physical card generating the random numbers. This recognised certification (EAL 4+) ensures that high safety requirements are met, particularly in the military sector (EAL 5 to 7), or, in the civilian sector, for critical systems (EAL 1 to 4+);
- integrity control of sensitive files on GDA servers;
- secure storage of draw equipment;
- automatic and computerised sealing of the game stakes before any printing operation ("GoForDraw"); and
- during each official draw carried out under the responsibility of the Draws and Announcements Department, a judicial officer is present to certify the draw result and the regularity of the process used to obtain this result.

Means in place to ensure continuity of draws

- at least two levels of back-up are in place on the draw systems and sites;
- regular training sessions are organised to test the effectiveness of the activity continuity systems; and
- measures are also taken to ensure the integrity of the site, including preventing people from entering the studio and disrupting the draw process.

Payment operations

After each draw, the integrity of payment transactions is ensured by prevention and detection unit control points that are either automatic or operated by business teams.

2.3.5.2.2 Organisation in terms of Cyber risk management

Information system security is an ongoing concern within the FDJ Group, which is reflected in terms of organisation and governance, as well as the technical or organisational security measures implemented.

2.3.5.2.2.1 Cybersecurity organisation and governance

Reporting directly to the Executive Vice-President in charge of technology and international operations, the Group Cybersecurity entity defines the Cybersecurity strategy and implements it in order to ensure the protection of all FDJ Group's business activities and the cyber resilience of information systems (IS).

The Head of Information Systems Security and his correspondents in the main operational entities implement appropriate cybersecurity systems in FDJ's day-to-day activities and projects. They also work in close collaboration with FDJ's Data Protection Officer (DPO) and her teams on personal data protection and privacy issues.

IS security governance is based on a certified Information Security Management System compliant with ISO 27001 and WLA-SCS (World Lottery Association – Security Control Standard) that demonstrates the application of best practices in terms of information security and the alignment of protection needs with business objectives.

Cybersecurity issues are also regularly monitored in the Group Management Committee and the Group's Audit and Risks Committee.

2.3.5.2.2.2 Cybersecurity awareness-raising and training

To promote the consideration of information system security and compliance issues at all levels of the FDJ Group, an annual awareness-raising and/or training programme is implemented for employees, multiplying communication channels and media.

For example, mandatory modules are provided to each new employee. In addition, articles, videos and practical guides are regularly distributed in the Group's communication areas and an anti-phishing training programme has been implemented since 2017.

2.3.5.2.2.3 Main technical systems in place

In order to strengthen its defence capacities and combat intrusion and compromise risks, FDJ relies on numerous technical processes and systems to ensure prevention, detection and response to security incidents.

These systems are deployed at all levels of FDJ's information system, from the architecture choices of the FDJ IS – with, for example, reinforced partitioning thus limiting the risk of spreading a potential virus attack – up to the level of each employee workstation (e.g. multi-factor authentication).

The Group also has a SOC (Security Operation Centre), in partnership with a major cybersecurity player, providing security supervision, detection and processing of cybersecurity threats.

Intrusion tests and security audits are carried out on a regular basis internally or by using specialised and qualified external service providers (PASSI – information systems security audit service providers) in order to identify and correct any vulnerabilities in the systems and to validate the effectiveness of detection and protection systems.

2.3.5.3 Responsible gaming management policy

FDJ operates in the gaming sector, which is regulated in terms of the specific risks related to gambling that impact the preservation of public and social order, especially regarding the prevention of excessive gambling behaviour and underage gambling.

Since 2012 and for the third consecutive time in 2018, FDJ has received a 100% compliance rating as part of the three-year certification programme for responsible gaming conducted by the European Lotteries Association. It was issued by AFNOR (French standards body) at the end of 2018. This highest certification level confirms FDJ as the French leader in responsible gaming in the field of gambling, and as one of the European leaders in the lottery sector. At the end of 2020, FDJ carried out a partial audit of this certification to verify the progress of its actions. This audit confirmed the 100% compliance level maintained by the Company since 2012 and renewed during the plenary certification in 2018.

In March 2020, FDJ was awarded, as in 2019, an A1+ rating by Vigeo-Eiris, placing it among the top 5% of the best rated companies. FDJ obtained a score of 79/100 on the indicator relating to the societal impacts of its activity, which specifically evaluates responsible gaming measures.

FDJ's responsible gaming action plan [1] is part of a dynamic of continuous improvement and strengthening of the mechanisms implemented. It relies on an ongoing dialogue with its stakeholders to integrate their concerns.

2.3.5.3.1 Prevention of underage gambling

The Group has stepped up efforts to combat underage gambling in recent years. These actions are carried out at all stages of a game's life cycle (from design to marketing) according to a principle known as "JR Inside". They cover three areas:

Training and support for retailers and the sales force:

Preventing underage gambling is given top priority in the training given to retailers and the sales force.

As part of their integration process, each new retailer receives training on the issues related to the Company's responsible gaming policy, with priority given to underage gambling.

Specific training campaigns complement this system: between 2017 and 2019, all retailers were given individual training in how to refuse to sell to minors at their points of sale.

After the first three-year training plan (2017-2019), FDJ launched a new action plan to combat underage gambling in 2020. The new action plan aims to strengthen the sanctions system for non-compliant retailers while extending the network's training process and informing the general public. The implementation of this plan was initiated in 2020 and then interrupted by the health environment and will resume in 2021 (see Appendix 2.5.3 Non-financial information statement § Responsible gaming).

Information and awareness raising among the general public

Raising awareness about the prohibition of underage gambling is a central part of FDJ's activities in its network and is expressed in many measures (posters on the prohibition of underage gambling in points of sale, prevention messages displayed on screens in checkout areas).

FDJ also takes action to remind the general public of the ban on underage gambling through targeted television campaigns.

(1) *FDJ's Responsible Gaming Action Plan concerning activities under exclusive rights was submitted to the ANJ on 30 September 2020 and was approved by Decision No. 2020-057 of 3 December 2020. The Responsible Gaming Action Plan relating to online sports betting activities was submitted to the ANJ on 30 November 2020 and is currently being examined at the date of the Universal Registration Document.*

The dissemination of these campaigns is part of the responsible gaming communication policy decided by the FDJ Group in 2019. It includes the commitment and agreement to dedicate 10% of its overall television advertising space purchasing budget to responsible gambling communications, with a particular focus on preventing underage gambling.

FDJ has established rules to limit the share of underage targets among the public exposed to its campaigns (exclusion of channels aimed at young people, for example) (see Appendix 2.5.3 Non-financial information statement § Responsible gaming).

Control and evaluation of the application of the prohibition of sales to minors

The verification of retailers' compliance with the prohibition of the sale of games to minors is a priority for FDJ. The Company relies on a team of 12 internal inspectors monitoring the on-site implementation of responsible gaming obligations and, in particular, of those relating to the prevention of underage gambling.

In order to continue to improve its distribution network's compliance with the prohibition of underage gambling, FDJ rolled out a new action plan in 2020 based on enhanced educational systems and a progressive sanctions system for retailers that do not comply with the prohibition and supported by "underage testing" campaigns carried out in partnership with experts in the support and protection of minors. The health environment led the Group to postpone this new system to 2021. In addition, inspections carried out at points of sale to verify compliance with the measures for preventing underage gambling provided for by the Company (presence of posters reiterating the prohibition of underage gambling) are continuing while being adapted to the current health environment.

In 2020, the overall level of compliance with responsible gaming criteria measured as part of these inspections was stable at 92.4% (vs. 93.1% in 2019) (see Appendix 2.5.3 Non-financial information statement § Responsible gaming).

2.3.5.3.2 Prevention of excessive gambling

The prevention of excessive gambling behaviour and the detection and support of people in vulnerable situations is the second major focus of FDJ's actions to promote responsible gaming.

FDJ continues to strengthen its actions along six axes:

Monitoring its game offer

FDJ controls the level of attractiveness of all its gaming offers via analytical matrices developed in-house (Universal Serenigame, Serenigame Scratch Card and Serenisport) and used to assess and limit the risks of excessive gambling.

The evaluation of the game offering and of promotional and advertising activities is more generally part of a process involving close interaction between FDJ's responsible gaming and marketing teams ("JR Inside") as well as its stakeholders. A committee of experts on the game offering, made up of addiction specialists and social scientists, is consulted during the process of developing a new game or a new version of a game. Depending on the case, the analyses and key focal points highlighted by these experts lead to the adjustment of certain parameters of the gaming offers and/or to additional studies.

In addition, in the context of innovative offers, after their launch, the JR Inside process relies in particular on a "test and learn" phase to understand and evaluate the impact of the game on player behaviour. Depending on the results, changes may be made to the game.

Lastly, before being placed on the market, all games and bets to which FDJ has exclusive rights are also checked by the regulator under the French State's prior authorisation scheme to which all games and bets under the exclusive rights held by FDJ are subject.

Training of retailers and the sales force

Like the training measures aimed at reinforcing the application of the ban on underage gambling, FDJ raises awareness and trains its retailers and sales force on issues related to excessive gambling.

The Group's sales force is particularly aware of responsible gaming issues and, in particular, the fight against underage gambling and even receives remuneration conditional on the achievement of objectives in this area.

Information to players

Raising public awareness about preventing excessive gambling has been an important part of FDJ's work for many years. This work is deployed across several distribution channels (posters, brochures and messages distributed on screens in points of sale, information on digital sites).

The development of various preventive information actions is also part of a regular dialogue with all of its stakeholders. Exchanges with addiction experts and civil society organisations are notably held at the Social Laboratory, a consultative body set up by FDJ in 2014.

In line with the first preventive information campaign dedicated to responsible gaming broadcast on TV in 2019, FDJ continued and strengthened its action in 2020 by broadcasting six films on the prevention of excessive gambling and underage gambling, including a new film on the topic of excessive gambling and two topics on underage gambling.

Accompanying players and monitoring their practices

FDJ provides its players with several tools for monitoring and controlling their online gambling practices:

- Playscan™ assesses the level of risk related to the gambling practice of players online. Each risk level corresponds to a specific colour (1) (increasing in seriousness from green, yellow and red) and involves sending specific messages to players when their risk level changes (colour).

  In 2020, 93.1% of players were identified as having a green risk level, which is stable relative to 2019. The proportion of players mostly rated amber and red were also virtually stable (5.2% and 1.7% respectively, compared with 6.3% and 2.1% in 2019);
- game moderators allow players to set limits. These limits, which cover both payments into the players' accounts or their stakes, some of which are mandatory, help players control their gambling habits. FDJ has taken active steps to develop a more restrictive and targeted moderator approach. Since 2018, a new moderator for capping stakes has been in place targeting players whose gaming habits present the greatest risk. It forces them to set a daily limit that cannot exceed €150. The system was extended in May 2020 to a wider scope of players whose gambling activity presents risks and the daily betting limit was lowered to €140 per day;
- in addition to these measures, online players may also temporarily exclude themselves or register in the excluded players file which is held by the ANJ.

The detection and support of persons in vulnerable situations

The management of vulnerable situations resulting from gaming is a complex but essential priority area.

For several years now, FDJ has been developing mechanisms to identify and subsequently help guide people in vulnerable situations. In 2020, 153 cases of people in vulnerable situations were managed in this way, out of more than 447 reports processed (based on the same items recorded in 2019) (vs. 119 situations managed in 2019 out of more than 441 reports processed). The rising number of cases of vulnerability stems from the diversification in means and strengthened training in the detection of vulnerability, in particular the creation of the network of responsible gaming liaison officers.

These efforts are based firstly on ensuring players are informed, via brochures available in points of sale or on its websites, of the contact details of partner helplines (SOS Joueurs, e-Enfance, CRÉSUS) and about organisations providing support for problem gambling which offer specialised information platforms, such as the Addict'Aide online portal developed by the Fonds Actions Addiction.

It also has a detection system in place (atypical activity in points of sale, reports from retailers or Customer Service Department, phone calls from players) and can then refer people to appropriate organisations (local addiction centres) or, exceptionally, take action at ground level with the intervention of addiction experts (SEDAP – Dijon local addiction centre). The network of responsible gaming consultants within the commercial agencies facilitates the reporting, processing and management of cases of vulnerability detected on the ground.

Support for big prize winners

In 2020, 362 players (vs. 364 in 2019) won more than €500,000 in FDJ games. Big prize winners can receive support from FDJ – if they wish – at the time of payment, both tailor-made on an individual basis, and in groups through thematic workshops over a period of five years to take into account the impact of the winnings in the lives of new millionaires (financial management or emotional impact in connection with this new situation). Support for big prize winners allows FDJ to get to know its customers and their gaming habits better. When the Company identifies a risk of excessive gambling behaviour by a big prize winner, the payout can be an opportunity to raise awareness, especially in view of their new financial situation, which could well generate additional risks. In such cases, an FDJ responsible gaming expert may be present when the prize is awarded.

In 2020, the health crisis impacted the payment of prizes, particularly during the two lockdown periods. FDJ therefore extended the claim time limits for its games in order to enable all the winners to receive their winnings at the end of the lockdown period. The programme to support big prize winners was also adapted. In total, for 2020, thirteen workshops, including eight videoconference workshops, were offered on various topics (finance, notarial, personal development).

2.3.5.3.3 A responsible gaming policy based on numerous partnerships with health and social services organisations

FDJ devotes more than €1 million per year to sponsorship partnerships (2) to support addictology research and prevention efforts in the health and social sectors, some of which are directly linked to our own responsible gaming activities:

- 25% of endowments went to helplines;
- 33% went to risk prevention and reduction initiatives by major players in solidarity and education;
- lastly, as it has done for more than a decade, FDJ contributed the remaining 42% to the funding of scientific research and the spread of knowledge.

(1) Players assessed as green have risk-free habits. Players assessed as yellow have habits with a moderate risk of developing a gambling problem. Players assessed as red have habits with a higher risk of developing a gambling problem. The vast majority of players have a green Playscan™ status.

(2) More than €1.2 million in 2020 vs. nearly €1.1 million in 2019.

2.3.5.4 Procurement policy for insurance policies and the main insurance policies

Insurance contracts are generally underwritten by FDJ, on its own behalf and on behalf of its subsidiaries. Insurers are selected based on their financial rating, their ability to support FDJ and its subsidiaries in France and abroad, their ability to offer sufficient coverage in terms of both capital and guarantees, and also the quality of the claims' payments provided by insurers.

In principle, the guarantees are renewed each year with effect from 1 January, except for certain multi-year contracts. Total insurance premiums for 2020 amounted to around €3.5 million.

Below is a summary of the main insurance policies taken out by the Group.

In addition to these insurance policies, the Group has insurance policies covering the civil liability of the Group's corporate directors, the Group's vehicle fleet and insurance mission and risks related to death/disability/medical expenses/protection against theft and loss of personal effects for all employees of FDJ and its French subsidiaries during professional missions throughout the world.

FDJ adapts its insurance coverage according to changes in the risks related to the Group's normal and new activities.

2.3.5.4.1 Counterparty risk insurance for lottery games

The Specification Document stipulates that FDJ must take out the necessary insurance policies to adequately cover counterparty risks relating to the games for which it has exclusive operating rights.

As of 1 January 2020, counterparty risk for lottery games is covered by an annual insurance policy, providing for the coverage under certain conditions of cumulative counterparty risks. As of 1 January 2021, the policy has an annual ceiling of €130 million, with an excess of €6 million.

2.3.5.4.2 Property/operating loss insurance

The Group's property insurance policy is based on the "all risks with exceptions" principle. It therefore guarantees all material damages that are not specifically excluded. This contract is effective from 1 January 2021 for a period of one year.

It covers any material damage, as well as additional costs and consequent operating losses incurred on the premises (buildings, facilities, furniture, equipment, etc.) of which FDJ is the owner or tenant. It also covers equipment installed by FDJ at retailers. Exclusions are in line with market standards and include fines and other criminal sanctions, market losses, and operating losses due to strikes. This insurance covers damage to equipment entrusted by FDJ to its retailers, as well as any ensuing operating losses.

The main guarantees, such as fires, explosions and earthquakes, are limited to the amount of damages, within the contractual limit of a global indemnity (combining direct damage and business interruption) which amounts annually to €220 million per claim, with the exception of equipment located in the validation points, particularly at retailers' outlets, for which the claim limit is specific. Property, buildings and equipment are insured at their "replacement cost", up to 33% of their value deducted for obsolescence.

The contractual indemnity limit has been determined according to the MPL (Maximum Possible Loss) constituted by the Vitrolles site.

Premiums are calculated on the basis of the valuation of the goods (containers and contents) and the gross margin for FDJ's last financial year ended.

2.3.5.4.3 General civil liability insurance

The "Operation and After-Delivery Liability/Professional Liability" coverage covers the Civil Liability financial consequences incurred by FDJ in respect of third parties in the course of operating its business as well as in connection with the sale of products and/or services. This insurance policy also covers the professional civil liability risk for Euro Millions, the coordinated lottery operated by several European lottery operators.

This contract was renewed with effect from 1 January 2021 for a period of one year.

This contract is based on the principle of the "all risks with exceptions" guarantee, according to which only damages, liabilities or risks that are the subject of an exclusion provided for in the contract are excluded.

The maximum amount of indemnities paid for the main risks, all damages combined, under this insurance policy is €25 million per claim and per year. A number of sub-limitations apply.

2.3.5.4.4 Fraud insurance

The Group has a fraud insurance policy, which is renewed annually, the purpose of which is to protect FDJ against any damage to its property and assets, in particular in the event of theft, embezzlement, use or attempted use of forgeries, falsification of documents, breach of trust and scams. This insurance covers internal and external acts.

2.4 Statutory Auditors' special report on related-party agreements

General Shareholders' Meeting held to approve the financial statements for the year ended 31 December 2020

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of La Française des Jeux, we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-31 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the General Shareholders' Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

Agreements to be submitted for the approval of the General Shareholders' Meeting

Agreements authorised and entered into during the year

We were not informed of any agreements authorised and entered into during the year to be submitted for the approval of the General Shareholders' Meeting pursuant to the provisions of Article L.225-38 of the French Commercial Code.

Agreements already approved by the General Shareholders' Meeting

Agreements approved in previous years that were implemented during the year

In accordance with Article R.225-30 of the French Commercial Code, we were informed of the following agreements, approved by the General Shareholders' Meeting in previous years, which were implemented during the year.

With the French State or a French government agency

Persons concerned: The French State, a shareholder of La Française des Jeux, holding more than 10% of the voting rights, and the director representing the French State, S. Badirou-Gafari (up to 3 September 2019), E. Bossière (as from 3 September 2019) and Charles Sarrazin (as from 9 March 2020).

Three-party agreement between La Française des Jeux, MDB Services and the French Treasury (Direction Générale des Finances Publiques – DGFiP) in a call for tenders initiated by the DGFiP.

Nature, purpose and conditions

On 23 July 2019, the Board of Directors authorised La Française des Jeux to sign a three-party agreement with MDB Services and the DGFiP.

Pursuant to a call for tenders initiated by the DGFiP, La Française des Jeux, together with the confederation of tobacconists (Confédération des buralistes), entered into a three-party agreement for collection services on behalf of third parties via points of sale for the outsourcing of cash and bank card collections for public treasuries. The agreement was entered into for a maximum 5-year period, renewed annually, with effect from 23 July 2019, the date of signature of the commitment agreement by MDB Services, the representative of the group formed between La Française des Jeux and MDB Services to respond to DGFiP's call for tenders and representing the date of award of the contract and the inception date of the agreement.

In financial terms, the agreement provides for the payment to La Française des Jeux of a minimum amount of €3.55 per transaction and an amount of €1,160 thousand (excluding VAT) for project management, IT systems development and retailer training services.

The agreement generated revenue of €2,145 (excluding VAT) over the year.

Reasons why the agreement is beneficial for the Company

The Board of Directors considered that the agreement is in line with the Company's strategy to develop additional sources of revenue for its sales network as well as to pool the use of its point of sales infrastructure.

Surety granted by La Française des Jeux to the DGFiP

Nature, purpose and conditions

On 23 July 2019, the Board of Directors authorised the setting up of a surety by La Française des Jeux, for the purpose of securing a bank guarantee granted to the DGFiP.

Under the aforementioned contract awarded by the DGFiP for the outsourcing of cash, La Française des Jeux stood surety for the bank issuing the bank guarantee provided for under the contract, in order to counter-guarantee the bank guarantee granted by the bank to the DGFiP, in an amount of €19 million. The surety is granted for the duration of the contract and until July 2024 at least.

During 2020, a surety of €4 million, which is shown within off-balance sheet commitments given, was granted by La Française des Jeux.

Reasons why the agreement is beneficial for the Company

The Board of Directors considered that the setting up of the surety was one of the conditions set out in the call for tenders initiated by the DGFiP, in the event the contract for the outsourcing of cash was awarded.

Agreement entered into with the French State

Nature, purpose and conditions

On 16 October 2019, the Board of Directors authorised La Française des Jeux to enter into an agreement (the "Convention") with the French State, the purpose of which is to anticipate the consequences of the occurrence of events likely to deteriorate the economic conditions for the operation of La Française des Jeux's exclusive rights (changes in laws or regulations) and to anticipate the end of the exclusive rights period.

The Convention was entered into on 17 October 2019 and terminates on 22 May 2044. On this date, the exclusive rights granted to La Française des Jeux pursuant to the Pacte Law will terminate.

The Convention provides that in the event of a significant change in legislation or regulations either directly related to the taxation of lottery games or sports betting operated through the offline distribution network, or likely to affect such operation or, finally, reducing the scope or duration of the exclusive rights held by La Française des Jeux, the Group shall approach the French State in order to examine whether this change is likely to substantially deteriorate the economic conditions under which La Française des Jeux operates its business, assessed on a consolidated basis. If so, La Française des Jeux may propose to the French State the measures it deems necessary to enable it to continue its activities under economic conditions that are not substantially deteriorated. The French State undertakes to examine such proposal.

With respect to the provisions governing the consequences of termination of exclusive rights, the Convention provides that the assets strictly necessary for the operation of the exclusive rights are to be taken over by the French State in return for compensation amounting to the market value of the buildings and the net book value of other fixed assets. The list of these assets will be determined by the French State and La Française des Jeux, in an adversarial manner, within one year from the date of entry into force of the Convention.

Upon normal or early termination of the exclusive rights, La Française des Jeux guarantees to the French State or to any holder of the exclusive rights, the transfer or use, on a free-of-charge basis, of all copyrights, trademarks and trademark filing applications, rights to designs, logos, domain names, effective in France and relating to activities operated under exclusive rights. Similarly, for software and patents, upon normal or early termination of the exclusive rights, La Française des Jeux grants to the French State, or to the possible new holder of the exclusive rights, a free license to use the software and patents strictly necessary for the operation of these rights in France and owned by La Française des Jeux, for a limited period of 18 months from the expiry date of La Française des Jeux's exclusive rights.

The Convention also specifies that, upon normal or early termination of the exclusive rights, the French State and La Française des Jeux shall come together to examine the situation of employees assigned to the operation of exclusive rights and, in particular, the conditions for their reclassification and takeover, as the case may be, by the potential holder of the exclusive rights. To the extent feasible, La Française des Jeux reclassifies the employees in question.

The Convention terminates the convention currently in place between La Française des Jeux and the French State dated 29 December 1978, as amended, which now contains, as a result of successive amendments, only one residual provision relating to compensation for land, buildings, facilities and real property belonging to La Française des Jeux in the event of termination of the exclusive rights.

The Convention had no financial impact for La Française des Jeux for the year ended 31 December 2020.

Reasons why the agreement is beneficial for the Company

The Board of Directors considered that the Convention should make it possible to anticipate the consequences of the occurrence of events likely to deteriorate the economic conditions for the operation of La Française des Jeux's exclusive rights (changes in laws or regulations) and the end of the exclusive rights period.

Guarantee and investment agreements, one in connection with the guaranteed global investment (GGI) and the other in connection with a public offering (PO), to be entered into between the French State, La Française des Jeux and the banks responsible for the investments

Nature, purpose and conditions

On 4 November 2019, the Board of Directors approved two guarantee and investment agreements, one in connection with the GGI and the other in connection with the PO, to be entered into between the French State, La Française des Jeux and the banks responsible for the investments.

Under the agreements:

- the banks undertake to place La Française des Jeux shares with the public in France and with institutional investors in France and elsewhere;
- La Française des Jeux made a number of representations and warranties to the banks, as to the true, accurate and precise nature of the information set out in the listing prospectus, the international prospectus and the promotional documentation, as well as on the absence of any omissions likely to affect their import;
- La Française des Jeux undertakes to compensate the banks, with no cap on the amount, in the event that they are held liable with respect to the investments;
- La Française des Jeux agrees not to issue or sell shares for a period of 18 months following the settlement-delivery of the shares sold by the French State, i.e., 22 November 2019.

The agreements were entered into on 20 November 2019 and had no financial impact for La Française des Jeux for the year ended 31 December 2020.

Reasons why the agreements are beneficial for the Company

The Board of Directors considered that the agreements should enable the privatisation of La Française des Jeux via an initial public offering, by guaranteeing that its shares are placed with the public and institutional investors.

With the French gambling observatory (Observatoire des Jeux – ODJ), a French government agency

Person concerned: The French State, a shareholder of La Française des Jeux, holding more than 10% of voting rights.

Nature, purpose and conditions

On 22 March 2016, the Board of Directors authorised La Française des Jeux to sign a framework agreement with the ODJ providing for the free-of-charge exchange of information and data, in particular with a view to improving analysis and knowledge of players' behaviour and thus enhancing its measures to prevent excessive gambling. The agreement was signed on 3 March 2016 and will continue indefinitely.

The expenses incurred in the production and transmission of the relevant information and data are the only financial impacts for the Company.

Reasons why the agreement is beneficial for the Company

The Board of Directors considered that the agreement enables La Française des Jeux to enhance its measures to prevent excessive gambling, in accordance with the provisions to the Company, by strengthening its collaboration with the ODJ.

With the French online gambling regulator (Autorité de Régulation des Jeux En Ligne — ARJEL), a French government agency

Person concerned: The French State, a shareholder of La Française des Jeux, holding more than 10% of voting rights.

Nature, purpose and conditions

On 1 July 2015, the Board of Directors authorised La Française des Jeux to sign an agreement with the French Minister of Finance and Public Accounts and the ARJEL providing for the free of-charge exchange of information on preventing the betting-related manipulation of sporting competitions. In accordance with the regulatory provisions applying to these monopolies, the Company is required to monitor the integrity of gambling transactions and to combat fraud, money laundering and all related criminal activities. The agreement was signed on 1 July 2015 and will continue indefinitely.

The expenses incurred in connection with securing the whistle-blowing and information exchange system with the ARJEL are the only financial impacts for the Company.

Reasons why the agreement is beneficial for the Company

The Board of Directors considers that the agreement facilitates the implementation of a cross-alert system between the ARJEL and FDJ for atypical and suspicious bets detected by the former on the online betting segment and/or the latter on the sports betting segment operated under exclusive rights in its offline distribution network. The agreement aims to enhance the effectiveness of measures to prevent betting-related match fixing. In accordance with the provisions applicable to the Company, the agreement constitutes a means for FDJ to monitor the integrity of gambling operations and combat fraud, money laundering and all related criminal activities.

Neuilly-sur-Seine and Paris-La Défense, 12 February 2021

The Statutory Auditors

PricewaterhouseCoopers Audit		Deloitte & Associés	
Philippe Vincent	Jean-Paul Collignon	Jean-François Viat	Nadège Pineau

2.5 Consolidated non-financial information statement

2.5.1 Introduction

2.5.1.1 Corporate Social Responsibility (CSR)

La Française des Jeux (FDJ) is the successor to the French National Lottery, which was founded in 1933 to help injured the First World War veterans. Since its inception, corporate responsibility has been central to its business model.

In the interest of safeguarding public and social order, FDJ's purpose under the law – in exchange for the exclusive rights granted by Act No. 2019-486 of 22 May 2019 (Pacte Act) – is to funnel public demand for gaming into a controlled channel, thereby preventing the risks and potentially negative effects of gaming and gambling activities.

FDJ's gaming model is extensive, recreational and responsible:

- extensive in that it reaches a very large player base;
- recreational because it builds on a diversified range of games fostering moderate gaming habits;
- responsible by virtue of its proactive policy of preventing excessive and underage gambling.

This responsible gaming (RG) policy is the foundation of its social responsibility protocols. FDJ aims to be a leading player in the promotion of a responsible gaming model serving sustainable performance and benefiting all stakeholders.

The model also benefits local authorities. In 2020, nearly 90% of stakes collected were redistributed to players (i.e. €10.9 billion) or contributed to central government finances (i.e. €3.2 billion) in respect of specific taxes on gaming activities. The Group also paid retailers between 4% and 6% of stakes, depending on the game, for an average of 5.4% of stakes in 2020 (€772 million).

2.5.1.2 A *raison d'être* (core purpose) underpinning its identity and defined in the articles of incorporation

Following the publication of the Pacte Act on business growth and transformation, and while also conducting its privatisation and IPO, FDJ published its *raison d'être* and featured it in the preamble to its Articles of Association, at the General Meeting of Shareholders held on 18 June 2020.

Adopting a *raison d'être* was a natural choice in view of FDJ's history, business model and commitments. This core purpose draws from a broad co-building process involving its stakeholders, and particularly its staff (more than 200 employees took part in workshops to that end), as well as the members of its Social Laboratory [(1)] and external specialists.

FDJ has centred its *raison d'être* on five pillars: gaming range, responsible business model, societal engagement, regional roots and sustainability.

OUR *RAISON D'ÊTRE*

FDJ Group offers people who wish to experience the thrill of gaming and moments of emotion a wide range of responsibly designed games.

Gaming is our business, giving back to society is what drives us, and responsibility is our constant focus.

We promote recreational gaming by accompanying our customers, creating games with built-in integrity, and reducing risks and consequences arising from our activity; we actively help prevent addictive behaviour and underage gambling.

Faithful to the legacy of the French national lottery – created to help wounded First World War soldiers – we continue to support social and community initiatives, and fund good causes.

As key partners of local businesses, we ensure that our games and services are widely available through a dense network of neighbourhood retailers.

Thanks to our committed employees and capacity for innovation we are pursuing our goal of sustainable growth, underpinned by a responsible and socially useful business model, and close collaboration with our stakeholders.

Six commitments embodying our *raison d'être*

In the interest of consistency and efficiency, FDJ Group elected to work jointly on its *raison d'être* and its accompanying commitments. These commitments were built through a collaborative effort, covering key areas of focus for the Company such as the gaming range, responsible gaming policy, society- and solidarity-driven initiatives, and support for local businesses. This approach reflects the Group's determination to make a concrete, operational exercise of this work.

The six commitments embodying FDJ's *raison d'être* are:

- developing a range of entertaining, upstanding and responsible games;
- supporting its clients at every stage of their PoS and online gaming experience;
- limiting problem gambling and preventing underage gambling;
- stepping up its solidarity, societal and environmental initiatives;
- promoting local businesses nationwide;
- promoting its responsible gaming model worldwide.

The Group established its *raison d'être* commitments in line with CSR considerations, but not exclusively. Initiatives associated with these commitments can be found in each CSR themes presented in this report.

(1) Forum for discussion between FDJ and its stakeholders, particularly civil society organisations, on issues relating to its responsible gaming policy.

FDJ Group's *raison d'être* is and will continue to be embodied in multiple economic and solidarity-oriented initiatives, and its model was successfully put to the test in 2020 by the coronavirus (Covid-19) crisis, during which FDJ naturally expressed its solidarity with vulnerable members of the public; and the Group remained true to its values of responsibility, thus confirming its very real and genuine commitment to its values.

A Stakeholder Committee tasked with implementing commitments

The Stakeholder Committee, which held its first meeting in December 2020, was created for two reasons: to monitor the implementation of commitments arising from the newly adopted *raison d'être*, and to foster a high-level dialogue between General Management and the Group's key stakeholders, accompanied by experts in the field, on key issues for FDJ.

The composition of the Stakeholder Committee reflects the diversity and expertise required to successfully implement the Group's *raison d'être* commitments. It is chaired by Rose-Marie Van Lerberghe, former Chief Executive Officer of AP-HP and Chairwoman of Korian. The members of the Committee represent the diversity of the FDJ's main stakeholders and/or hold expertise in fields of interest for the Group.

The thirteen members of the Stakeholder Committee are:

- Élisabeth Belmas, gaming historian and specialist, Secretary General of scientific interest group Jeu et Sociétés;
- Joëlle Bottalico, Vice-Chairwoman, Haut conseil de la vie associative;
- Christian Bucher, psychiatrist specialising in addictive behaviour;
- Jean-Baptiste Carpentier, Head of Compliance – Veolia Group;
- Marion Caspers-Merck, former Chairwoman – Bade-Wurtenberg Lottery;
- Caroline Cayeux, Mayor of Beauvais, Chairwoman – Agence nationale de la cohésion des territoires and Association d'élus Villes de France;
- Philippe Coy, Chairman – Confédération des buralistes;
- Laurence Devillers, Professor of Artificial Intelligence – CNRS, Member of the Digital Ethics Committee;
- Benoit Halgand, Student – Ecole Polytechnique, Co-Founder – Manifeste étudiant pour un réveil écologique;
- Philippe Moati, Professor of Economies and Co-Chairman – Observatoire société et consommation;
- Louise Nadeau, Professor Emeritus of Psychology – Université de Montréal, expert in addiction;
- Daniel Panetto, Chairman – Culture presse;
- Rose-Marie Van Lerberghe, Former Chief Executive Officer – AP-HP, Chairwoman – Korian.

FDJ Group's Stakeholder Committee met for the first time on 1 December 2020, attended by Stéphane Pallez, Chairwoman and Chief Executive Officer of FDJ, and Charles Lantieri, Deputy Chief Executive Officer of FDJ Group.

The Group will continue implementing its commitments over the course of 2021.

In January 2021, FDJ launched a communication campaign dubbed "Et voir la France gagner", aimed at promoting the Company's *raison d'être* and role in society. In the campaign, FDJ highlights its popularity and role of bringing people together, reviewing the broad range of its contributions, within its reach, in serving the public interest.

2.5.1.3 CSR governance

Developed in accordance with iso 26000, an international standard developed to help organisations effectively assess their social responsibilities, the FDJ Group's CSR policy is an integral part of its governance and strategy. It is one of the pillars of its integrated management system (IMS), designed to educate employees about CSR challenges and facilitate the effective roll-out of CSR initiatives across all Group entities.

CSR is central to the Group's 2025 strategic plan, notably through its goal of strengthening its actions in the field of responsible gaming, with a view to consolidating its benchmark position in the gaming sector in France and Europe. Another illustration is the inclusion of CSR criteria, stemming notably from the responsible gaming approach, among the factors determining the variable compensation of corporate officers.

The CSR division is tasked with overseeing the preparation and implementation of CSR initiatives throughout the Group, ensuring their consistency, evaluating their outcomes and facilitating dialogue with stakeholders.

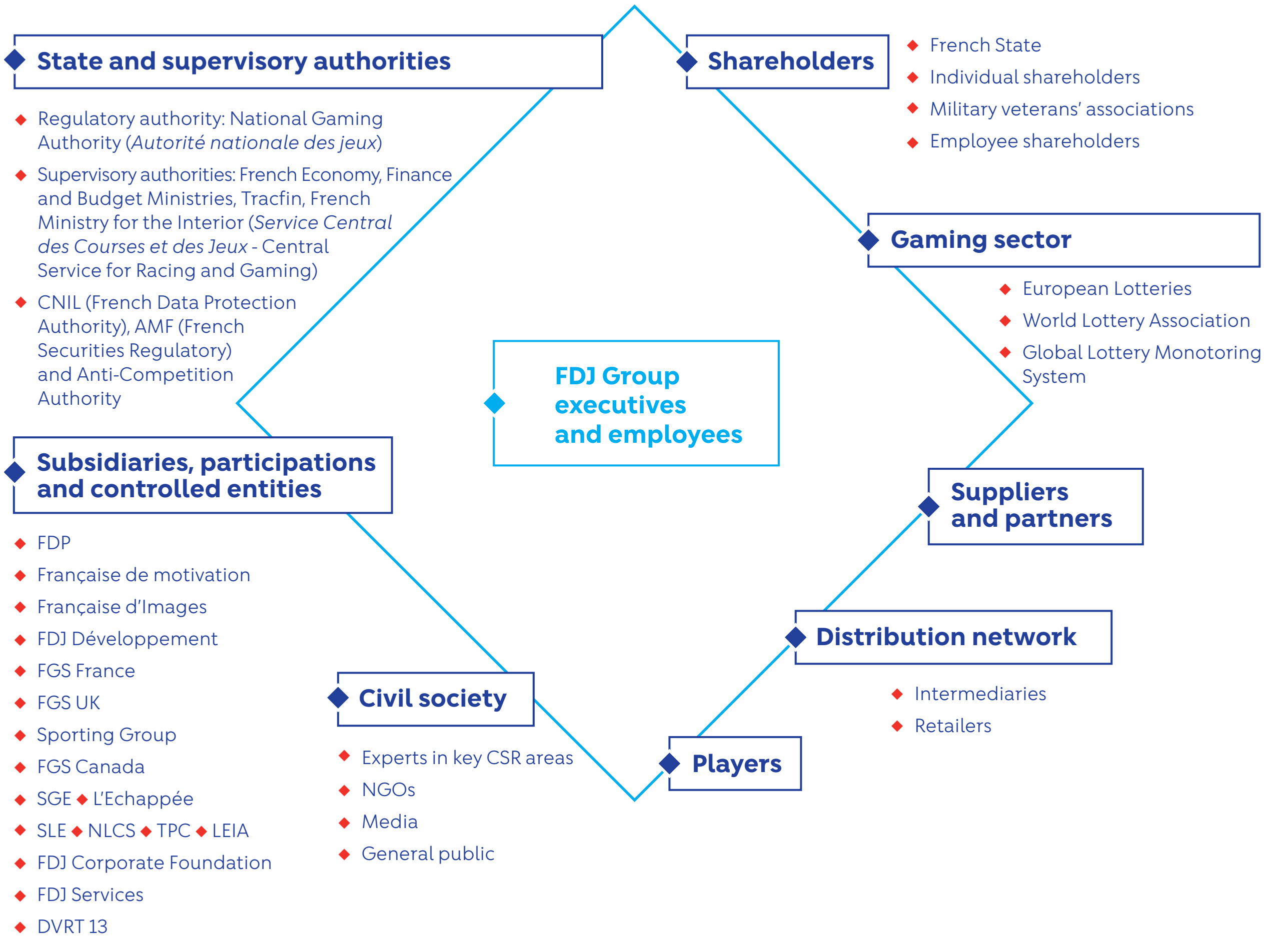
At the operational level, FDJ lays down priority CSR initiatives each year. They are then validated and monitored by the Group Management Committee, which includes the Head of Communication & CSR and the Group Head of CSR, before being submitted to the CSR and responsible gaming Committee [(1)]. Its role is to examine the CSR policy of the Company as a whole, and more specifically its initiatives in terms of responsible gaming and how they fit into the corporate strategy, and to report on its work to the Board of Directors. At 31 December 2020, the Committee was made up of four members:

- Ms. Fabienne Dulac, Chairwoman of the CSR and RG Committee, Deputy Chief Executive Officer of Orange and CEO of Orange France, Independent Director;
- Mr. Philippe Pirani, Employee Representative Director;
- Mr. Olivier Roussel, Permanent Representative of Union des blessés de la face et de la tête (UBFT);
- Mr. Didier Trutt, Chairman and Chief Executive Officer of IN Groupe (formerly Imprimerie nationale S.A.), State-Appointed Director.

(1) Board of Directors Specialised Committee.

2.5.1.4 Stakeholders

FDJ Group's CSR policy is constructed and coordinated with all stakeholders, both internal (employees) and external (players, retailers, suppliers, civil society, regulators and government authorities, etc.). An in-depth and fruitful dialogue allows for the incorporation of a wide range of expertise and experience, and helps enrich the initiatives implemented.



2.5.1.5 Structure of the Non-financial information statement (NFIS) and links with the Sustainable Development Goals (SDGs)

This non-financial information statement complies with the provisions of Order No. 2017-1180 of 19 July 2017 and implementing Decree No. 2017-1265 of 9 August 2017. It covers the business model, the analysis of the Company's CSR risks and the associated policies, action plans and performance indicators.

The 17 Sustainable Development Goals (SDGs) set by the United Nations form an international frame of reference for CSR, in addition to ISO 26000. The targets set for 2030 are designed to meet three broad objectives: eradicate poverty, protect the planet and guarantee prosperity for all.

Drawing on the recommendations of the SDG Compass (1), FDJ identified the main SDGs to which the Group contributes via its CSR initiatives, in respect of the 169 indicators breaking down the SDGs, and the French roadmap set out in the 2030 Agenda:

SDG 8: decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full productive employment and decent work for all.
Target 8.3: promote development-oriented policies that [...] encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services. Target 8.5: by 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
SDG 10: reduced inequality Reduce income inequality within and among countries.
Target 10.3: ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. Target 10.4: adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.
SDG 11: sustainable cities and communities Make cities and human settlements inclusive, safe, resilient, and sustainable.
Target 11.4: strengthen efforts to protect and safeguard the world's cultural and natural heritage. Target 11.7.a: support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.
SDG 12: responsible consumption and production Ensure sustainable consumption and production patterns.
Target 12.8: by 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.
SDG 13: climate action Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.
Target 13.2: integrate climate change measures into national policies, strategies and planning.
SDG 15: life on land Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and end biodiversity loss.
Target 15.2: by 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
SDG 16: peace, justice and strong institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
Target 16.5: substantially reduce corruption and bribery in all their forms. Target 16.6: develop effective, accountable and transparent institutions at all levels.

FDJ Group's contribution to these seven SDGs is highlighted in each of the following sections setting out the Company's key CSR objectives (responsible gaming, integrity, human resources, solidarity, French regions and the environment).

(1) *SDG (Sustainable Development Goals) Compass: methodology guide developed by the GRI and the UN Global Compact for companies wishing to contribute to the United Nations 2030 Agenda.*

2.5.2 CSR performance serving the Group's business model

The FDJ Group business model described below is presented in line with the recommendations of the International Integrated Reporting Council (IIRC). It includes a presentation of the Group's main activities, resources and assets, as well as a description and measurement of its value creation for each stakeholder.

Our *raison d'être*

Gaming is our business, giving back to society is what drives us, and responsibility is our constant focus.

Our resources

COMMITTED EMPLOYEES

- > 2,500 employees
- Engagement rate 92/100
- +90% of employee shareholders, owing around 4% of the share capital

NO. 1 DISTRIBUTION NETWORK IN FRANCE

- Over 30,000 points of sale in > 11,000 municipalities
- Well-managed supply chain
- 100% of PoS under direct distribution

SOUND FINANCIAL POSITION

- Shareholder's equity of €699m
- Net cash surplus of €577m
- Investments of €80m [1]

RENOWNED CUTTING-EDGE TECHNOLOGICAL EXPERTISE

- 500 employees dedicated to technology
- €250m invested in technology from 2015 to 2020

CSR APPROACH FIRMLY EMBEDDED IN THE BUSINESS MODEL

- Recognised CSR performance: A1+ rating awarded by Vigeo-Eiris for the last two years
- Leading promoter of Responsible Gaming, with RG certification obtained from The European Lotteries at the highest level of compliance since 2012
- An ambitious environmental policy with the objective of reducing CO_2 emissions by 20% between 2017 and 2025
- Diversity label since 2013 and Professional Equality label since 2017 (from Afnor)

PLAYERS LOYAL TO OUR VARIED AND EVOLVING OFFER

- 23 million players reflecting the French population
- Well-known brands and a constantly changing range of products
- 19 digital games, and 12 offline games, launched and reissued in 2020
- Assisted recognition rate: 97% [2]

(1) Excluding payment of exclusive exploitation rights.
(2) Assisted awareness rate: percentage of respondents who say they know the FDJ brand when it is presented in a pre-established list (here gambling companies).

Our activities

Lottery games

78% of Revenue
(exclusive rights at PoS and online)

Sports betting

19% of Revenue
(exclusive rights at PoS)

Adjacent activities

3% of Revenue
— International B2B services
— Payment and services
— Entertainment

Our strategy

2020-2025 STRATEGY

Strengthening our leadership on the French gaming market and becoming a major international player in games and services

Our value creation

PLAYERS & CUSTOMERS
— 68% redistribution to players
— 178 millionaires in 2020, or nearly a millionaire every two days
— €3.8bn digitized bets, or nearly 24% of the total
— More than €1.2 million paid out for Responsible Gaming partnerships
— 36 M€ of invoices paid in the offices of tobacco on behalf of DGFiP
— Nearly 75 international customers B2B

RETAILERS
— 20 400 jobs created or made permanent in the Bars-Tobacconists-Newsagents sector in 2020
— €772m in commissions paid to retailers in respect of 2020

EMPLOYEES
— 100/100 to the gender equality index (FDJ SA)
— 34.3% of women in the management line and 39.4% of all employees
— 4.95% of employees with disabilities
— 76.2% of FDJ SA employees having received one training session per year

CIVIL SOCIETY
— Contribution of €5.2bn to GDP
— 50,800 jobs associate with FDJ's business in France
— 87% of purchases made by FDJ SA in France in 2020
— 18 million euros allocated to the Foundation FDJ for the five-year period 2018-2022
— Nearly 22 million euros of support for the heritage

FINANCIAL COMMUNITY
— Stakes of €16bn
— Revenue : €1.9bn
— EBITDA of €427m, EBITDA margin +22.2%
— €86m in dividends distributed paid
— Earnings per share : €1.12

2.5.2.1 CSR performance: non-financial ratings

Each year, FDJ works to expand the CSR information provided to its stakeholders, non-financial rating agencies and investors.

For the second year in a row, FDJ called on non-financial rating agency Vigeo-Eiris to assess the Group's CSR policy, which earned a score of A1+. FDJ ranks in the 5% highest-rated companies out of 4,900 companies analysed. FDJ's 2020 ESG score (1) was 66/100 (same score as 2019), significantly higher than the average score of other gaming sector operators assessed by Vigeo-Eiris (the second-place gaming operator had a score of 39/100). This score highlights FDJ's maturity as a leader in managing environmental, social and governance risks in the gaming sector in Europe and, more extensively, in the European hospitality and leisure sector.

FDJ was assessed by ISS-Oekom in 2020 and obtained "Prime" excellence status, granted to companies that outperform their sector in terms of ESG, i.e. meeting the highest performance requirements.

For the first year, FDJ also completed the Corporate Sustainability Assessment created by SAM (2), along with 7,300 other companies worldwide. The results were encouraging: FDJ ranked among the 21% most responsible companies in the "Casinos & Gaming" sector.

FDJ also received a score of 82/100 in the 2020 Gaïa Rating (3). FDJ ranked 37th out of 390 companies assessed in France and 16th out of 149 in the "Services" category.

Lastly, for the third year in a row FDJ – in a bid to set an example for its own suppliers – took part in the Ecovadis CSR rating system, which examines buyers and suppliers with the aim of accelerating the development of balanced, sustainable relations. FDJ obtained a score of 70/100 (identical to 2019), making it one of the 5% most responsible companies in the world (4).

By completing these comprehensive assessments, FDJ obtained special and sector-specific certifications and labels, such as the responsible gaming certification issued by The European Lotteries with a maximum compliance level, and the Diversity and Professional Equality labels issued by Afnor (French national standardisation organisation). These assessments are further developed in the "responsible gaming" and "Human Resources" chapters.

2.5.2.2 CSR risk analysis

In accordance with regulations stipulating the content to be provided in the non-financial performance report, FDJ analysed its CSR risks for the first time in 2018. To that end, the Company defined its CSR risks, based in particular on:

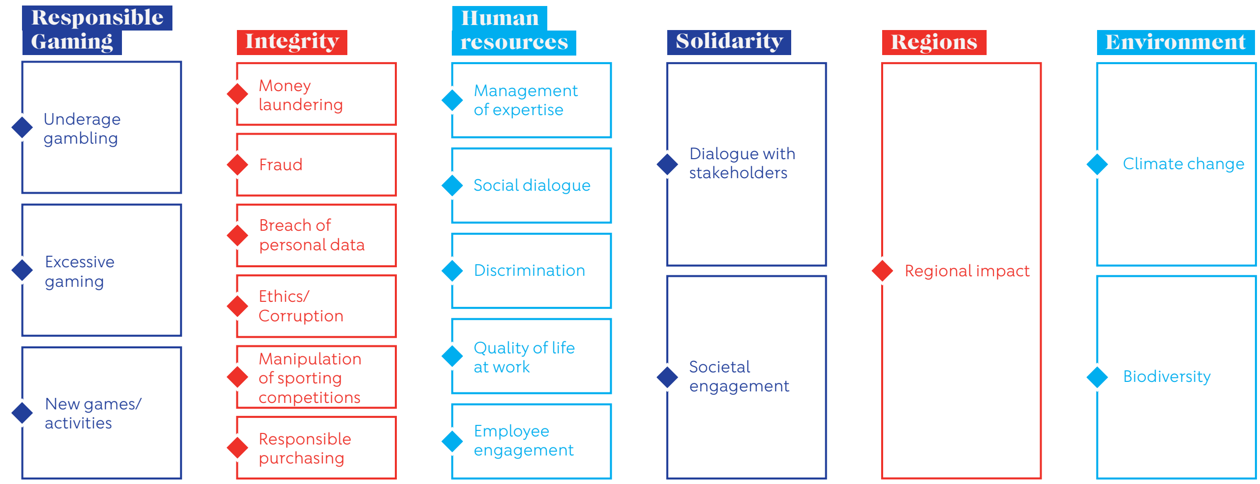
- the CSR materiality analysis conducted in 2017;
- the non-financial challenges specific to its business sector;
- the Group's annual risk-mapping exercise;
- the topics presented in Article 2, Chapter II, of the implementing decree (5) (social, societal, environmental, anti-bribery and tax evasion, and human rights) and Article 1, Chapter III, of the Ministerial Order (6).

The assessment of the main CSR risks liable to affect FDJ was based on an identification and prioritisation methodology involving internal stakeholders representing the Company's various businesses. The methodology was based on risk assessment scales tailored to CSR risk analysis (consistent with the assessment scales used by FDJ Group) and on three main criteria: impact (strategic, financial, reputational and legal), plausibility and estimated control.

This CSR risk analysis was updated in 2020. As a result, CSR risks were expanded to include 19 main risks (vs. 17 in 2018) falling into six categories (responsible gaming, integrity, human resources, solidarity, French regions, environment). The analysis also incorporated changes in the Group's internal and external environment, centred on CSR challenges. The environment category was expanded and now includes two CSR risks associated with climate change and loss of biodiversity. Furthermore, "fraud and money laundering" risk was split into two separate risks: risk of gambling fraud and money laundering risk. The results of the updates completed in 2020 were presented to the CSR and responsible gaming Committee in December 2020.

(1) Economic, social and governance criteria.
(2) SAM is an asset manager specialising in "sustainable" investments. It was bought out in January 2020 by S&P Global Inc.
(3) Consulting firm Ethifinance established its own rating system to assess the ESG performances of SMEs.
(4) Ecovadis assessed around 75,000 companies.
(5) Decree No. 2017-1265 of 9 August 2017.
(6) Order No. 2017-1180 of 19 July 2017.

The main CSR risks, redefined as challenges, are divided into six major themes presented in the diagram below:



The following six chapters describe the six categories of FDJ Group's CSR strategy and the associated risks. Each chapter presents:

- a brief definition of the risk;
- an overview of initiatives undertaken to limit the impact of the risk in question;
- an associated action plan;
- one or more performance indicators, where applicable [(1)].

In addition to the associated action plans, FDJ has set medium-term CSR targets for each CSR theme. The targets are developed in the following chapters.

Pursuant to the implementing decree [(2)], the following risks were not deemed relevant with regard to FDJ's activity: prevention of food waste, prevention of food insecurity, commitments to promote responsible, fair and sustainable food, and respect for animal welfare. As a result, these risks are not addressed in the non-financial information statement.

2.5.2.3 Impacts of the health crisis on the Group's main CSR risks

Due to its comprehensive impact on health, economic and social conditions, the Covid-19 crisis affected FDJ's ecosystem in 2020 and highlighted its resilience factors, the interdependencies inherent in its value chain, and its responsiveness and adaptability. The main impacts of the health crisis on the Group's risk factors are detailed in the chapter on "Risk Factors".

Over the course of the crisis, the Group made a concentrated effort to respond to the needs of internal and external stakeholders alike. The initiatives implemented by the Group, particularly during the first lockdown in France, are summarised in the table below:

Employee support	◆ Quarantine and roll-out of telework measures, combined with personalised assistance in the use of collaborative digital tools. ◆ Full wages maintained from the start of the crisis for employees working part-time or unable to telework due to childcare needs (children under the age of 16 kept home from school). ◆ Constant internal communication, with a high level of transparency regarding the crisis and its impacts on the Company. ◆ High-quality, effective dialogue maintained between Management and staff (regular discussions with employee-representative bodies, health management and support system established on quality of life at work, agreement on donating/requesting days of paid leave). ◆ "FDJ Group For Me" programme, providing staff support, social assistance and virtual medical consults. Find details in the section "human resources".
Protecting the public and players during lockdown	**Broadcasting awareness-raising messages** ◆ Government health protection measures rebroadcast on all communication channels (preventive measures and social distancing practices). ◆ Broad public communication reminding everyone that gambling should only be a marginal purchase during this period.
	Suspension of fast lotteries Amigo discontinued from 19 March to 7 June 2020 to limit crowding at PoS. Retailers asked to disable Amigo screens from 10 November to 15 December 2020 to prevent PoS crowding. **Reorganisation of commercial events schedule** Game launches postponed and promotional events for draw games cancelled. Find details in the section "responsible gaming".
	Adjustment of prize payout conditions Prize payout deadlines extended to limit travel to PoS, payment conditions adjusted for major prize winners.

(1) The reporting protocol sets out the scope of each indicator. References to "FDJ" cover the scope of FDJ SA.
(2) Decree No. 2017-1265 of 9 August 2017.

Enhancement of responsible gaming systems	**Enhancement of responsible gaming action plan dedicated to online lotteries during lockdown periods** ◆ Close monitoring of gaming behaviours and trends during lockdown. ◆ Extended responsible gaming communication targeted to players across multiple channels (website, app, newsletter, social media). ◆ Proactive approach (outgoing calls) towards players having significantly increased their gaming activity during lockdown. Find details in the section "responsible gaming".
Support for the PoS network	**Business continuity measures for retailers** ◆ Help applying and communicating health guidelines at points of sale. ◆ Draw and scratch-off games continued at PoS (sports betting activity virtually halted during first lockdown, due to cancellation of nearly all athletic competitions). ◆ Approximately 2.8 million masks handed out. Find details in the section "regions".
	Psychological support for retailers ◆ Sales force mobilised to stay in touch with retailers remotely (advisors trained in managing complex situations to help struggling retailers). ◆ Support system for retailers in distress, in connection with Sedap [1], a partner specialising in psychological aid (telephone sessions). Find details in the section "regions".
	Extensive dialogue with professional federations
	Local business communication campaign in June 2020
	Financial support for retailers ◆ Debits suspended for closed PoS. ◆ Relaxed debit management for open PoS, adjusted on a case-by-case basis. ◆ Contacts with banking networks (provision of list of branches permitting cash deposits, no penalties on rejected debits). Find details in the section "responsible purchasing".
Financial support for suppliers (VSEs/SMEs)	**Implementation of a mediation process,** with advance payment and prepayment requests analysed on a case-by-case basis
Solidarity	**Supporting the fight against Covid-19 and its consequences** ◆ Donation of €1 million to "Tous unis contre le virus", an alliance launched by Fondation de France in March 2020. ◆ Donation of €200,000 by the FDJ Foundation to Secours populaire français to help vulnerable members of the population in March 2020. ◆ Donation of paid leave in solidarity (March 2020): thanks to the generosity of the Group's employees, €340,000 were collected for "Tous Unis contre le virus" (providing aid to healthcare workers and vulnerable members of the public), the Red Cross (emergency food packages for the underprivileged, combating isolation of the elderly in care homes) and Rêv'Elles (association supporting young women from underprivileged backgrounds affected by the health crisis). ◆ Donation of one month's wages by the Chairwoman and CEO and the Deputy CEO. ◆ Donation of €1.2 million in favour of vulnerable members of the population, particularly young adults, hit hard by the crisis, via four of the Group's partner associations: Secours populaire français, Fondation de France, Fondation Apprentis d'Auteuil and the Sciences-Po emergency fund for scholarship students. Find details in the section "solidarity".
	Support for social initiatives undertaken by long-time FDJ stakeholders UBFT [2] and Fédération Maginot ◆ Distribution of 24,000 surgical masks and 18,000 FFP2 masks to two elderly care homes managed by associations.
	Insulation of funding dedicated to responsible gaming partnerships
	Support for employees involved in urgent solidarity initiatives via FDJ Corporate Foundation partners The Group issued a **request for projects, "€1,000 pour ma petite asso"**, asking employees to recommend urgent Covid-19-related initiatives.

Each initiative implemented during the health crisis is described in the following chapters.

(1) Société d'entraide et d'action psychologique (Mutual aid and psychological initiative society).
(2) Union des blessés de la face et de la tête.

2.5.3 Responsible gaming

FDJ operates in the gaming and gambling industry, a regulated sector in terms of the specific risks it entails, particularly in terms of maintaining public and social order (see "Responsible gaming management policy").

Since 2012, and for the third consecutive time in 2018, FDJ obtained a 100% compliance rating from Afnor (French national standardisation organisation) as part of the three-year responsible gaming certification programme conducted by the European Lotteries Association. This is the highest certification level that can be obtained, securing FDJ's position as the French leader in responsible gaming in the gambling industry, and as one of the European leaders in the lottery sector.

In late 2020, FDJ conducted a partial audit of the certification to determine how much progress it has made in its initiatives, and once again obtained a 100% compliance score. These results confirmed the alignment of FDJ's policies with the responsible gaming standards defined by the European Lotteries Association.

In accordance with regulatory provisions applicable to lottery and sports betting games, FDJ is required to submit its "action plan for the prevention of excessive gambling and underage gambling, and for the promotion of reasonable gaming practices" to the ANJ for approval on a yearly basis [(1)].

The responsible gaming action plan is aligned with the Group's efforts to continuously improve and enhance the RG systems in place and incorporates the concerns expressed by its stakeholders. All of these initiatives, whether carried out directly by FDJ or through partnerships, are part of an ethical framework based on the recognition of FDJ's responsibility for reducing the potential negative impacts stemming from its activity, and at the same time the limits on its role in terms of prevention, as an operator, as opposed to the role played by public health officials. In 2019, FDJ Group undertook to earmark 10% of its total TV advertising budget for responsible gaming communications.

The Company's responsible gaming initiatives contribute to SDG 12, which deals with responsible consumption and production, and revolve around the prevention of underage gambling and excessive gambling.

	SDG 12: responsible consumption and production Ensure sustainable consumption and production patterns.
	Target 12.8: by 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.
	FDJ's aim Helping to promote responsible gaming
FDJ's 2025 target Continue promoting an extensive recreational gaming model	

A new regulatory authority was established this year in France, the Autorité nationale des jeux (ANJ), covering all gaming industry operators in France (with the exception of casinos). In December, the ANJ approved FDJ's responsible gaming action plan on gaming activities operated under exclusive rights, as well as a new framework for the prevention of excessive or problem gambling and protection of minors.

2020 also saw the publication of a new prevalence study conducted jointly by the Observatoire des Jeux (ODJ – French Gaming Observatory), the Observatoire français des drogues et toxicomanie (OFDT – French Drug and Drug Addiction Observatory) and Santé Publique France (French National Healthcare Agency), which pointed to an increase in the prevalence of excessive gambling. According to the study, the percentage of excessive gamblers rose from 0.8% of 18-75s in 2014 to 1.6% in 2019. This outcome is largely attributable to the increased prevalence of excessive gambling among sports betting players, predominantly associated with the robust growth of online betting over the last five years. Data on the lottery held relatively steady at a low level, with only 1% of the population prone to excessive gambling.

Overall, these data indicate the need for a comprehensive and balanced approach to all responsible gaming considerations in the gambling sector. The establishment of the ANJ, with a broad scope of authority over all sector operators in terms of responsible gaming (including casinos) was a milestone achievement. These developments also fully warrant FDJ's continued efforts to prevent underage gambling and excessive gambling.

Of course, 2020 was also the year of a major health crisis, forcing the Group to adapt a number of its responsible gaming initiatives while also testing new approaches in the highly unusual conditions created by lockdown.

(1) The responsible gaming action plan (RGAP) covering activities exercised under exclusive operating rights was submitted to the ANJ on 30 September 2020 and approved by Ruling No. 2020-057 of 3 December 2020. The RGAP covering online sports betting activities was submitted to the ANJ on 30 November 2020 and was under review at the date of publication of this document.

2.5.3.1 Fighting underage gambling

FDJ is required by law to prevent minors, even emancipated minors, from participating in the gaming and gambling activities offered by the Company [1]. In recent years, regulations have tightened and stakeholder expectations have grown. The Ministerial Order of 2 October 2019, enacting the Pacte Act, strengthened penalties in place in the event of non-compliance with the rules applicable to the gaming sector.

Each year, the Group works hard to prevent underage gambling and make it easier for retailers to refuse to sell products to minors. After completing the 2017-2019 training plan, FDJ launched a new anti-underage gambling plan from 2020 to 2025. The plan, formed jointly with professional retailer organisations, calls for imposing even stiffer penalties on non-compliant retailers while expanding the training programme targeted to the distribution network and the general public. FDJ set a target of keeping the responsible gaming and security compliance in PoS network rate above 90% by 2025.

There are three practical mechanisms set up for preventing underage gambling:

- PoS inspections by conducting compliance checks and testing campaigns;
- training for the distribution network and sales force;
- preventive information campaigns for the general public.

Audits of the PoS network

The Company relies on a team of 12 inspectors to monitor the on-site implementation of responsible gaming obligations and, in particular, those relating to the prevention of underage gambling.

As of 2014, retailers found to meet the various compliance criteria, two of which are related to underage gambling (display, and emphasis on the display, of the poster and sticker stating that underage gambling is prohibited) receive a "responsible gaming" bonus.

In 2020, overall compliance at inspected points of sale was stable at 92.4% (versus 93.1% in 2019), thanks to the commitment of retailers and the training efforts undertaken by FDJ agents in the field (sales representatives and inspectors).

In 2015, given the persistent practice of underage gambling, FDJ sought to strengthen the impact of its assessment system by rolling out additional inspections based on the "mystery shopper" approach to test for underage gambling at points of sale. The mystery shopper approach puts the retailer in a real-life scenario involving 16-18 year-olds. These minors are selected in partnership with Sedap [2] to prevent any risk of their exposure to FDJ's gaming range. This innovative programme is part of an overall educational approach serving to assess how well the training plans are helping retailers improve in this area and evaluates their anti-underage gambling practices.

In a bid to continue helping its distribution network combat underage gambling, FDJ rolled out a new action plan in 2020 based on educational programmes and enhanced, progressive penalties, predominantly targeting retailers repeatedly found to be in breach of underage gambling prevention obligations.

The mystery shopper programme and PoS inspections were disrupted by the health crisis. As a result, the testing campaign scheduled for 2020 was pushed back to 2021.

Performance indicator: overall compliance with responsible gaming and security criteria

2019	2020
93.1%	**92.4%**

The overall compliance of retailers is assessed with regard to behavioural, commercial, contractual and regulatory criteria.

In 2020, the "sale of gaming products to minors" criterion was removed from the compliance rate and is now measured using the mystery shopper approach, subject to progressive penalties.

Due to the Covid-19 crisis, PoS inspections were suspended as soon as the lockdown period began. This interruption was necessary due in part to the closure of certain PoS, but more importantly because lockdown made it impossible to conduct inspections.

The compliance rate was stable in 2020 compared to 2019. Because of the adjustments made at PoS in response to the health crisis (one-way foot traffic for example), efforts were undertaken with the sales agencies to find solutions ensuring that responsible gaming criteria could be applied.

Training of retailers and the sales force

Training and raising awareness in the distribution network is one of the pillars of FDJ's responsible gaming policy, with a key focus on prevention of underage gambling.

A major component of the new anti-underage gambling action plan launched in 2020 is training on refusing to sell gaming products to minors. The goal is to further adapt prevention mechanisms to the needs and specific characteristics of the PoS via a three-pronged approach:

- gradually differentiate training initiatives and materials according to the risk profile and segmentation of PoS;
- give sales representatives greater autonomy in deploying training initiatives, based on a framework defined centrally by the Company;
- encourage sales reps to employ workshops/round tables highlighting the best practices of retailers in the field.

(1) *Article 139 of the Pacte Act states that it is prohibited to sell or offer games of chance free of charge to minors at points of sale authorised to sell lottery and sports betting games.*

(2) *Société d'entraide et d'action psychologique (Mutual aid and psychological initiative society).*

The health crisis forced FDJ to suspend its in-person training initiatives during lockdown. At the end of the first lockdown, FDJ adjusted its training programme, offering new initiatives appropriate to the conditions created by the health crisis, offering remote awareness-raising and training sessions, including the promotion of self-training:

- FDJ made changes to the initial training programme for new retailers: usually dispensed in person over two days in the commercial sectors, the in-person component was reduced to the bare minimum (3 hours, including one hour specifically focused on prevention of underage gambling and excessive gambling) thanks to the promotion of e-learning modules;
- other training courses on the prevention of underage gambling were also adapted and offered in a virtual learning format.

Preventive information campaigns for the general public

In a bid to improve the visibility and impact of informative materials on the prevention of underage gambling in the distribution network, FDJ decided – after organising a constructive dialogue with its retailers – to regularly change the poster stipulating the ban on underage gambling displayed at points of sale. The ultimate goal is to heighten the visibility of the ban. A new version of the poster – in orange – was rolled out to PoS in 2020.

FDJ also kept its preventive information campaign running in media targeting the general public, though at an altered schedule due to the health crisis. As a result, the communication plan was initiated in June after the first lockdown ended.

For the second year in a row, FDJ conducted a responsible gaming ad campaign to promote recreational gaming and remind the public of the ban on underage gambling. Consisting of six ads broadcast on TV and digital channels, the campaign included two ads dedicated specifically to prevention of underage gambling:

- the first stressed that underage gambling is prohibited, even under the supervision of an adult, in order to further raise awareness among adults;
- the second pointed out that retailers can ask to see ID as proof of the player's age.

Next, the campaign specifically addressing sports betting by minors, already broadcast in 2019 (featuring sports journalist Thomas Thouroude), was re-broadcast on TV in July and October.

Lastly, short films on responsible gaming, backed by sales campaigns dedicated to scratch games in the second half of 2020, once again highlighted the ban on underage gambling, particularly during the "scratch game gift packages campaign" in December 2020.

These campaigns were aligned with the responsible gaming communication policy defined by FDJ Group in 2019. Furthermore, 10% of the total TV ad budget is set aside for responsible gaming communications, with a focus on prevention of underage gambling. In 2020, this represented more than €2.5 million (vs. €2.3 million in 2019), i.e. over 10% of the total TV ad budget.

Performance indicator: percentage of total TV ad budget dedicated to responsible gaming communications

2019	2020
10%	**10.1%**

In addition, FDJ continued strictly complying with regulatory obligations governing exposure of minors to gaming advertisements. FDJ defined additional rules to limit the percentage of minors in the general public exposed to its campaigns, excluding TV stations targeting young people and in choosing social medial influencers as partners.

2.5.3.2 Preventing excessive gambling

Gambling, which can be addictive, may create a risk of addiction for some players. For many years, in keeping with its commitment to a gaming model that is intended to be recreational and responsible, the Group has deployed significant efforts to prevent excessive or even addictive gambling behaviour. In accordance with applicable legislative and regulatory provisions, FDJ is required to implement an action plan – subject to ANJ approval – specifically aimed at preventing excessive gambling and promoting reasonable gaming practices.

The prevention of excessive gambling behaviour and the detection and support of persons in vulnerable situations is the second major focus of FDJ's actions to promote responsible gaming. FDJ is continuing to strengthen its actions in this area based on six areas of focus:

- evaluation of the gaming range and advertising/promotional initiatives;
- supporting players and monitoring their habits;
- training for retailers and the sales force;
- preventive information on the risks associated with excessive gambling;
- detecting persons in vulnerable situations and offering them support;
- support for big prize winners.

Evaluation of the gaming range and advertising/ promotional initiatives

The gaming range and promotional/advertising initiatives are evaluated through a process of interaction between FDJ's responsible gaming and Marketing teams, as well as its stakeholders. Gaming ranges are also monitored by the regulator, under the licensing system, with all gaming and betting activities operated by FDJ under exclusive rights subject to licensing requirements.

The Group implements a special process for innovations, ensuring that the challenges associated with the prevention of excessive gambling are factored in at the operational level, which involves the responsible gaming teams and applies the analysis charts developed by FDJ in conjunction with experts (see "Developing new responsible games").

A committee of experts comprising a range of professional profiles – addictive behaviour, psychiatry, psychology, human sciences – is consulted regularly on the development of game ranges, as well as new services made available to players to help them control and monitor their gaming habits, throughout their gaming experience, such as a chart that can be used to assess the potential risks of proposed games (Serenigame®), game moderators and a software tool used to detect high-risk gaming habits.

Supporting players and monitoring their habits

FDJ provides its online players with several tools for monitoring and controlling their online gambling practices:

- Playscan™, developed by the Swedish lottery, assesses the level of risk associated with the players' gaming habits (classified as green, yellow or red) and helps define a behaviour profile (as well as changes in the profile), which is shared with players. In 2020, 93.1% of players were identified as having a "green" risk level, which was stable relative to 2019. The percentage of players mostly rated yellow or red was also virtually stable (5.2% and 1.7%, respectively, versus 6.3% and 2.1% in 2019). The goal for 2025 is to make further progress and keep the percentage of "green" players above 90%.

  In the interest of shedding more light on gaming habits and providing more personalised messages informing players of changes in their Playscan™ status, a new type of preventive message was tested from the Playscan™ interface in 2020 with a broad population of fdj.fr online players.

Shorter, more specific and more direct, this message tells players how likely they are to develop problem gambling habits, based on how their gaming practices have evolved.

The results of the trial indicated that players were interested in receiving this type of information. As a result, the new message was made available to all FDJ online players.

Performance indicator: distribution of online lottery and sports betting players according to Playscan™ evaluation

	2019	2020
Green	91.6%	93.1%
Yellow	6.3%	5.2%
Red	2.1%	1.7%

Playscan™ analyses players' online gaming habits over the preceding five weeks. The indicator, calculated according to the player's predominant colour classification, shows the breakdown of players by their Playscan™ colour. Players assessed as "green" have risk-free habits. Players assessed as "yellow" have habits with a moderate risk of developing a gambling problem. Players assessed as "red" have habits exposing them to a higher risk of developing a gambling problem. The vast majority of players have a green Playscan™ status.

In November 2019, the Playscan™ analysis model was optimised to make it better suited to fluctuations in gaming habits. The optimisation impacted the distribution of players by Playscan™ colour. 2020 data confirmed the trend observed in 2019, i.e. an increase in the percentage of "green" players (+1.5 pt), automatically reducing the percentage of "yellow" and "red" players (-1.1 pt and -0.4 pt, respectively).

- Game moderators allow players to set limits for themselves. In addition to game moderators, which are a regulatory requirement (in particular, a mandatory stake-capping moderator, with the amount of the cap set by online players), FDJ has taken active steps to develop a more restrictive and targeted moderator approach. As of 2018, a new moderator is in place, targeting players whose gaming habits present the greatest risk. It forces them to set a daily limit that cannot exceed €150. The moderator system was expanded in May 2020 to cover a broader scope of players subject to high-risk habits, and the daily cap was lowered to €140 per day.
- In addition to these tools, players can also impose a temporary self-ban or have their name placed on the gambling exclusion list maintained by the ANJ.

Training of employees, retailers and the sales force

Employees

Since the end of 2016, FDJ has trained its employees on the issues associated with the responsible gaming policy through a COOC (Corporate Open Online Course), the content of which is predominantly focused on the prevention of excessive gambling and underage gambling.

In 2020, FDJ worked to improve the CSR aspects of its training programme for all employees, with the aim of refocusing educational content on the Group's key CSR considerations divided into six main themes (responsible gaming, integrity, human resources, solidarity, French regions, environment) in a more interactive and dynamic format. Efforts to overhaul the Level 1 CSR training programme (especially the responsible gaming category) were delayed by the health crisis and will be finalised by end-2020 for implementation in early 2021.

Retailers and sales force

In 2020, for retailers doing a substantial business volume, the Group focused its efforts on a new programme including an enhanced module targeting the risks of underage gambling (testing out a new virtual reality tool that puts retailers in real-life scenarios) and problem gambling (multiple workshops dedicated to role-playing and other real-life scenarios, plus awareness of sales on credit).

Due to the health crisis, this ongoing training programme for retailers was suspended during the first lockdown.

Preventive information on excessive gambling risks

In keeping with the first preventive information campaign on responsible gaming broadcast on TV in 2019, FDJ stepped up its initiatives in 2020, putting out six spots (including a new spot on excessive gambling).

The purpose of the spots is to inform FDJ clients that there are excessive gambling prevention tools available to them, and to offer them helpful practical gaming advice. Each spot focuses on a specific message. The new spot broadcast in 2020 reminds struggling players that they can call the Joueurs Info Service hotline. The three spots already shown in 2019 were also re-broadcast, highlighting the Playscan™ tool, the PoS self-assessment test and management of betting limits.

On the heels of the ad campaign, and on the advice of its Social Laboratory, FDJ conducted a survey – based on behavioural economics methods – aimed at assessing the impact this type of campaign has on player habits. The results showed the positive impact of TV campaigns focused on preventing excessive gambling that highlight RG tools, in terms of impact on players' risk appetite and the benefit of encouraging them to use the tools at their disposal (Playscan™ and betting limits, in particular).

In response to the heightened risk of developing problem gambling habits online sparked by the health crisis, FDJ rolled out an enhanced awareness-raising programme on fdj.fr during lockdown. The main goal of this approach was to provide more information to online lottery players. The programme was offered on all channels (PC and mobile app) and comprised four key measures:

- a banner and Covid-19-oriented page invited players to (re)view the "tools and advice for recreational gaming";
- special content on the responsible gaming page, stressing the specific risks associated with lockdown conditions as highlighted through multiple prevention videos;
- a responsible gaming newsletter issued in mid-April to all fdj.fr players having agreed to receive business-related communications, reminding them of the risks associated with lockdown conditions, best practices and responsible gaming tools;
- a prevention mechanism specific to the FDJ app, with contextualised interstitial ads.

Detection and support of persons in vulnerable situations

For several years, the Group has been developing systems aimed at identifying and then guiding persons in vulnerable situations. These initiatives are based on a system for detecting and managing risky situations requiring the training of employees and retailers.

To detect and manage atypical situations and potential risks, collaborative bodies comprising representatives of the various business lines involved (including the internal responsible gaming team) meet to address reports concerning retailers and players. These types of initiatives are aimed above all at directing persons in vulnerable situations to gambling support structures (SOS Joueurs, etc.) or to local healthcare or social workers such as the CSAPA (centre for the care, support and prevention of addiction). On its websites, FDJ also provides players with the contact details of helplines and support structures for problem gambling, which offer specialised information pages such as the Addict'Aide, internet portal developed by Fonds Actions Addiction.

In the interest of managing certain individual cases of vulnerability, FDJ encourages people to contact these organisations and/or works with them to ensure they receive appropriate care. Each of FDJ's partner helplines (SOS Joueurs, e-Enfance, Crésus and Institut du Jeu Excessif) holds specific expertise in its respective field, enabling persons in vulnerable situations to find help and the right tools.

In the exceptional circumstances created by lockdown, FDJ stepped up its support measures in an effort to prevent vulnerable situations from developing or growing worse, as many experts feared. Two special programmes were established and tested for players and retailers:

- the first, targeted to online lottery players, combined an early detection approach with a telephone outreach campaign. Identified players were contacted to remind them, should they feel the need, of the best practices they could apply to maintain recreational gaming habits and, where applicable, to encourage them to contact help/support structures to review their habits. The telephone outreach campaign focused on two separate groups of players:
  - new players who signed up during lockdown and recorded the highest loss rates,
  - players already signed up on fdj.fr before the crisis, who recorded a higher loss rate compared to the pre-lockdown period;
- the second, targeted to retailers, was developed in partnership with Sedap and offered a forum for feedback and discussion to retailers suffering psychological distress.

Responsible gaming partnerships

The design and implementation of these various measures and systems are underpinned by a policy of forming partnerships in the field of research and prevention, which in turn informs the responsible gaming action plan (RGAP). This policy helps strengthen expertise and circulation of knowledge in the fields of gambling and addictive behaviour. It draws on the guidelines for the 2018-2022 Mildeca [(1)] anti-addiction plan. The policy rests on three pillars:

1. helplines for vulnerable players;
2. research in addictive behaviour, and in human and social sciences;
3. harm and risk reduction initiatives and trials.

FDJ Group has set a goal of continuing to provide responsible gaming partners with aid of more than €1 million by 2025.

Performance indicator: amounts paid with respect to responsible gaming partnerships

2019	2020
€1,070 k	**€1,211 k**

FDJ supports researchers and associations that independently conduct studies or preventive actions, as well as structures that support struggling players or their friends and family. In 2020, amounts paid with respect to RG partnerships totalled more than €1.2 million (versus nearly €1.1 million in 2019):

- 25% went to helplines;
- *33% went to prevention and enhancement of psychosocial skills through initiatives carried out by major players in solidarity and education;*
- *42% went to scientific research and distribution of knowledge, particularly in the field of problem gambling, as has been the case for over a decade.*

Support for big prize winners

In 2020, 362 players won more than €500,000 in FDJ games (i.e. nearly one winner every day). FDJ invites players who win €1 million or more to take part in a comprehensive support programme, including individual personalised acclimation at the time of payment. Players are also provided with group support (free and à la carte) in the form of workshops over a five-year period. The aim is to help brand new millionaires adjust to the impacts of winning on their lives, particularly in terms of financial and emotional management. These sessions give them an opportunity to learn, express their feelings and share their experiences. The programme, put together with the winners themselves, has evolved over the years as social norms have changed.

From a more general standpoint, FDJ is one of the few lotteries in the world to offer its major prize-winners such a vast support system.

The health crisis affected the payment of prizes, particularly during the two lockdowns. FDJ extended the claim deadlines on its games so that all winners could collect their prizes at the end of the lockdown. The support programme for big prize winners was also modified. Overall, thirteen workshops were held in 2020, eight of which by videoconference, on various topics (finance, notary public services, personal development). 241 people participated in the online workshops (big prize-winners and their coaches). 44% of winners in 2020 took part in at least one workshop over the year.

In 2021, FDJ plans to continue adapting its support system to meet the needs and habits of winners. An in-person and remote workshop programme will be made available to winners. A new approach will also be rolled out for winners of prizes ranging from €500,000 to €999,999, with a special exclusively-online support programme.

Support for big prize winners allows FDJ to get to know its customers and their habits better. When the Company identifies a big prize winner presenting a risk of excessive gambling behaviour, the payout can be an opportunity to raise awareness, especially in view of the winner's new financial situation, which could well generate additional risks. In cases like these, a member of the responsible gaming team can be asked to attend the payout.

(1) *Mission interministérielle de lutte contre les drogues et les conduites addictive (Government programme aimed at combating drug use and addictive behaviour).*

2.5.3.3 Developing new responsible games

FDJ Group takes care to ensure that its development strategy is perfectly aligned with its responsible business model.

Its responsible gaming policy applies to all stages of its business. Before, during and after the marketing of a game, adapted measures accompany the development and commercialisation of the offer to promote recreational gaming. At the operational level, a specific process ensures that issues related to the prevention of excessive gambling behaviours are taken into consideration as part of the innovations produced by the Company. A trial phase is also run for new offers to identify their impact on player behaviour, to identify and consider possible changes to the game to foster recreational gaming.

At the design stage a new game and/or an innovation in the mechanics of an existing game, the level of attractiveness of the game offerings is assessed through analysis charts developed by FDJ together with experts. Three different matrix are used:

- a general matrix used to assess all gambling products sold by FDJ (universal Serenigame® chart developed in 2012);
- a matrix used to assess scratch games (Serenigame Grattage), commissioned in 2018;
- a matrix used to assess sports betting games (Serenisport) rolled out in 2019.

Serenigame® is a tool for assessing the appeal of a new or re-issued game in the design stage. Depending on the outcome of the evaluation, changes may be made to the game's mechanics or components. This matrix is used to analyse all new or re-issued games without exception.

Performance indicator: number of new or re-issued games subject to the universal Serenigame® matrix

2019	2020
43	**40**

Number of new or re-issued games subject to the universal Serenigame® matrix.

FDJ also supports trial mechanisms under its responsible gaming policy. For instance, Fédération Addiction has been conducting a trial since 2016 aimed at limiting high-risk behaviour and harm resulting from excessive gambling. To that end, it calls on care centres (CSAPA) involving two-person teams of professionals specialising in substance-free addictions. The two professionals hold "meet-ups" at participating points of sale. The purpose of the trial is to:

- facilitate the work of healthcare professionals, FDJ and its retailers in favour of vulnerable players;
- direct these players to organisations capable of offering them help.

FDJ is supporting two such risk and harm reduction trials, conducted by Fédération Addiction and Sedap, respectively. Six CSAPAs (centres providing care, support and prevention of addictive behaviour) and around 30 volunteer PoS took part in one of the trials:

- the "Meet-up" trial is aimed at bringing "substance-free addiction" professionals working with Fédération Addiction into contact with retailers;
- the "Entraide-auto support" trial conducted by Sedap is based on interactions between retailers and PoS clients (players and non-players) in a bid to help identify vulnerable players as early as possible.

A presentation of the trials was organised in eight cities around France. Three-hundred participants were able to share their experiences with these innovative programmes. They especially highlighted the benefit of the interactions initiated with retailers. They also expressed satisfaction at being able to fulfil their public health duties in complete autonomy. A variety of professionals were in attendance, with most being psychologists and educators in specialised fields, but also including some institutional representatives (regional healthcare agencies, prefectures, local authorities).

With a view to continuing the trial, a new tripartite sponsorship agreement was signed with Fédération Addiction in December 2019, running through 2022, to create conditions conducive to a new request for applications to extend the trial to new CSAPAs.

Outlook

Enhancing the responsible gaming policy by 2025 a priority for FDJ Group, with the aim of implementing an approached differentiated by gaming range and personalised for each player's habits. This approach will serve both to adapt prevention measures in line with the specifics of the various offers marketed by the Company (lottery, sports betting) and the risk profiles of players, particularly online players, whose game practices are more readily available, with a view to improving the detection and referral of players in vulnerable situations.

In 2021, FDJ will continue strengthening the Company's responsible gaming systems in three main areas:

- in terms of preventing underage gambling, FDJ will fully roll out its new action plan, initially scheduled for implementation in 2020;
- in terms of preventing excessive gambling, FDJ will permanently implement the programmes trialled during the health crisis on the digital lottery, and will continue measuring changes in problem gambling habits among all its online players;
- in terms of detecting vulnerable persons and directing them to support systems, FDJ will ramp up the implementation of its early detection and orientation systems for potentially problematic players while relying on the telephone outreach programme trialled in 2020 during the health crisis.

Lastly, in 2021 FDJ will continue broadcasting TV ads focused on responsible gaming, with a special focus on preventing underage gambling and meeting the 2019 commitment of spending 10% of its annual TV ad budget on responsible gaming spots.

2.5.4 Integrity

FDJ is fully committed to reducing the risks associated with the integrity of its business, with the goal of setting a good example and building trust in its gaming model. To that end, it is deploying and ensuring compliance with rules and procedures shared with its stakeholders.

Management of integrity risk contributes to SDG 16 and targets 16.5 and 16.6, referred to in the table below.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**SDG 16: peace, justice and strong institutions** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
	Target 16.5: substantially reduce corruption and bribery in all their forms. **Target 16.6:** develop effective, accountable and transparent institutions at all levels.
	FDJ's ambitions ◆ Contribute to fraud prevention. ◆ Contribute to prevention of money laundering. ◆ Contribute to prevention of corruption. ◆ Contribute to integrity of the sports industry.
FDJ's 2025 target Continue building trust in the business model.	

2.5.4.1 Combating gambling fraud

As a gaming and gambling operator, FDJ is exposed to various fraud risks liable to arise at different steps in the game marketing process. Combating fraud is one of the basic objectives assigned to FDJ in its roles as an operator. A specifications list defines the measures applicable to the Company. The Company strengthened its anti-fraud action plan in 2020, based on a three-pronged approach: anticipate, monitor and check.

Anticipate

All of the Company's plans in terms of products, infrastructures, systems, operating methods, regulations and publications are analysed beforehand by the Security division in order to identify fraud risks starting in the design stage.

For the purposes of marketing its games, FDJ's approach is based on a risk analysis calling for:

- incorporation of any vulnerabilities, including any risks inherent in each product range or process;
- knowledge and analysis of threats associated with contributing parties, marketing methods and distribution channels, and conditions for intervention;
- identification of gaming fraud scenarios.

By implementing this system, FDJ can make sure previously identified scenarios are kept in check and new risks associated with the plan are analysed.

Monitor

FDJ has established indicators to keep track of gaming activities in real time. The real-time fraud detection system serves to raise the alert, identify circumstances and means of fraud, and trigger corrective actions.

Audit

In addition to real-time detection, ex-posts checks are also performed in which a set of data is cross-checked to highlight unusual situations that will then be investigated for the purpose of classifying the fraud.

Acts of gaming fraud and attempted gaming fraud are addressed in three ways:

- precautionary measures: protective measures are taken immediately upon detecting situations indicative of fraud risk or the perpetration of gaming fraud: game sales and prize payouts are suspended, player accounts are blocked, gaming ranges are withdrawn, etc.;
- cooperation with the authorities: a complaint is filed with the competent authorities on any clear cases of fraud;
- accountability: the contract binding FDJ and its retailers requires compliance with procedures and training materials, and is subject to a penalty system applied in the event of breaches. When a fraud is discovered, the Company plans to terminate the contract. Furthermore, a 0.2% responsible gaming bonus is granted to retailers that observe transparency measures and behavioural measures aimed at protecting against gaming fraud risk and enhancing the security of the retailer-client relationship.

Performance indicator: fraud rate (non-payments) on remote debit card payments

2020
0.038%

FDJ was significantly below the national fraud rate set at 0.170% [1] in 2019 (most recent annual report published by the OSMP – Payment Instruments Security Observatory).

(1) Source: https://www.banque-france.fr/sites/default/files/medias/documents/820124_osmp2019_web_vf.pdf

2.5.4.2 Prevention of money laundering

Money laundering risks are inherent in the gaming and gambling industry, which is one of the non-financial professions subject to the anti-money laundering obligations laid down by the French Monetary and Financial Code. The stakes and challenges involved in combating the use of FDJ products for money laundering purposes are critical in a constantly changing and increasingly demanding legal and regulatory environment. In addition to complying with strict regulatory anti-money laundering obligations, FDJ works to maintain an upstanding gaming environment by actively combating criminal organisations (see "Money laundering risk").

Money laundering risks can be heightened in offline gaming activities, as the players are anonymous and substantial cash payments are in circulation. Against this backdrop, because sports betting is a game of skill, it is highly exposed to money laundering risk.

Accordingly, FDJ has established an Anti-Money Laundering and Counter-Terrorist Financing (AML-CTF) system, in accordance with a risk-based approach tailored to its business, client base, products, transactions, establishments and the distribution channels used. Each year, it submits its AML-CTF action plan for the following year to the ANJ.

The Security division is responsible for implementing the AML-CTF system through prevention, monitoring and audits. The operational structure works to prevent or audit potentially suspicious activity ("anomalies") detected by the Company in transactions and games, particularly those conducted offline.

Prevention

An assessment of money laundering and terrorist financing risks is performed whenever a new game is designed and a new service taken to market, in a bid to prevent, reduce or eliminate previously identified risks.

Training and empowering employees and retailers is also one of the keys to risk prevention. A large-scale anti-money laundering training programme targeted to the entire distribution network, initially scheduled to start in 2020, was pushed back to 2021 due to the health crisis. The new three-year course will be given to all retailers, and will be tailored and proportionate to the risks incurred by each retailer.

In the commercial sectors, the network of Anti-Money Laundering Officers, created in 2019, further focused the sales force on money laundering risks toward the end of 2020 through a dedicated e-mail campaign, which made it easier to escalate feedback from the field.

To assess the risk exposure of the distribution network, in 2020 FDJ submitted a survey for the second year in a row on knowledge of money laundering risks and associated obligations to a representative sample of 1,000 retailers. Overall, 79% retailers were well-versed in money laundering risks (vs. 67% in 2019). In addition to the survey, an AML self-assessment is available in the Profession Jeux magazine. FDJ is determined to make progress in this area.

Monitoring

The legal and regulatory framework requires gaming and gambling institutions to establish a transaction monitoring system based on KYC and detection of suspicious transactions.

As of 2018, FDJ set up Safergame, a software tool connected to its central website, used to detect anomalies liable to constitute PoS money laundering activities. Safergame analyses huge volumes of data to determine a risk score, based on a number of indicators such as the amount of stakes, the percentage of cancelled bets, the value of the average basket and the location of PoS in "high-priority security areas". Safergame provides an overview of activity at a given PoS, and particularly on stakes recorded over a set period (hours, type of game, sports, odds, etc.) PoS players can also be scored according to their gaming activity (amount and frequency of winnings, type of game, etc.) and other available KYC data (player profile).

In the sports betting segment, FDJ is continuously improving its resources for detecting and countering suspicious activity. It has set up a system that constantly monitors betting. If an anomaly is detected, an alert is raised in real time, resulting if necessary in an extensive analysis aimed at clarifying the circumstances and identifying the parties involved.

This due diligence mechanism calls for enhanced reviews for the purposes of assessing money laundering risk and meeting the obligation of reporting any of suspicious activity to TRACFIN, the French agency responsible for collecting intelligence and combating unlawful financial activity. In 2020, the Group issued 252 suspicious transaction reports (up from 158 in 2019).

Performance indicator: number of suspicious transaction reports to TRACFIN

2019	2020
158	**252**

The sharp rise in suspicious transaction reports can be attributed to the number of online client records, preventing FDJ from obtaining information on the origin of the client's funds.

Audit

Enhanced reviews conducted for monitoring may at times call for PoS inspections. In such cases, the inspectors go on-site to collect circumstantial data that can often be used to classify money laundering suspicions. On-site inspections also provide an opportunity to determine if retailers are meeting their regulatory and contractual obligations.

Responsible gaming obligations are also examined at that time. The PoS compliance rate [1] was 92.4% in 2020 (stable vs. 93.1% in 2019) (see "responsible gaming"). FDJ has set a goal of keeping this rate above 90% by 2025.

Performance indicator: overall compliance with responsible gaming and security criteria

2019	2020
93.1%	**92.4%**

Compliance checks were interrupted during the Covid-19 lockdown, partially due to the closure of certain PoS making it impossible to conduct on-site inspections. However, FDJ kept close watch on the PoS that remained open, given the potential for new risks associated with the exceptional circumstances. The distribution network was impacted by the economic crisis generated by the Covid-19 pandemic. As a result, the Group altered the audit and inspection plan, which then resumed gradually in autumn 2020 with adjustments made in response to post-lockdown conditions.

Outlook

In early 2021, an AML-CTF action plan will be submitted to the ANJ, in accordance with FDJ's obligations. The action plan will be centred on the following objectives and challenges:

- implementation of a risk-based approach to combating money laundering, terrorist financing and fraud (examination of higher-risk client profiles, higher-risk retailer profiles);
- accelerated development of the awareness-raising and training programme, with the launch of the three-year training plan covering 4,500 retailers coupled with employee, service provider and sales force training;
- application of a data science approach to data mining;
- enhancement of internal AML-CTF controls.

2.5.4.3 Personal data protection

Application of the EU's General Data Protection Regulation ("GDPR") took effect on 25 May 2018 and laid down the main principles and requirements for personal data protection in Europe, such as transparency, integrity, confidentiality of data processing operations conducted by data controllers, and the new rights of data subjects over their personal data.

Improving KYC to better meet the needs of its clients is a cornerstone of FDJ Group's strategy, which calls for the collection and use of a growing volume of personal data.

In the course of operating its business, FDJ relies on industry best practices and draws on multiple resources to protect the security and confidentiality of all Group data (especially personal data) against potential security breaches.

Data protection (particularly personal data protection) is one of the pillars of the information system security strategy, as identified in the Group Information System Security Policy. This strategy aims in particular to protect the personal data of players, retailers, employees and applicants.

FDJ implemented its information security management system (ISMS) in 2008 and had it ISO 27001-certified. In accordance with the ISMS, the Information System Security Teams conduct multiple risks analyses aimed at verifying that the data protection measures in place are adequate to the needs of the business lines and requirements of the Group Information System Security Policy (GISSP). Data protection (particularly personal data protection) is one of the pillars of the IS security strategy, as identified in this policy, covering the data belonging to clients, retailers, employees and applicants alike. The personal data protection policy goes into specific detail on FDJ's personal data protection requirements.

Multiple security measures have been implemented based on industry best practices, policies drafted by the Information System Security entity or risk management plans addressing risks identified during the various ISS analyses performed annually or for the purposes of completing specific projects.

FDJ regularly updates the set of standard security measures used to protect personal data. In 2020, technical audits conducted to identify potential failures in security measures implemented to protect the personal data of FDJ clients were strengthened. Furthermore, as a general rule information security awareness is a cornerstone of FDJ's security programme, ensuring that

(1) The compliance rate comprises six criteria: visibility of the results screen, presence of the "underage gambling is prohibited" sticker, underage gambling prevention posters, "Gambling and You" brochure, recovery of losing game documentation/presence of sticker asking for recovery of receipt, sale of expired tickets.

best practices are adopted by all employees. In Q4 2020, a videoconference training session on cyber risks was taken by more than 1,200 employees and all members of the Group Management Committee.

In 2020, FDJ enhanced its technical audits to identify potential failures in security measured aimed at protecting client personal data. During the ISO 27001 renewal audit in September 2020, FDJ was congratulated for its awareness-raising efforts.

FDJ implemented a cross-business GDPR compliance projected and established governance aimed at maintaining compliance and staying ahead of changes in laws and regulations governing personal data protection. The goal is to optimise transparency of personal data processing operations. In 2017, the Group launched an initiative called "Privacy by Customers", which relies on innovative tools and methods for collecting user feedback, in order to better understand their perceptions, needs and expectations in terms of personal data protection. To continually develop this initiative, FDJ conducts qualitative in-person surveys of players, non-players, user experience specialists and legal advisors. This multi-initiative approach will continue long into the future, and findings will be shared with other companies belonging to professional associations, and with the CNIL (French data protection agency). FDJ is taking pains to improve the process for obtaining user consent to install cookies.

FDJ also keeps a data processing log recording all personal data processing operations carried out. This database documents cross-business, technical and organisational security measures implemented by the Company. The ultimate goal is to protect all personal data processed by FDJ and to guarantee the integrity, confidentiality and availability of personal data transiting through FDJ's information system.

FDJ applies security best practices in terms of:

- user information and awareness: persons in charge of handling personal data are duly informed and made aware of the associated risks. They are required to sign a confidentiality agreement in their employment contract. The charter governing the use of IT resources and digital tools, containing an item addressing the confidentiality of personal data, forms one of the appendices to the Internal Rules. This charter is presented to all new employees as they take part in the general security awareness process conducted by the Security division.

  There can be multiple threats taking a variety of different forms: cyberattacks, sensitive data leaks, unlawful behaviour, denial-of-service attacks, fraudulent bank transactions, identity theft, personal data theft, etc. To address this wide range of threats, FDJ has installed tools to monitor and test the various components of its information system;
- identification, authentication, authorisation and traceability of user activities;
- encryption and use of cryptography tools;
- incident traceability and management;
- vulnerability management;
- secure access to personal data.

FDJ has drafted a series of policies and documents governing IT security best practices.

FDJ Group is careful to protect the anonymity of prize winners by stressing the importance of data storage and restricted access. It is especially vigilant in protecting their anonymity with respect to external third parties, particularly the media in pursuit of stories on big prize winners.

FDJ plans to further develop the cookie management policies on its websites and apps in 2021 in order to meet new CNIL requirements, and will move forward with its "Privacy by design" initiative when health conditions permit.

Performance indicator: number of employees having completed GDPR awareness-raising initiatives

2019	2020
266	**102**

The goal for 2021 is to train all new employees in all facets of personal data protection.

2.5.4.4 Prevention of match fixing

In the course of its activities in the sports industry (sports betting games and athletic sponsorships), the Group is directly exposed to the risk of match fixing. Because this type of activity can undermine confidence in athletic competitions and in the integrity of sports betting, FDJ has taken a strong stance (see "Risks associated with athletic competitions").

The health crisis brought athletic competitions to a complete halt before they were gradually resumed, striking a blow to sports activities both nationally and worldwide. Match fixing risks rose sharply as a result, under the influence of criminal networks. In July 2020, Interpol, the International Olympic Committee and the United Nations Office on Drugs and Crime teamed up to publish a report on this troubling phenomenon, in a bid to develop prevention and encourage the sports industry to oversee the effective monitoring and integrity of their competitions.

FDJ Group is deeply committed to the fight against match fixing around the world, often linked to fraudulent betting. Decree No. 2019-1060 of 17 October 2019 consolidated the tasks assigned to FDJ by the State, particularly regarding the installation of the tools required to detect sports betting anomalies, prevention programmes targeting sports industry professionals, and FDJ's participation as a member of the French national anti-match fixing platform.

The Group works alongside European and global lottery associations to establish national and international cooperation with the sports industry and government authorities aimed at improving the effectiveness of sports integrity policies.

Prevention

A broad plan to promote the integrity of athletic competitions has been implemented on several fronts. The Group carries out internal awareness-raising and training initiatives to combat match fixing through regular communication with all employees and special training for employees working directly or indirectly on sports betting activities.

In 2020, awareness-raising initiatives were also carried out with representatives of sports federations (French Basketball Federation, French Handball Federation), professionals, managers and young athletes of the Olympique de Marseille, Olympique Lyonnais, AS Monaco and FC Nantes football clubs, as well as young athletes and managers of football club training centres involved in the FondAction du Football programme. Between April 2019 and February 2020, six hundred members of the French sports industry took part in match fixing awareness initiatives conducted by FDJ.

The health crisis disrupted the regular schedule, but some awareness-raising sessions were held remotely.

In 2020, FDJ once again addressed the protection of integrity in the sports industry in all its athletic partnerships, including with Olympique Lyonnais and Olympique de Marseille.

In 2019 and 2020, the Group was a major contributor on the national platform to a digital French multi-sport system for reporting match-fixing suspicions called "Signale!". The tool, co-funded by the French Sports Ministry and the CNOSF [1], will be made available to French sports industry professionals in time for the 2021 Tokyo Olympic Games. A plan is in the works to expand "Signale!" in 2021 to include other problems associated with integrity in sports (discrimination, violence, doping, etc.).

Furthermore, in accordance with the Pacte Act and the new regulatory framework published in 2019, the amendment of the French Sports Code authorises FDJ to monitor compliance with the ban on betting by sports industry professionals at PoS, in cooperation with participating federations (Order No. 2019-1015 of 2 October 2019).

Monitoring

In 2020, FDJ created a new organisation responsible for auditing its sports betting activity, thus expanding its capability for detecting anomalies, including a Trading Risk Management Department in the Sports Betting business unit. This department will further develop synergies between the Business Unit, the Sports Betting Oversight Department and the Sports Integrity Department.

For the purposes of monitoring sports betting in the distribution network, FDJ submitted 20 major anomaly alerts to the national platform in 2020 (v. 28 in 2019).

As a member of the Executive Committee of the Global Lottery Monitoring System (GLMS), an association of international lotteries that pools its sports betting monitoring data, FDJ is helping enhance the effectiveness of international competition oversight in the interest of sports integrity. In July 2020, GLMS set up a new monitoring centre in Canada, with other centres in Hong Kong and Denmark able to monitor all members [2], partners in the international sports industry and public authorities 24/7.

Cooperation

In France, FDJ has taken part since 2020 in the plan to create a set of sports integrity standards, launched by the French Sports Ministry and led by Afnor in preparation for the 2024 Paris Olympic Games. Three framework standards will be developed to standardise the integrity of organisations, competitions and sports industry professionals. These efforts can then serve as a foundation for building an ISO standard.

Furthermore, in the course of its eSport activities [3] under the NCOVR brand, the Group has established a code of ethics and a Code of Conduct for participants in eSport tournaments organised by NCOVR.

On the international stage, FDJ continued making a financial and human contribution to the Council of Europe's KCOOS+ (Keep Crime Out of Sport +) project from 2018 to 2020. KCOOS+ is designed to facilitate the implementation of the Convention on the Manipulation of Sports Competitions, also known as the Macolin Convention, aimed at harmonising international regulations and practices to combat match fixing.

FDJ is also a stakeholder in Copenhagen Group, run by the Council of Europe, which comprises around 30 national platforms aimed at facilitating operational cooperation between existing platforms and helping create new national platforms. Copenhagen Group is thus working on the practical implementation of the Macolin Convention.

As of end-2020, this implementation will be officially taken over by the new Follow-Up Committee, created upon the ratification of the convention in 2019.

Performance indicator: number of alerts transmitted to the national platform

2019	2020
28	**20**

(1) *French National Olympic Committee.*
(2) *For the list of members, go to: https://glms-sport.org/glms-members.*
(3) *Video game competitions (solo or team-based, online or in-person).*

2

2.5.4.5 Promoting ethical business management and fighting corruption

FDJ Group is subject to the Sapin II Act and, accordingly, is required to implement a programme to prevent and combat corruption and influence peddling.

The impact of potential acts of corruption on the Group are not limited to sanctions due to failure to comply with laws, but also include consequences affecting the reputation of the Company and the trust of its clients, shareholders, investors, partners and employees.

Ethics policy

In the course of conducting its business [1], and as stated in its Ethics Charter, FDJ Group observes the fundamental ethical principles of compliance with laws and regulations, sharing a culture of integrity, respecting employees and stakeholders, and engaging in constructive dialogue with civil society.

The Ethics Charter is paired with an anti-corruption Code of Conduct that defines and illustrates the types of behaviours that should be avoided, as they are liable to constitute breaches of fairness, and describes the high-risk situations and rules to follow to comply with the "zero tolerance" policy against acts of corruption. The Ethics Charter and the anti-corruption Code of Conduct, appended to the Internal Rules, have been handed out to all employees and are accessible at all times.

The Ethics Charter is also available to the public on the institutional website.

The anti-corruption Code of Conduct is supplemented by procedures made available to staff. These include:

- a procedure covering gifts and invitations;
- a procedure on the prevention, reporting and management of conflicts of interest;
- a whistleblowing procedure;
- a third-party assessment procedure.

Prevention of corruption

2020 provided an opportunity to continue the Group's efforts to instil an anti-corruption culture and implement the anti-corruption programme established simply by continuing to apply Group rules and procedures and providing ongoing support to its staff (communication campaigns, in-person and online training, business line support by the team in charge of anti-corruption compliance).

In accordance with the provisions of the Sapin II Act, the anti-corruption and influence peddling programme rests on eight pillars: the anti-corruption Code of Conduct, the whistleblowing system, the corruption risk map, the client and supplier assessment procedure, the accounting controls procedures, training courses in corruption and influence peddling risks, anti-corruption disciplinary measures, and the internal control and assessment system.

To implement its corruption prevention and detection system, the Group set up an organisation tasked with building, deploying and regularly auditing compliance with commitments. This system started operating in 2017, immediately after the Sapin II Act came into force. Multiple initiatives have been undertaken over the years, including in 2020:

- in-person training of Group Management Committee members and their management teams;
- two internal communication campaigns (March 2020, Groupwide anti-corruption month, and end-2020) to raise employee awareness of anti-corruption issues and Group rules/procedures (video, posters, mugs, funny videos, intranet articles, e-learning game);
- e-learning module to train employees in the fundamentals of anti-corruption and the FDJ Group anti-corruption programme;
- continuation of third-party assessments, in close cooperation with the network of anti-corruption officers;
- an audit of the deployment of the anti-corruption programme, conducted by an external firm;
- expansion of the Group's network of anti-corruption officers, tasked with representing the programme at their respective entities;
- support for the FDJ Corporate Foundation in incorporating anti-corruption requirements;
- participation in the Selection Committee in charge of selecting responsible gaming partnerships.

Efforts in 2021 will predominantly focus on:

- enhancing the third-party assessment procedure;
- updating the corruption risk mapping system;
- updating the anti-corruption Code of Conduct;
- helping subsidiaries fully incorporate the anti-corruption programme;
- advising on sponsorship projects (FDJ Corporate Foundation, responsible gaming, etc.).

With its ongoing efforts to raise awareness and train employees, FDJ Group strives to promote responsible and transparent behaviour, which is essential for the sustainability of an ethical culture.

Performance indicator: number of Group employees trained in ethics and anti-corruption

2019	2020
222	**738**

At end-2020, 39% of employees had been trained in ethics and anti-corruption, i.e. 960 total employees. FDJ enhanced its anti-corruption training programme in 2020, continuing the in-person training sessions and launching a mandatory e-learning module for all Group employees in early December. By rolling out this module, the Group was able to quickly train a large number of employees in the anti-corruption programme.

(1) The Ethics Charter is available on the institutional website: https://www.groupefdj.com.

Responsible tax policy

In the fight against tax evasion, FDJ has made transparency and tax compliance the priorities of its tax policy. The Group takes care to comply with all tax rules and laws applicable in all countries of operation. In particular, all tax returns required by laws and regulations are duly filed, and all taxes and levies are paid accordingly.

With regard to cross-border transactions, FDJ complies with the OECD guidelines and ensures that the transfer pricing policies implemented within the Company comply with the arm's length principle.

One of the tasks of the Tax Department is to define transfer pricing policies applicable within the Group and to ensure that they are properly applied. To avoid artificial transfers of profits, the Group applies the arm's length principle, which aims to ensure that transactions within an international group are priced as if they had taken place between independent parties. In 2020, the Group's tax expense was €85 million, meaning its effective tax rate was 28.6%. FDJ SA's contribution to Group tax was €81 million.

Performance indicator: FDJ Group's effective tax rate

2019	2020
33.5%	**28.6%**

Prevention of conflicts of interest in research partnerships

Research and trial partnerships are an essential pillar of FDJ's Responsible Gaming policy. They contribute to research and the sharing of knowledge in the field of gambling and addictive behaviour, and form a foundation for the Company's work on Responsible Gaming mechanisms targeted at players. To guarantee the independence of research and protect parties against potential conflicts of interest, these initiatives are conducted in accordance with ethical guidelines ensuring the independence of supported entities:

- examination of projects in accordance with the Sapin II Act (identification of potential concerns such as conflicts of interest, etc.);
- an internal project selection committee comprised of the Audit, Risk, Controls, Quality and Ethics, Legal, Finance and CSR divisions (see ethics policy above);
- no participation by FDJ Group in the governance of projects dedicated to research on addictions and prevention of underage gambling;
- respect for the independence of the scope of research and professional practices of each partner.

A specific ethical framework has also been defined for the purposes of risk and harm reduction initiatives targeting struggling players, and involving professionals in the medical and social services sector and the Group's sales network (see "Responsible Gaming"). Accordingly, a special ethics charter has been signed with Sedap [1], a highly committed organisation that works directly at PoS alongside FDJ employees when players with potential gambling problems are identified.

This ethical programme was expanded with Fédération Addiction to include day-long presentations of risk and harm reduction trials in the regions.

Prevention of anti-competitive practices

FDJ operates under exclusive rights (online lotteries, PoS lotteries, PoS sports betting) as well as in open competition (online sports betting) in the traditional gaming sector. In recent years, the Group has diversified its activities and launched initiatives in new competitive and/or developing markets, namely eSport, online entertainment games and the provision of services to sports betting operators. Given the monopoly held on the large majority of its activities, this duality of operations exposes the Company to greater risks under competition law, particularly in terms of abuse of a dominant position.

In 2019, FDJ developed a guide for employees to prevent risks of non-compliance with competition law, listing situations that pose risks for the Company, as well as the best practices employees can adopt to avoid any breaches of competition law. In 2020, FDJ focused its efforts on the new activities subject to open competition undertaken by the "Entertainment" and "Payment Services" ABUs (Acceleration Business Units).

In 2021, FDJ plans to resume training session for employees with the greatest exposure to non-compliance risks.

Integrity of the Groupama-FDJ cycling team

Working closely with its partners and stakeholders, FDJ has for many years contributed to the fight against corruption in sports by sharing the information it has collected, particularly by monitoring unusual sports betting activities in France and abroad, and by conducting multiple prevention initiatives targeted to professionals in the French sports industry.

As an illustration of the Group's commitment to sporting partnerships, it started investing in cycling sponsorship back in 1997. The cycling team (dubbed the Groupama-FDJ cycling team in 2018), has since played an active role in the fight against doping and is recognised for its commitment. In accordance with the value placed on responsible sponsorship, FDJ focuses its initiatives on raising awareness and providing cyclists with guidance in ethics and integrity (zero tolerance for doping). One of the preventive measures implemented was the daily collection and analysis of cyclists' power output data, overseen for nearly 20 years by Frédéric Grappe, a former research scientist and director of the performance unit. In addition to the controls imposed by the International Cycling Union (UCI), anti-doping checks are also performed by the Medical Unit for the Continental and World Tour teams.

(1) *Société d'entraide et d'action psychologique.*

In 2020, the managers of the cycling team were trained in FDJ Group's anti-corruption and influence peddling programme, covering gifts and invitations, conflicts of interest, the whistleblowing procedure and third-party assessment.

FDJ Group planned an anti-corruption awareness-raising session for all members of the cycling team in 2020, which had to be pushed back to 2021 due to the health crisis.

Lastly, FDJ is a founding member of the Movement for Credible Cycling (MPCC), whose goal is to promote clean cycling, transparency, responsibility and mobilisation among its members. FDJ runs the sponsors programme, and was behind the Sponsors' Charter, which states that sponsors undertake not to apply pressure to athletes to achieve results. The Groupama-FDJ cycling team was the first on which all cyclists were individual members of the MPCC, followed by the Continental team and the FDJ-Nouvelle Aquitaine-Futuroscope women's team (which FDJ Group has sponsored since 2017). In keeping with the "Cycle Formation" programme initiated by the FDJ Corporate Foundation, which aims to support talented young athletes in their dual academic and sporting endeavours, the Group helped create the Groupama-FDJ Continental Cycling Team. This new achievement underscored its commitment to cycling as a sport and, more specifically, to providing ethics and other training to the talented young athletes poised to become elite members of the cycling industry in the future.

2.5.4.6 Promoting responsible purchasing

In the course of its activities and business relations, FDJ promotes responsible sales practices and works to prevent unethical practices (human rights violations, adverse impacts on the environment, excessive levels of dependency) by its suppliers and partners.

The Group is committed to building balanced, sustainable relations with its suppliers to ensure the continuity and fairness of its value chain. To that end, in 2014, FDJ signed the Responsible Supplier Relations Charter, drafted by Médiation inter-entreprises, the aim of which is to raise awareness of responsible sourcing challenges and the quality of customer-supplier relationships among economic operators. In the interest of continuously improving its sourcing practices, FDJ is working to obtain the "Responsible Supplier Relations & Purchasing" label awarded by Médiation inter-entreprises. This label is an extension of the principles laid down in the Charter. It aims to distinguish companies whose practices demonstrate sustainable and balanced relationships with their suppliers. FDJ conducted a pre-audit in December 2020 with an accredited evaluation agency to assess how well it meets the label's requirements: the results were encouraging and pointed to real progress in its purchasing practices.

In 2020, FDJ updated its Purchasing Policy to align with the 2020-2025 strategic plan [1]. The policy rests on four pillars (economic performance, supplier relations, responsible purchasinging and human capital) and underpins four development drivers (services for business lines, innovation, international development and risk management).

In the interest of ongoing support and continuous improvement, FDJ has divided its suppliers into segments in order to tailor its oversight to the top priorities of its business lines and its challenges in terms of performance and innovation. CSR criteria are incorporated in the oversight of suppliers, primarily through CSR performance assessments (e.g. Ecovadis), and by increasing the weight of the CSR criterion to at least 8%, whenever possible, in the bid assessment charts.

FDJ is committed to encouraging its suppliers to reduce their greenhouse gas emissions in accordance with the Science Based Targets initiative (see "Environment"). FDJ assesses the environmental impact of the activities exercised by its suppliers and service providers through CSR performance assessments (e.g. Ecovadis). Nine different environmental criteria are assessed: energy consumption and GHG emissions, water, biodiversity, local and accidental pollution, raw materials, chemicals and waste, product use, end-of-life products, protection and promotion of consumer health and safety, and environmental services.

FDJ planned to assess all major and strategic suppliers in 2020, i.e. 80% of total purchases.

the Company assessed 65 suppliers in 2020, with an average score of 58.3/100 in the environmental category.

FDJ also included a CSR clause in all General Terms and Conditions of Purchase. In 2021, plans to include a special environmental clause for suppliers liable to generate environmental risk.

By 2025, FDJ aims to achieve "zero payment default" on supplier invoicing to protect their financial viability. In 2020, the average payment period was 42 days (under the required legal 60-day period, barring exceptions), versus 53 days in 2019.

The health crisis undermined multiple economic operators, and hit certain Group suppliers and service providers especially hard.

During the crisis, FDJ systematically enrolled suppliers in a paperless invoice platform, making it easier to pay them promptly when the postal system was no longer working (by end-December 80% of invoices were paperless).

FDJ dealt with several different situations with the aim of maintaining balanced, sustainable relations with its suppliers: some suppliers were forced to cease operations; others had to reduce their services in an effort to maintain stability; and some suppliers and partners faced cash flow problems, submitting requests for prepayments or deposits via the Company's mediator.

The health crisis served as an opportunity to develop relationship management with suppliers forced to stop doing business through mediation. A dedicated working group was formed to coordinate the supplier mediation unit, comprising the Sourcing, Finance and Legal divisions and FDJ's mediator. This multi-disciplinary and cross-business team meets on a weekly basis, applying the special request process for suppliers and partners experiencing cash flow problems (the process was distributed Groupwide in March 2020).

(1) The Sourcing Policy is available on the institutional website at www.groupefdj.com.

The working group defined multiple criteria for analysing the critical situations listed above:

- company size: special focus on SMEs/ISEs (< 250 employees and/or < €50 million in revenue) and suppliers with a given level of seniority;
- hard-hit sectors: event planning, hospitality, travel, temporary employment, etc.;
- analysis of the supplier's situation, including in particular economic dependency.

Overall, 40 prepayment requests were processed, for a total of around €2.5 million, i.e. approximately 0.5% of total annual purchases.

This initiative has been maintained and contributes to responsible sourcing practices. FDJ also shared this exceptional crisis management procedure with Médiation Inter-Entreprises (French Economy and Finance Ministry).

Through the purchases it makes, FDJ contributes to the economic, social and societal vitality of the regions, with nearly 87% of purchases (by value) made in France (i.e. €426.2 million) and 61% from SMEs and ISEs (i.e. nearly €260 million) (see "French Regions").

FDJ Group undertakes to support purchases from disability-inclusive businesses. The Group aims to continue increasing purchases from this sector by 2025.

In 2020, €745 thousand in purchases were invoiced by ESATs (vocational rehabilitation centres) and EAs (disability-inclusive companies), versus €749 thousand in 2019.

In July 2020, FDJ joined Pas@Pas (an association promoting the development of solidarity sourcing) to encourage purchases from disability-inclusive businesses (provision of a directory listing EAs, ESATs and independent workers with disabilities).

Performance indicator: amount of Group purchases from ESATs and EAs

2019	2020
€749 k	**€745 k**

The amount of purchases remained stable in 2020 despite the health crisis.

Outlook

In line with the pre-audit conducted in December 2020, FDJ will apply for the label certification in 2021.

FDJ regularly assesses the satisfaction of its suppliers and internal clients by performing a survey aimed at:

- measuring overall satisfaction;
- highlighting general factors and categories of satisfaction or dissatisfaction;
- identifying supplier expectations in terms of FDJ's sourcing process;
- determining and prioritising areas for improvement in order to improve satisfaction.

Launched in November 2020, the satisfaction survey now includes a responsible sourcing assessment, with suppliers indicating a stable level of overall satisfaction at 96% (identical to 2018) and improved understanding of the sourcing policy. This score reflects a significant improvement in processing times in the request for proposal and contract management stages. In the interest of continuous improvement, FDJ shares best practices with its suppliers to build sustainable supplier relations.

At end-2020, FDJ performed a life cycle study on its game materials with the aim of developing a circular economy for the portfolios in question. An action plan will be defined once the results have been analysed.

2.5.5 Human Resources

Embodying values of equity and responsibility, FDJ Group has for many years worked to set an example as a pioneer in the field of social innovation. Offering the same opportunities for career development and professional success to all employees, based on the breadth and diversity of their profiles, is a top-priority commitment. FDJ Group strives to enhance the quality of life at work and employability through an ambitious and inclusive HR management policy.

During the health crisis, the Group was able to keep the business running by demonstrating agility, and stressing the health of its employees above all else (masks required since the start of the health crisis, masks distributed to staff, telework extended, etc.).

Multiple measures were implemented, including:

- facilitation of telework for all employees with the prompt set-up of remote access and high-performance tools, and through personalised support in how to use collaborative digital tools;
- employee working part-time or unable to telework kept at full salary;
- constant, transparent communication on the crisis, and its impacts on the Company;
- high-quality, effective social dialogue.

The Group's workforce and the age structure are shown below.

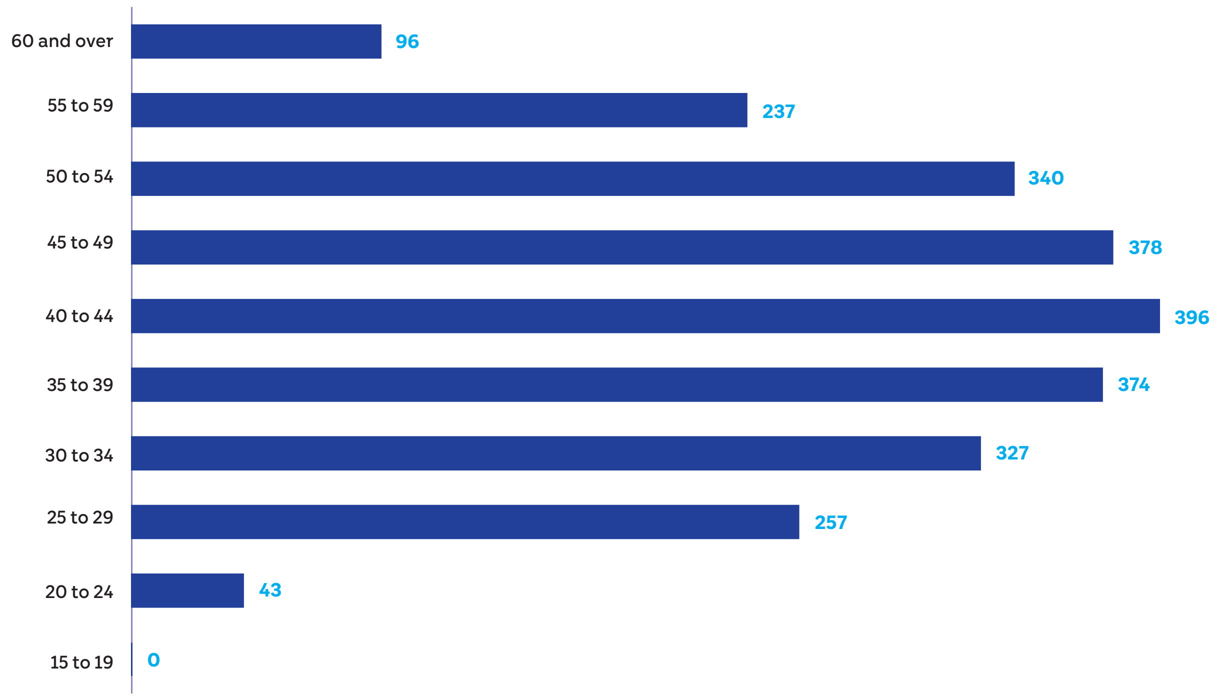
NUMBER OF PERMANENT AND FIXED-TERM EMPLOYEES AT 31.12 (1)

	2019	2020	Country
FDJ	1,466	1,514	France
FDI	27	27	France
FDP	484	454	France
FDJD	16	16	France
FDM	13	7	France
FGS France	97	100	France
FGS Canada	-	1	Canada
Pacifique des Jeux	19	19	French Polynesia
SGE	90	N/A (2)	France
FGS UK	54	53	United Kingdom
Sporting Group	274	257	United Kingdom
FDJ Group	**2,540**	**2,448**	

(1) Number of permanent and fixed-term employees at 31 December 2020. The numbers do not include work-study participants (apprentices and professional qualification contracts), interns, employees having left the Group (up to and including 31 December), corporate officers and suspended contracts.

(2) Société de Gestion de L'Échappée (SGE) was excluded from the consolidation scope for the purposes of the CSR report in 2020.

AGE STRUCTURE OF FDJ GROUP AT 31.12 (3)



(3) In 2020, the age structure included the employees of FGS Canada, a subsidiary acquired in May 2019.

The purpose of HR initiatives is to help reduce inequalities, in accordance with SDG 10.

10 REDUCED INEQUALITIES	**SDG: reduced inequality** Reduce income inequality within and among countries.
	Target 10.3: ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. **Target 10.4:** adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.
	FDJ's ambitions ◆ Contribute to equal opportunities and inclusion of all. ◆ Pursue social and societal action central to the Group's identity since its creation.
FDJ's 2025 target Offer an inclusive employee framework conducive to individual and collective performance contributing to the corporate strategy.	

The HR component of the CSR category covers five specific CSR risks: skills management, social dialogue, diversity and professional equality, quality of life at work, and employee engagement. These CSR risks are presented below.

2.5.5.1 Managing employee skills well

In a competitive and constantly changing environment, the Group needs dedicated teams boasting high levels of expertise in order to expand its businesses and achieve its performance targets.

Due to rapid technological advancements and changes in society, it is more important than ever to stay one step ahead and anticipate the expertise that will be needed in the future. The Skills management policy, developed by FDJ more than ten years ago, is designed to ensure that the Group's employees have the necessary skills to implement its strategy. All of these initiatives are contributing to the implementation of the Group strategy to continue digitising its lottery range, and especially the online sports betting activity.

FDJ is continuously updating its Skills management policy, working with the business lines to identify the skills they need in the short and medium term and rolling out the necessary HR growth drivers. To that end, the business lines and support functions are clearly mapped out, and a dynamic skills database is currently being tested. The goal is to map out individual skills, better anticipate and manage skills, and develop staff employability and mobility.

By developing employee skills, the training policy is another major driver of the Group's strategic priorities. Each year, the Group spends a significant portion of its budget on employee training: in 2020, the budget had to be cut in half due to the health crisis.

FDJ thus ensures it has the resources to enable as many employees as possible to develop their skills and ensure their employability, even in times of crisis. Training requirements cover the following main areas:

- development of digital and data management skills;
- cultural and managerial transformation (changes in managerial practices and working methods);
- operational efficiency and project management.

English lessons were a priority in 2020, with all employees given open access to a training platform and individual evaluations by phone.

FDJ aims to train more than 80% of employees each year from now through 2025. As a result of the health crisis, the percentage of FDJ's wage bill spent on training was down from previous years to 2.96%. The Group was forced to cut its training budget in half this year. However, it made every effort to keep as many training programmes as possible, switching the majority of its training options to distance learning.

Lastly, FDJ took steps to develop the appeal of its employer brand in a bid to attract the talent needed to implement its strategy, in an environment where certain skills sets are in high demand, such as the digital, technology and data sectors. FDJ defined its employer identity in 2019 and has since launched dedicated campaigns on LinkedIn to directly target high-demand profiles matching available posts. FDJ has decided to strengthen its employer brand by developing content that thoroughly showcases its business lines and working environment. In addition to these initiatives, job offers are also posted in specialised media outlets such as Welcome to the Jungle, LinkedIn, Indeed and Jobteaser.

2

Performance indicator: total training hours [1]

	2019	2020
FDJ	25,017	16,538
FDI	279	211
FDP	11,927	8,742
FDJD	1,108	-
FDM	155	40
FGS France	1,707	884
Pacifique des Jeux	477	201
SGE	519	N/A [2]
FGS UK	112	56
TOTAL	**41,301**	**26,672**

(1) Sporting Group and FGS Canada are not included in the scope covered by this indicator.
(2) Société de Gestion de L'Échappée (SGE) was excluded from the consolidation scope for the purposes of the CSR report in 2020.

Performance indicator: percentage of wage bill allocated to training for FDJ SA

2019	2020
4.28%	**2.96%**

Performance indicator: percentage of FDJ SA employees who received training during the year

2019	2020
92.2%	**76.2%**

As a result of the health crisis, the percentage of FDJ's wage bill spent on training was down from previous years to 2.96%. The Group was forced to cut its training budget in half this year. However, it made every effort to keep as many training programmes as possible, switching the majority of its training options to distance learning.

2.5.5.2 Promoting a constructive social dialogue

For the purposes of the HR transformations initiated, FDJ has undertaken to develop and maintain high-quality social dialogue, which is critical to the successful implementation of its sustainable performance policy.

To that end, each Group entity relies on employee representative bodies depending on its configuration (Social and Economic Committee (SEC)/Central SEC and entity SEC), in addition to the mandatory and/or supra-legal central and entity SEC commissions (Occupational Health and Safety Commission, Economic Commission, Professional Equality Commission, etc.), most of which were elected in 2019. The majority of these bodies meet once a month. A Group Committee, where the majority of the Group's entities are represented by elected employees, also meets three times a year. All projects that impact the general running of the Company are regularly presented and discussed by these bodies.

In 2020, employee representatives were kept very regularly informed and were consulted on measures implemented by the Company to stop the spread of Covid-19, including economic measures (cost-saving plan) decided at the time. They were convened for each new step decided by the Company, attending either ordinary/extraordinary meetings of decision-making bodies, or meets of all Group employee representatives on a supra-legal basis. Overall, FDJ presented seven phases of measures to combat the spread of Covid-19.

Alongside these employee representative meetings, negotiation meetings are regularly organised at Group companies with union representatives (FDJ, FDJ, FDP and La Française d'Images). At FDJ, Management meets with representative trade union organisations twice a month to negotiate agreements helping guarantee a high level of social dialogue. As a result, agreements have been signed over the last four years on the right to disconnect, professional equality, wages, working time, telework and the operation of entity SECs and central SECs. In 2020, these meetings resulted in the signing of four FDJ agreements within FDJ, one of which addressed wages and another social dialogue. Despite the health crisis in 2020, FDJ Group maintained the wage policy negotiated before or during the first lockdown, in recognition of employee performance.

Due to the unprecedented conditions of 2020, several Groupwide agreements were negotiated and signed remotely. For example, one Group negotiation on the Group Savings Plan was held in spring, aimed at streamlining the plan for the subsidiaries and allowing employees to invest their profit-sharing and incentives in the Group shareholder fund (see Rider No. 1 to the Group Savings Plan rules). Furthermore, Group agreements on the following matters were concluded during the first lockdown: an agreement on the Group and Group Committee, an agreement on the establishment of Group union delegates and, more importantly, an agreement on requesting and donating days of paid leave and days off in lieu of paid leave, consolidating the efforts and solidarity of FDJ employees (predominantly benefiting hospital staff and vulnerable members of the population). Two Group negotiations were ongoing as 2020 drew to a close: namely the negotiation on professional equality and diversity (including employees with disabilities), and the negotiation to establish a Group pension plan.

Matters open to discussion in 2021 include Skills management and the continued implementation of a simplified, harmonised employee savings plan for all Group employees.

Performance indicator: number of employee agreements signed during the year

2019	2020
8 for FDJ SA	**4 for FDJ SA and 3 for FDJ Group**

In 2020, FDJ SA signed four agreements with Management and trade unions: annual wage agreement, rider to the FDJ employee savings plan agreement, agreement on "connected" social dialogue and rider to the 2018-2020 incentive agreement.

Three FDJ Group agreements were signed with Management and trade unions: agreement on the Group and the Group Committee, agreement on the establishment of Group union delegates and, more importantly, an agreement on requesting and donating days of paid leave and days off in lieu of paid leave in response to the Covid-19 epidemic.

2.5.5.3 Strengthening diversity and equality in the workplace

The Group has been working for many years to combat discrimination and promote inclusion and equal opportunities. This commitment is aligned with the firm belief that diversity and social cohesion are invaluable attributes that build employee engagement and drive sustainable performance.

FDJ has employed an ambitious four-pronged policy since 2010: gender equality in the workplace, employment of persons with disabilities, inclusion of multiple generations and diversity of social origins. The diversity policy and associated initiatives are presented each year to the Group Management Committee and the Board of Directors.

In 2017, FDJ once again obtained Diversity certification, and for the first time was awarded the Gender Equality label. These labels are issued by Afnor (French national standardisation body) every four years. They are the result of a collective effort involving and mobilising the entire company, underscoring a shared determination to implement the policy over time, with a view to continuous improvement.

Gender equality in the workplace

FDJ actively supports measures to promote the better representation of women in management roles. The objective is to reach the same percentage of women managers as there are women employed in the Company. In 2020, women accounted for 42.2% of managers and 43.2% of the FDJ SA workforce. At Group level, women made up 34.3% of managers and 39.4% of the workforce, a shortfall stemming from the consolidation of Sporting Group in May 2019.

A negotiation was initiated at end-2020 with Management and trade unions on the implementation of an FDJ Group agreement (see "Social dialogue"). Similarly, for the last several years FDJ has undertaken initiatives aimed at bringing more women into technological professions, which are a key component of its business. In October 2020, FDJ signed a commitment charter to promote diversity in digital professions and pave the way for more women entrepreneurs to obtain funding for their start-ups from investment funds.

For financial year 2020, FDJ SA obtained a score of 100/100 on the "gender equality" index (Pénicaud Index) for companies with 50 or more employees, instigated by the Professional Future Act. Subsidiary FDP obtained a score of 92/100 and FGS France 75/100. The index is based on five indicators reflecting the gender pay gap in corporate environments, both directly and indirectly: pay gap; percentage of female employees given pay rises upon return from maternity leave; gap in distribution of individual pay rises between men/women; gap in distribution of promotions between men/women; and percentage of women in the top 10 highest-paying jobs.

Furthermore, the internal women's network "A Elles de Jouer", launched in 2015 and developed by employees as from 2017, evolved and changed its name in 2020 to become the "All'In" diversity network open to all employees. A growing number of male and female employees are getting involved, proving that equality can only be achieved when everyone takes a stand.

The ultimate aim of the diversity network is to fight for gender equality, eliminating inequalities from the start to arrive at equal opportunities:

- raising awareness of gender equality;
- drawing on the experience of all employees;
- overcoming obstacles and stereotypes.

The diversity network includes a special working group focused on parent-related issues.

The Company has set the following goals for 2025:

- maintaining and improving the gender equality index (Pénicaud Index) to 99/100 or better for FDJ SA, 95/100 or better for FDP, and 75/100 or better for FGS France;
- achieving a percentage of women managers equal to the percentage of women in the Group workforce;
- establishing supplementary leave equal to 100% of 25 days' paternity leave by Group companies and three days' "childbirth" leave;
- monitoring the commitments of the anti-sexism charter;
- continuing awareness-raising programmes and initiatives with the "All'In" network for gender equality.

Performance indicator: percentage of women in the Company

	2019	2020
Group	38.2%	39.4%
FDJ	42.9%	43.2%

Performance indicator: percentage of women managers

	2019	2020
Group	31.1%	34.3%
FDJ	40.9%	42.2%

Integrating persons with disabilities

For many years, FDJ has been committed to the professional integration of persons with disabilities, carrying on the torch of the National Lottery from which it descended, and which was created to provide financial support to injured First World War veterans. Initiatives along these lines are aimed at meeting two objectives: recruiting new employees with disabilities and ensuring their continued employment and support.

FDJ Group's target for 2025 is for employees with disabilities to make up 6% of its workforce. The rate in 2020 was 5.52% for FDJ and 4.95% for FDJ Group (direct employment). Despite the health crisis, direct employment of persons with disabilities improved by more than one point for FDJ SA and for the Group thanks to identification efforts, the creation of a CV library of workers with disabilities, new measures to recognise existing employees with disabilities and the renewal of expiring recognition measures.

Employee awareness is essential for the integration of persons with disabilities in the Company.

Despite the impacts of the pandemic in 2020, FDJ Group continued its efforts by adapting its awareness-raising programmes:

- active participation in Duoday by videoconference, during European Disability Employment Week (16 to 20 November), and co-presentation of the Loto draw on TF1 on 18 November by a disabled FDJ Group employee;
- launch of a "Which colleague are you?" quiz: a fun digital quiz designed to raise employee awareness of disabilities;
- inclusion of the Disability MOOC, developed for the general public by ARI (a partner association of the FDJ Foundation), in the FDJ training programme;
- awareness-raising initiatives on physical disabilities organised for the International Day of Persons with Disabilities (3 December) via "live" videoconference events pre-recorded and broadcast on FDJ's social media in December 2020.

All members of the Employee Experience and Transformation Department are also made aware of the issue to help them hire people with disabilities and support them throughout their careers.

In addition to the initiatives aimed at developing the recruitment and integration of employees with disabilities, FDJ is expanding its working relationships with ESATs [(1)] and EAs [(2)], conducting a pilot programme since 2019 in the IT sector (see "Responsible sourcing"). In 2020, FDJ entered into a tripartite agreement with the APF (French association working with persons affected by paralysis) and its call centres to integrate four client advisors with disabilities (out of a total of 18 client advisors).

In November 2019, at the initiative of Sophie Cluzel, Secretary of State responsible for Persons with Disabilities, FDJ signed the manifesto for the economic inclusion of persons with disabilities, alongside a hundred other French companies. FDJ committed to undertake 10 measures [(3)], including the regular implementation of internal awareness-raising initiatives to combat stereotypes and discrimination against persons with disabilities, the mobilisation of all new employees in addressing the challenges of disability and the optimisation of access to the Company's tools, especially digital applications.

Performance indicator: direct employment of persons with disabilities

	2019	2020
Group [(1)]	3.62% [(2)]	4.95%
FDJ	4.24%	5.52%

(1) Excluding FDJ Gaming Solution UK and Sporting Group, subject to British law, and Pacifique des Jeux.
(2) Excluding SGE – data updated in 2020.

(1) *Établissements et services d'aide par le travail (Vocational rehabilitation centres).*
(2) *Entreprises adaptées (disability-inclusive companies).*
(3) *Inclusion of students with disabilities in internships (starting in the first year of high school); access for students with disabilities to the corporate environment; access to recruitment interviews for any applicants with disabilities; regular implementation of internal awareness-raising initiatives to combat stereotypes and discrimination against persons with disabilities; training for all new employees on the challenges of disabilities in the corporate environment; optimisation of access to company software tools; integration of "digital accessibility"; development of economic commitments with EAs, ESATs and independent workers with disabilities; development of opportunities for permanent employment of persons with disabilities, in conjunction with EAs and ESATs; incorporation of social criteria relating to disabilities and inclusion in RFPs and prerequisites.*

Inter-generational initiatives

Work-study programmes

For many years, FDJ has supported the employment and training of young people within the Company. In 2020, work-study participants represented more than 6.9% of FDJ's workforce and 5.6% of the Group's workforce. Despite the health crisis, FDJ maintained 50% of work-study recruitments. To facilitate their integration, the Group organised three onboarding sessions for the 2019-20 school year, issuing them with a guide prepared specifically for work-study participants. Training courses were also organised for the work-study intern coaches to discuss best practices to provide them with the best experience.

Properly acclimating trainees is also a priority, as demonstrated by the "Happy Trainees" award granted to FDJ in 2020 by ChooseMyCompany [(1)], which recognises companies with exemplary internship and work-study programmes.

In 2020, FDJ ranked No. 2 in its category among companies preferred by students and recent graduates for the second year in a row (Epoka Harris Interactive - "Entertainment" category).

Seniors and "jeniors"

Since 2017, FDJ has given serious thought to initiatives in favour of seniors. Taking into account issues specific to seniors helps motivate teams and boost both performance and quality of life at work. It also promotes intergenerational work.

The Company differentiates between seniors (who are actively preparing for retirement) and "jeniors" (active employees aged 45 and over) taking a proactive approach to their career plans. A catalogue of dedicated training courses for young seniors and seniors was rolled out in 2018, addressing aspects relating to personal development to give them a clearer picture of their career development opportunities. In 2020, FDJ made the "Point 50" [(2)] and "Cap 60" [(3)] training programmes, tested in 2017, permanent based on positive employee feedback.

In 2019, an intergenerational workshop was also held to compare and contrast the views of four generations: Baby Boomers, Gen X, Gen Y and Gen Z. The workshop could not be held in 2020 due to the health crisis, but is scheduled to return in 2021.

Performance indicator: number and percentage of work-study participants [(4)]

	2019	2020
Group	156, i.e. 5.8% of the workforce	146, i.e. 5.6% of the workforce
FDJ	133, i.e. 8.3% of the workforce	112, i.e. 6.9% of the workforce

In 2020, despite the health crisis, FDJ continued to recruit work-study participants.

Diversity of social origins

To promote diversity in terms of social origins, a pillar of the Group's diversity policy, FDJ signed up to the PAQTE initiative (action plan to promote inclusion of businesses in socially disadvantaged areas) in 2018. PAQTE is built on four pillars:

- awareness-building via a policy of developing internships within the Company, especially for first-year high school students under the Government-sponsored system for schools located in REP+ areas [(5)], with interns brought in through the United Way Alliance;
- training, with the development of access to apprenticeships for students from priority urban policy districts, in terms of career orientation, access to combined work-study programmes and support for apprentices. In 2020, 20% of FDJ SA's work-study participants came from priority districts;
- recruitment to support employment in priority urban policy districts and guarantee discrimination-free hiring methods. In 2020, FDJ renewed its partnership with Mozaik RH, to help the Company recruit employees from all backgrounds;
- development of responsible and inclusive purchases from businesses established in these districts: in 2020, 6.8% of FDJ purchases were made from suppliers in priority districts (see "Responsible sourcing").

During the economic and social crisis, FDJ continued its initiatives along these lines, which are highly important and make a major impact on persons from underprivileged backgrounds (especially young people).

2.5.5.4 Supporting quality of life at work

Improving working conditions and quality of life at work is a major driver of team performance and efficiency.

Since 2010, FDJ Group has been deeply committed to the quality of life at work (QLW) of its employees. In 2014, it created a dedicated Diversity & QLW Department to oversee initiatives in this area.

In mid-March 2019, employees were given access to Wittyfit, a QLW diagnostic tool that takes an ongoing collaborative approach to improving quality of life at work, focused on

(1) *Founded in 2011 by HR, IT & digital professionals, ChooseMyCompany helps improve the performance and appeal of companies as employers based on the opinions of employees, interns, applicants and customers.*

(2) *Taking stock of the employee's career, expectations and needs, and discussing intergenerational work and existing retirement arrangements.*

(3) *Setting out the practical aspects of the employee's retirement.*

(4) *The percentage of work-study participants was recalculated for 2019 and 2020.*

(5) *Réseau d'éducation prioritaire (priority education network).*

increasing satisfaction and reducing stress. Indicators and ideas can be used as a basis for upstream team discussion on issues that are generally only tackled in the event of actual problems. The approach is therefore part of a general effort to prevent workplace risk. A special module was set up in May 2020, via a short questionnaire designed to assess the concrete impacts of the Covid-19 crisis on the Company's work and the emotional well-being of its employees. A second campaign was carried out in November 2020 during the second lockdown to track the impact of telework on the quality of life of the Group's employees as closely as possible. The information collected during these two campaigns gave the Group a snapshot of individual and team well-being, resulting in action plans and improvements to meet the needs expressed by the teams, developed with HR and managers.

At the same time, FDJ established personal support and social assistance services for all Group employees, with the aim of backing up the internal counselling unit, which is always available in the event of distress or discrimination. The team can be reached 24/7, putting employees in direct contact with specialists, social workers or psychologists. If necessary, employees can be referred free of charge to a counsellor who can work with them outside the Company.

In April 2020, in the early stage of the health crisis, the "FDJ Group For Me" software application was expanded to offer an additional service: making virtual doctor's visits and online medical advice available to employees. Over the full year, nearly 700 support services and 300 health consults were provided.

Performance indicator: absenteeism rate at FDJ SA

2019	2020
3.33%	**2.84%**

The absenteeism rate reflects days of absence resulting from illness, and from workplace and commuting accidents, divided by the number of theoretical days worked for the relevant year. It is not consolidated at Group level. The absenteeism rate by entity can be found in the notes, with the additional indicators.

Performance indicator: average occupational well-being of Group employees (next measurement: June 2021) (1)

2018	2019
76.5/100	**85/100**

In 2018, well-being was measured based on two criteria: work-life balance and overall level of well-being at work.

In 2019, FDJ changed the measurement method by creating an indicator comprising six questions related to well-being: professional and personal development within the Company, appeal of work, satisfaction with the work environment, autonomy and accountability, team atmosphere, and balance between professional and personal life. Next measurement: June 2021.

2.5.5.5 Ensuring employee engagement

Employee engagement is a key contributor to company performance. to measure the level of employee engagement, FDJ interviews all Group employees every year, based on an indicator generally used in internal surveys by other benchmark companies. (2) The engagement indicator covers five categories: job satisfaction, loyalty to the Company, motivation to do more, recommendation of the Company as an employer and pride in working for the Group.

By 2025, the Group aims to keep the employee engagement rate at high level of more than 85/100.

During the health crisis, at the end of the first lockdown in June 2020, a measurement was taken to assess employee engagement and satisfaction with how FDJ Group was managing the crisis (and their state of mind about returning to the office, with most employees still teleworking at the time of the survey). With this measurement, the engagement indicator improved to 92/100 (i.e. +5 points over 2019), reflecting a solid foundation of employee engagement, strong loyalty to the Company and pride in working for FDJ Group. It also reflects an excellent level of satisfaction, generated by how the Group managed the lockdown, particularly the aspects that enabled employees to get through the period in the best possible conditions and to work as normally as possible (wages paid in full, resources established for telework, teams managed by their managers).

Performance indicator: engagement rate of FDJ Group employees

2019	2020
87/100	**92/100**

The 2020 measurement was done in June, in unusual conditions arising from the end of the first lockdown. In addition to measuring employee engagement, the aim was to assess satisfaction with how FDJ Group was managing the crisis (and their state of mind about returning to the office, with most employees still teleworking at the time of the survey).

With this measurement, the engagement indicator improved and the overall engagement index stood at 92/100 (i.e. +5 points over 2019).

(1) *Excluding Sporting Group, acquired in May 2019.*

(2) *The survey was conducted on a sample of 500 employees working at ISEs (250 to 5,000 employees) in the service sector. Most employees at these companies are upper or middle management, which is consistent with FDJ, and their profile is comparable with FDJ profiles in terms of age and seniority.*

2.5.6 Solidarity

2.5.6.1 Societal engagement

FDJ has been committed to the greater good since its inception. Its contribution to society is a key component of its *raison d'être* and thus its business model. Its initiatives are divided into three categories: engagement through its Corporate Foundation, support for French sports, and contributing to the preservation and renovation of French heritage sites.

The initiatives described in this chapter are aimed at reducing inequality, as advocated by SDG 10:

10 REDUCED INEQUALITIES	**SDG: reduced inequality** Reduce income inequality within and among countries.
	Target 10.3: ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard. **Target 10.4:** adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.
	FDJ's ambitions ◆ Contribute to equal opportunity. ◆ Pursue social and societal action central to the Group's identity since its creation.
FDJ's 2025 target Continue contributing to general-interest projects.	

Initiatives generating a social impact and support for stakeholders during the health crisis

FDJ mobilised its efforts to support its various stakeholders during the health crisis in 2020:

- it started by helping its network of retailers keep their business going by maintaining a close working relationship and distributing information on protective measures against Covid-19 via PoS displays (see "French Regions");
- measures designed to protect the general public and players:
  - FDJ used all the means of information and communication at its disposal (cash register displays, TV spots, websites and apps, social media) to convey information and key health guidelines,
  - in a bid to prevent crowding near screens at PoS, the Group suspended the "Amigo" game from 19 March to 7 June. During the second lockdown (10 November to 15 December), FDJ also asked retailers to disable Amigo screens to reduce crowding at PoS,
  - FDJ also stressed that "gambling should only be a marginal purchase and people should only leave their homes to make essential purchases. #stayhome". The Company took exceptional measures to extend the validity dates of its games and support its network of retailers in order to prevent winners from having to physically travel to their PoS,
  - in another effort to protect its players, messages to prevent excessive gambling were issued more frequently during lockdown, particularly on the Company's websites;
- FDJ set up a mediation and personalised analysis process to assist its suppliers and help keep them up and running (see "Responsible sourcing");
- FDJ and its Foundation also mobilised their efforts working with associations and other parties directly involved in managing the social and health crisis, with donations totalling €2.7 million:
  - in March 2020, the FDJ Foundation donated €200,000 to Secours populaire français, and FDJ supported the "Tous unis contre le virus" initiative with a €1 million donation earmarked for research, health care workers and the underprivileged,
  - FDJ employees participated in a volunteer-based campaign where they could donate days of paid leave, collecting nearly €340,000 divided up between the associations supported by the FDJ Corporate Foundation (French Red Cross and Rêv'Elles) and the "Tous unis contre le virus" Alliance,
  - in December 2020, FDJ Group decided to make a new donation of €1.2 million for vulnerable members of the public, and particularly young adults hit especially hard by the crisis. The donation was distributed to four of the Group's partner associations: €600,000 went to Secours populaire français (partner since 2008), €400,000 to Fondation de France in favour of vulnerable persons and young adults, €400,000 to Fondation Apprentis d'Auteuil, and €60,000 to the Sciences-Po emergency fund for scholarship students (26% of the student body),
  - in honour of its close ties with veterans, the Group supported Gueules Cassées (veterans suffering facial disfigurement) and Fédération Maginot by supplying masks for EHPAD care workers,

- amateur football clubs received a donation from the Pactole Loto Foot proceeds on 3 October. In October 2020, ParionsSport organised the very first solidarity-oriented "super pactole" game, "Loto Foot 15", with a €2 million to promote the "Soutiens ton club" operation held by Fondation du sport français, aimed at supporting amateur athletic clubs. A minimum of €500,000 went to the "Soutiens ton club" operation as a result.

  The Group also maintained its close ties to amateur football by becoming a sponsor of amateur football clubs nationwide. One-hundred amateur clubs (men's and women's teams, senior teams) received full sets of ParionsSport athletic equipment featuring their team name. The clubs were also supported throughout the season through a variety of dedicated events, and their club information will be posted on ParionsSport channels.

Storms in the Alpes-Maritimes

In response to the scale of the damages caused by Storm Alex in the Alpes-Maritime department, FDJ mobilised its efforts to provide help to the local population. To that end, FDJ Group made a donation of €20,000 to Secours populaire français in October 2020. Drawing on FDJ's extensive regional roots, alongside the initiatives undertaken with retailers hurt by the storm, a request for donations was relayed on player screens at more than 20,000 PoS and on the Company's official social media.

FDJ Corporate Foundation

The FDJ Corporate Foundation has strived to develop equal opportunities through gaming in all its forms since 2018. The Foundation is focusing in particular on two specific areas for the 2018-2022 period: education and social and/or professional inclusion of persons experiencing hardship, for whatever reason (disability, economic/social/cultural vulnerability, etc.). Through such initiatives, it continues to invest specifically in the integration and reintegration of persons with disabilities.

The FDJ Foundation was granted an endowment of €18 million over five years (2018-2022). In the last three years, 120,000 received integration or education assistance from the FDJ Foundation, through projects selected on the basis of five criteria: general-interest project with a recreational tone to promote equal opportunities; innovation or differentiation in the project's field of intervention; clearly identified social impact goals; projects that can be reproduced nationwide; and alignment with a co-building approach with the Foundation.

Nearly 70 associations were assisted in 2020 on local-area projects by launching two requests for projects: one called "Tremplin détaillants solidaires" and the other "Tremplin collaborateurs solidaires".

In addition to these local projects, through the Foundation's third request for major projects launched in 2020, it decided to support and monitor the deployment of seven new projects over two years, selected for their potential impact, for a total of €3.6 million:

- The "Accompagnement vers la lecture" project by AFEV is a mentoring programme for children in kindergarten and primary school from highly-populated working class districts who are struggling with learning to read and write;
- The "Chacun en mouvement" project by Each one is aimed at breathing new life into the professional goals of refugees, with the help of student volunteers, adopting a fun, game-based teaching approach;
- "Démos" by the Paris Philharmonic is a social-impact musical and orchestral programme;
- The development of an "adaptive learning video game", conducted by E2C aims to help young school leavers effectively meet the challenges encountered over the entire course of their integration programme;
- "Télémaque Pro": the purpose of this project is to promote social mobility by supporting 350 vocational school students;
- The "L dans la Ville, du sport à l'emploi" programme, dedicated to the 1,400 young women of the Sport dans la Ville association, aims to help each one achieve personal and professional fulfilment;
- The Cartable fantastique association builds free software modules designed to compensate for the use of handwriting in children with disabilities, particularly those suffering from developmental coordination disorder, in school.

The total amount of endowments granted in 2020 exceeded €4 million.

Dedication to serving the French regions and promoting equal opportunities

FDJ Group's network of 30,000 PoS nationwide gives the Foundation special access to local development organisations working to promote equal opportunity.

In the wake of the 2019 workshop conducted with the stakeholders of the Social Laboratory on how to reinvigorate the "Tremplin détaillants solidaires" programme in place since 2018, FDJ increased the endowment for retailer-sponsored projects from €2,000 to €3,000 and quadrupled the budget allocated to this particular request for projects.

Local associations interested in submitting a solidarity-oriented project to the Foundation are now required to be sponsored by a retailer. Taking this approach promotes ties between local organisations while also expanding FDJ Group's regional roots through its Foundation.

Employees committed to solidarity

In 2020, nearly 600 employees took part in the selection of solidarity projects and/or were involved in one or more initiatives proposed by the FDJ Corporate Foundation.

As a result of the health crisis, the Foundation was unable to offer as many options as it did in 2019. Even so, during lockdown, employees were able to choose from a variety of special initiatives: a Teams group was created to propose urgent solidarity initiatives to employees and thus meet the needs of associations as closely as possible during the crisis. Employees could also offer their support in new ways (e.g. virtual tutoring and academic coaching), and a request for projects dubbed "€1,000 pour ma petite asso" was organised where employees could submit a Covid-19-related emergency project.

The FDJ Corporate Foundation plans to launch a new request for major projects with leading associations in 2021, the last year of the five-year plan. The Foundation also decided to roll out the skills sponsorship programme, based on the results of the pilot programme conducted in 2019.

Lastly, the Foundation will be performing a social impact survey in 2021.

Performance indicator: amount of financial aid granted by the FDJ Corporate Foundation

2019	2020
€3,228 k	**€3,974 k**

Sports

FDJ has for many years been committed to developing French sports and promoting their values, particularly in terms of ethics and inclusiveness (support for women's sports and disabled sports).

Women's sports

With the third annual "Performance Pour Elles" request for projects in 2020, FDJ continued its support for developing women's sports. The Group rewarded five federations developing an Olympic and Paralympic performance plan for their members. The following five winning federations split the total €100,000 endowment (€20,000 each):

- Fédération française de cyclisme: programme aimed at accelerating the national and international development of women's BMX by 2024;
- Fédération française de sports de glace – bobsleigh: project aimed at supporting the French women's bobsled team (funding to transport their bobsled for international competitions);
- Fédération française de tennis de table: project aimed at boosting the performance of women's table tennis players by proving them with personalised support through mental preparation for matches;
- Fédération française de taekwondo: project aimed at improving their existing video analysis tool through a more precise analysis of the performances by the competitors of the French women's taekwondo team;
- Fédération française de canoë-kayak: project aimed at helping women canoers with disabilities in French overseas territories compete for France, and achieve excellence in ParaVa'a (a new discipline in the Paralympic Games, in which France currently has no competing athletes).

This initiative is developed under the "Sport pour Elles" programme initiated by FDJ in May 2016. The programme, promoting women's sports, rests on four pillars: access to athletic activities for all women, more women in governance, performance support, and greater media coverage of women's sports.

Support for elite athletes

Building on the Challenge programme's 28-year history, FDJ has sought to extend its support system for elite athletes, especially ahead of the 2024 Olympic and Paralympic games, which will take place in France. The FDJ Sport Factory, launched in December 2019, comprises 27 elite athletes, including 11 women (44% of the programme) practising an individual discipline in an Olympic or Paralympic sport, and also serves as an incubator for 30 hopeful athletes.

In September 2020, despite the complexities introduced by the current health crisis, 24 athletes came together in a bid to better understand the commitments and challenges of their partner, thanks in large part to the participation of the Chairwoman and CEO, Stéphane Pallez. The seminar was a highlight of the year for FDJ Sport Factory. Participants were able to share their interests and think ahead to future versions of the seminar, with ideas for training sessions and activities.

As an extension of its initiatives, the FDJ Group will join the Paris 2024 national partnership programme as an Official Partner of the Paris 2024 Olympic and Paralympic Games on 1 January 2021. This dovetails with FDJ's commitment to the organisation of the city's host bid, its support for French athletes and its status as a major contributor to sports in France.

Heritage

FDJ contributes to the achievement of SDG 11 through the Mission Patrimoine games.

SDG 11: sustainable cities and communities Make cities and human settlements inclusive, safe, resilient, and sustainable.	
Target 11.4: strengthen efforts to protect and safeguard the world's cultural and natural heritage.	
FDJ's aim Contribute to efforts to protect and preserve cultural heritage by the various means available to the Group.	
FDJ's 2025 target Continue contributing to general-interest projects.	

In 2020, FDJ launched the third annual Mission Patrimoine operation. Under this programme, the Group launched games (one scratch game and five Loto draws), with a portion of the stakes reverting to the French National Heritage Foundation in favour of local projects to restore dilapidated heritage buildings. Nearly €22 million were collected for the third annual operation as at 31 December 2020, and the Group is currently brainstorming ways to supplement this total to reach the target of €25 million. All three operations thus far have raised €60 million for the French National Heritage Foundation.

Of the 559 projects selected by "Mission Patrimoine en péril" in 2018, 2018 and 2020, 49 sites have already been restored and 151 are in the process of being restored.

FDJ will be a party, alongside the French Ministry for Culture and the French National Heritage Foundation, to the formal agreement to support this French heritage programme currently being renewed for another four years.

2.5.6.2 Dialogue with stakeholders

The risks inherent in the gaming and gambling sector associated with the Group's activities, and the stakes and challenges related to FDJ's various commitments, call for vigilance, close dialogue and ongoing cooperation with all stakeholders – local, national and international.

FDJ's CSR policy is built and coordinated in close collaboration with its various stakeholders (players, sales network, employees, suppliers, civil society, etc.). The Social Laboratory has been responsible for dialogue with civil society since 2014, with the objective of fostering dialogue and co-building CSR initiatives. Consultations are organised by a specialised agency acting as a third-party facilitator. Based on the Chatham House [1] confidentiality rule, roughly a dozen civil society organisations (CSO) and as many contacts within the FDJ Group regularly examine sensitive topics related to the Company's CSR and Responsible Gaming policies.

The FDJ Social Laboratory met four times in 2020. This year was dominated by the health crisis, with three sessions held remotely.

The last session in the Social Laboratory's 2018-2019 cycle was held in January 2020 and addressed underage gambling from the standpoint of the assistance FDJ can provide retailers on how to refuse to sell games to minors, which can sometimes be a challenge. Ideas for improvement were developed thanks to the experiences shared by two agency managers and a co-building workshop: a retailer spokesperson group, development of training courses, etc.

FDJ held two additional remote sessions to maintain ties with its various civil society stakeholders:

- a two-hour session in June provided an opportunity to share feedback on the impact of the health crisis on FDJ's business and the corresponding action plan. A roundtable served as a forum to also show the impact of lockdown on associations;
- in October, FDJ was able to share its Responsible Gaming action plan and the new regulatory framework with its stakeholders. At the request of its stakeholders, the second half of the session was dedicated to reporting on multiple surveys examining the impact of the health crisis on French society, and more specifically on gaming and gambling activities.

After the second lockdown, FDJ schedule a session to review its cycle in December 2020, where it addressed the various initiatives undertaken by the Social Laboratory since 2018.

A Stakeholder Committee was created in 2020 to foster dialogue between the Group and organisations in its socioeconomic environment, and to monitor the implementation of commitments made following the publication of the *raison d'être*.

The FDJ Group Stakeholder Committee met for the first time in early December 2020 (see "Stakeholder Committee").

2021 Outlook

A new Social Laboratory session scheduled for H1 2021 will be aimed at launching a new two-year cycle (2021-2022) and determining the issues that will be addressed over the cycle.

Performance indicator: number of CSOs belonging to the Social Laboratory

2018-2019 cycle	2020-2021 cycle
11 CSOs	**12 CSOs**

(1) *Confidentiality rule serving to protect the anonymity of speakers. Participants are free to use the information collected by the Group, but may not disclose the identity or affiliation of the persons providing the information, nor may they disclose the identity of any other participants.*

2.5.7 French regions

FDJ relies on a network of nearly 30,000 PoS spanning the entire nation to distribute its products. The Group's social and economic development has been impacted by the closure of local retailers.

The sale of FDJ games represents a major portion of the business generated by the bar-tobacconist-newsagents that make up the bulk of the distribution network. With PoS in nearly 11,000 municipalities nationwide, the Group boast the No. 1 local sales network in France. It supports all PoS in their modernisation efforts (new equipment and digitisation), but provides special aid to the most vulnerable among them.

These initiatives contribute to SDGs 8 and 11.

8 DECENT WORK AND ECONOMIC GROWTH	**SDG: decent work and economic growth** Promote sustained, inclusive and sustainable economic growth, full productive employment and decent work for all.
	Target 8.3: promote development-oriented policies that […] encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
	FDJ's aim Contribute to local economic development through employment, purchases and a presence throughout the country.
11 SUSTAINABLE CITIES AND COMMUNITIES	**SDG: sustainable cities and communities** Make cities and human settlements inclusive, safe, resilient, and sustainable.
	Target 11.7.a: support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development.
	FDJ's aim Contribute to maintaining the presence of dynamic points of sale in declining town centres and sensitive urban areas.
FDJ's 2025 target Contribute to the economic and social vitality of the French regions.	

FDJ Group's support for the French regions

Through its activity, FDJ contributes to the economic development of the French regions, and notably supports local points of sale in rural and/or disadvantaged areas.

In 2020, retailers received total net PoS commissions of €772.2 million (versus €865 million in 2019).

Amid the exacerbated economic conditions brought on by the health crisis, FDJ supported its distribution network during lockdown by maintaining contact with all retailers through the mobilisation of its sales force.

- The Group helped retailers keep their business up and running, largely by maintaining a close working relationship. The Company developed a special action plan for the sales force and the network aimed at offering concrete, practical aid to retailers, sales agency managers and their teams, while providing detailed information to the network on the conditions of the crisis and their potential consequences on PoS activity.
- The Company provided retailers with a dedicated feedback system allowing those facing hardship to share their experiences on their professional and/or personal struggles during the crisis (depression, stress, anxiety, etc.), by telephone or through interactive sessions coordinated by SEDAP.
- FDJ took steps to relax debit conditions for PoS remaining open, tailored to each retailer's situation.
- FDJ used all the means of information and communication at its disposal (cash register displays, TV spots, websites and apps, social media) to convey information and key health guidelines. For example, all televised draws (Loto, My Million, EuroMillions) now post messages on social distancing and protective health measures.
- Throughout the crisis, FDJ worked extensively with its retailers to help them meet health guidelines (overhauling the client PoS experience, sharing government health guidelines, etc.), supplying them with hand gel and surgical masks.

The Company also took steps to stimulate and promote the recovery of the business, in accordance with three top priorities:

- helping business pick up again at PoS and helping retailers restore contact with players;

- providing financial aid to PoS forced to close or experiencing a sharp drop in business and cash flow problems during the crisis. FDJ postponed debit dates for closed PoS. Roughly 7,000 PoS benefited from these measures during the first lockdown and more than 3,200 during the second, representing a very substantial financial effort for FDJ. For PoS that remained open but still experienced financial hardship, their licenses were not suspended and collection conditions were eased. In addition to these initiatives, other measures were rolled out (such as the extension of debt maturities) or are still under review (e.g. use of participating loans);
- resuming PoS appointments by sales reps as soon as possible and maintaining a dialogue with the distribution network.

To address the consequences of the crisis, FDJ launched an institutional campaign on 22 June 2020, on the radio and through advertising displays, focused on highlighting its network of nearly 30,000 retailers. FDJ Group used this campaign to remind the public that its network of local partners is a valuable member of French society. The campaign slogan, "*Tous nos commerçants partenaires sont heureux de vous accueillir presque comme avant*" (All our distribution partners welcome you to join them, (almost) just like before) stressed the welcoming atmosphere offered by these local retailers, present nationwide, on daily basis.

The Group also maintained its moratorium on the application of the contractual clause imposing a minimum level of stakes to maintain FDJ's activity, thereby avoiding the forced closure of PoS doing very little business and helping to keep local businesses running, especially in cases where the PoS is the last remaining shop in town.

In addition, the Company continued to organise local exchange commissions with local representatives of professional retailer organisations to encourage the relocation or installation of PoS in areas with lack of coverage, especially in rural areas.

FDJ also maintained its commitment to the Impact Création investment fund, created by socially responsible asset manager Impact Partenaires in 2017. Impact Création helps create franchised businesses in priority urban policy districts (1,300 districts in mainland France) in order to revitalise commercial areas and develop employment.

With a view to diversifying business at points of sales, and after winning the contract with Confédération des Buralistes from the Department of Public Finances in 2019, FDJ launched the cash and debit card collection of public levies and services, in spite of the health crisis. This service makes it possible to pay taxes, fines and services charged by public agencies (nurseries, school cafeterias, hospitals, etc.) in cash or by card, offering PoS another source of revenue during the current health crisis.

FDJ and Confédération des Buralistes thus teamed up to provide an easy and local solution to pay the two million tax and public service bills per year, which previously had to be paid at treasury department agencies, while also helping PoS diversify their activities.

After the success of the gradual roll-out of this new service in February 2020 at more than 2,000 PoS in 19 French departments, it is now available at more than 8,500 tobacconist shops located all around the country. This new service is expected to attract new clients and generate additional revenue that will help make local shops a going concern.

Economic and social contribution

Survey on FDJ's economic and social impact

To further assess its economic and social contribution in France, FDJ renewed the survey conducted by BIPE (Office of Economic Information and Forecasting) since 2017. In 2020, FDJ's contribution to France's gross domestic product (GDP) was evaluated at €5.2 billion, with 50,800 jobs created or made permanent throughout the country (o/w 20,400 with bars, tobacconists and newsagents). FDJ plans to keep the number of jobs created or made permanent through its business above 50,000.

Performance indicator: FDJ's contribution to French GDP

2019	2020
€5.7 billion	**€5.2 billion**

Performance indicator: number of jobs created or made permanent

2019	2020
53,700	**50,800**

Performance indicator: FDJ's contribution to jobs in the bar-tobacconist-newsagent sector

2019	2020
21,900	**20,400**

Retailers (mainly bars, tobacconists and newsagents) in the PoS network, operating during financial year 2020, employed 6,800 FTEs, i.e. 20,400 employees associated with FDJ's activity.

Local economic footprint through sourcing (see "Responsible sourcing").

FDJ also contributes to the creation of jobs in the regions through its purchases, made mainly in France, from suppliers with which it works directly and indirectly. In 2020, FDJ made 87% of its purchases, i.e. almost €426.2 million, in France (purchases made outside France are essentially forced purchases).

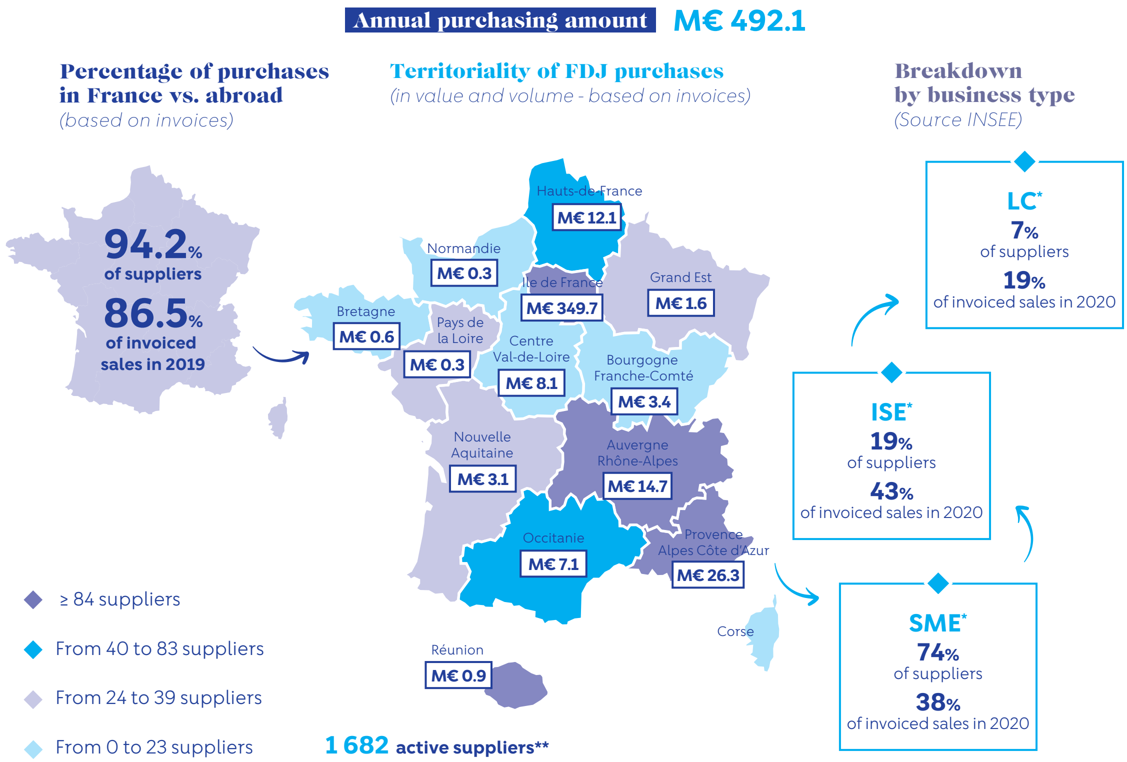
Performance indicator: percentage of purchases (in value terms) made from suppliers located in France

	2019	2020
FDJ	87%	87%
FDP	100%	98%
FGS France	95%	73%

In 2020, FDJ made nearly 87% of its purchases in France, i.e. almost €426.2 million (compared with €423 million in 2019). These purchases were made from suppliers located across almost the entire country (see map below). The Ile-de-France and Provence-Alpes-Côte d'Azur regions benefit from their proximity to FDJ Group sites.

Performance indicator: percentage of purchases (in value terms) made from SMEs and ISEs (of purchases made in France)

	2019	2020
FDJ	83%	61%
FDP	70%	70%
FGS France	96%	92%



* LC: Large Corporates - ISE: Intermediate-sized enterprises - SME: Small and medium-sized enterprises
** "Active suppliers": all suppliers who received an order and/or an invoice and/or a credit note in 2020

2.5.8 Environment

For many years, FDJ has been working to reduce its environmental footprint and help meet the challenges of preserving biodiversity and combating climate change. Its initiatives in this area thus contribute to the achievement of SDGs 13 and 15.

13 CLIMATE ACTION	**SDG: climate action** Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy.
	Target 13.2: integrate climate change measures into national policies, strategies and planning.
	FDJ's ambitions ◆ Align the Group's greenhouse gas emissions with the 2°C objective. ◆ Achieve carbon neutrality.
15 LIFE ON LAND	**SDG: life on land** Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and end biodiversity loss.
	Target 15.2: by 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.
	FDJ's ambitions Obtain 100% of paper supplies from sustainably managed, FSC® certified forests and help preserve biodiversity in French forests by funding the conservation and restoration of trees housing rare and endangered species.
FDJ's 2025 target Limit the impact of the Group's activity on the environment.	

2.5.8.1 Combat climate change

Given the urgency of taking steps to combat climate change, FDJ Group had undertaken to reduce the direct and indirect environmental impacts of its activities for more than 10 years now.

Measure the Group's greenhouse gas emissions

According to GHG measurements between 2007 and 2017, the Group's CO_2 emissions fell by 8% over the decade thanks to various initiatives, while the annual growth rate of stakes was nearly 5% over the same period.

This ambitious GHG emission reduction plan was initiated across the Group's entire scope of operations (from its own sites to PoS, i.e. 100% of its business). These initiatives include, in particular, transitioning from electricity to 100% renewable energy, reducing the number of company cars and limiting their GHG emissions, reusing heat emitted by the data centre to heat its buildings. In 2020, a new life cycle assessment of gaming materials served as the basis for new action plans to reduce GHG emissions from scratch cards and measure their impacts on biodiversity.

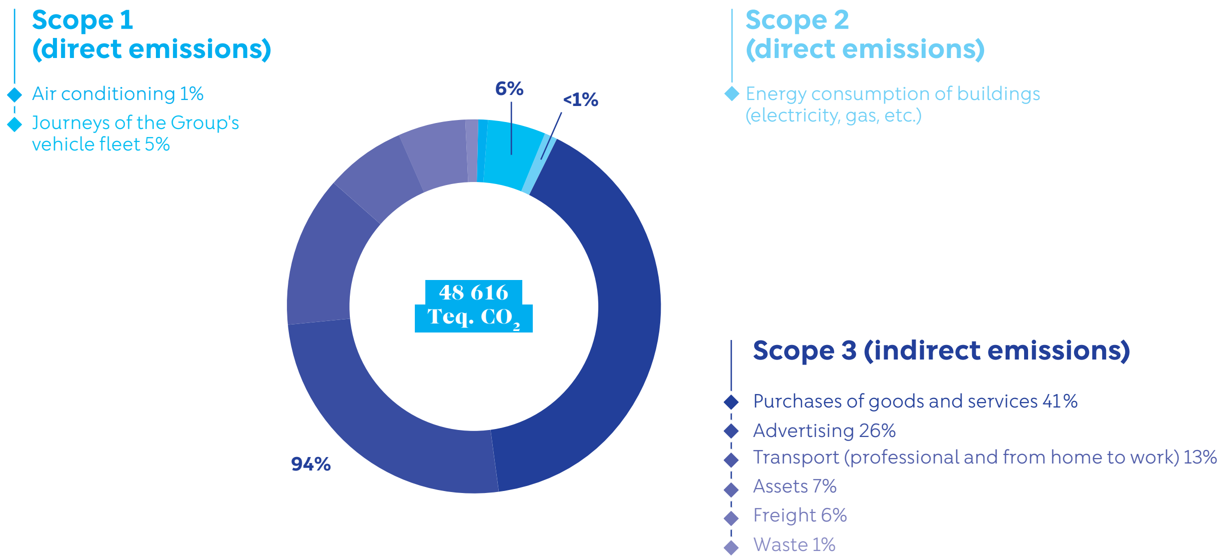
Before 2017, the carbon review was performed every three years. The Company has since joined the Science Based Targets initiative. To meet the requirements of the programme, an annual carbon review is mandatory. The SBT initiative, launched in 2015 on the heels of COP 21, sets a clear pathway – based on scientific targets – for companies to reduce their greenhouse gas emissions in accordance with the Paris Agreement.

GHG emissions are measured according to whether or not they are controlled by the Company: emissions under the Company's direct control (Scopes and 2: energy consumption of buildings and fuel for company cars) and emissions under its indirect control (Scope 3: purchases of goods and services, gaming materials, depreciation and amortisation, freight, fixed assets and IT equipment, employee travel (business travel and commuting) and waste).

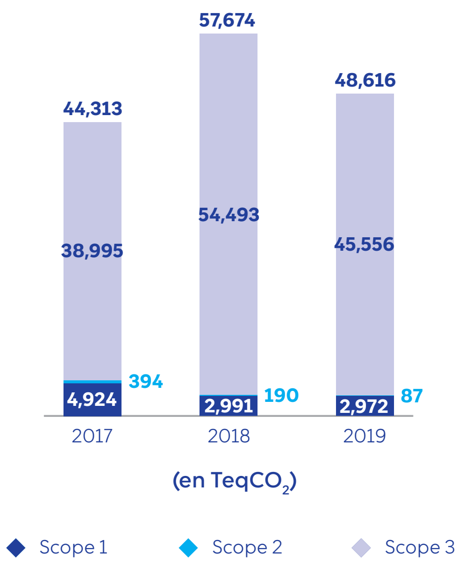
The Group's GHG emissions are measured using the GHG Protocol methodology [(1)], a unit of measurement used by the SBT initiative to define reduction targets.

(1) *GHG Protocol methodology: the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) partnered with companies, NGOs and government representatives to develop a method for recognising and reporting GHG emissions for businesses (direct and indirect emissions). This protocol, which is widely used around the world, served as the basis for ISO 14064-1: 2006.*

DISTRIBUTION OF GHG EMISSIONS ACCORDING THE GHG PROTOCOL IN 2019



PERFORMANCE INDICATOR: CHANGE IN FDJ GROUP GHG EMISSIONS BETWEEN 2017 AND 2019 ACCORDING TO THE GHG PROTOCOL



The Group recorded emissions of 48,616 $TeqCO_2$ in all scopes (based on the GHG Protocol method), representing a 16% decline on 2018 emissions and a 10% increase on 2017 emissions.

Reducing greenhouse gas emissions

To combat global warming and preserve the environment, in accordance with the criteria set by the SBT initiative, FDJ Group raised its ambitions by drafting a new environmental policy and setting a new course for reducing greenhouse gas emissions by 2025: -20% GHG emissions between 2017 and 2025 across its entire scope of operations.

The targets set by the Group cover the main GHG emissions sources in Scopes 1, 2 and 3. The main sources of Scope 3 emissions covered by the carbon reduction targets are purchases, advertising and travel.

In 2019, this plan was approved by the international SBT initiative. Four GHG reduction targets were specifically approved by the SBT initiative and are measured for the purposes of the annual carbon review.

1- Reduce GHG emissions by 20% (Scopes 1& 2)

The 20% emissions reduction target has been significantly exceeded to date. Scope 1 and 2 emissions dropped 40% from 2017 to 2019, thanks to reduced energy consumption (electricity and gas) and use of renewable energy sources in Group buildings.

To keep this momentum going in 2020, the Group began switching its fleet of company cars to electric vehicles. By end-October 2020, 29% of the fleet was made up of rechargeable hybrid cars and 3% of electric cars. FDJ also encourages its staff to use alternative means of transportation to the personal vehicle, such as bikes, trains, etc.

2- Obtain 100% of energy from renewable sources

As of 2020, 100% of the electricity used at FDJ sites and at all FDP sales agencies is guaranteed as renewably-sourced. FDJ Group set a goal of expanding this initiative to all other subsidiaries by 2025.

3- Reduce GHG emissions by 15% (Scope 3, excluding suppliers)

The main initiatives aimed at reducing indirect GHG emissions are focused on employee commutes and business travel. In 2019, emissions generated from business travel (excl. travel using company cars) and commutes rose 8% compared to 2017, in proportion to the increase in the number of employees.

To reduce these emissions, FDJ has established a series of initiatives to promote greener travel, not only for business trips (reducing the number of trips, prioritising videoconferences and rail travel) but also personal travel (expanding telework options, promoting the use of bicycles instead of personal cars, etc.).

4- Encourage 65% of Group suppliers to significantly reduce their GHG emissions

FDJ set a goal of encouraging 65% of its biggest suppliers to reduce their GHG emissions by 2024, a goal approved by the SBT initiative. To date, an initial group of suppliers has already made the commitment. This target covers three categories of purchases: advertising, gaming materials and intellectual/IT services.

Implementing a Green IT approach

The Green IT target is fully aligned with the Group's GHG emissions reduction plan and, more broadly speaking, with its environmental policy.

In 2019, FDJ assessed the impact of its IT equipment on the environment by conducting the We Green IT survey [(1)], in partnership with WWF France. As a result:

- quantifying the environmental footprint of FDJ's information systems;
- assessing the Company's maturity in terms of GreenIT best practices.

In 2019, FDJ's global digital environmental footprint [(2)] represented 2,300 TeqCO_2, i.e. around 4% of the Group's Carbon Footprint.

Two areas were identified as top-priority due to their major impact on the environment: the data centre (21% of FDJ's digital carbon impact) and the user environment (employee IT equipment, 17% of FDJ's digital carbon impact).

The survey highlighted a number of initiatives already implemented in these seven areas:

- the structure and layout of the data centre were optimised to improve energy efficiency;
- the thermal energy generated by the data centre was recycled to heat the offices by adapting the physical structure of the servers to that end;
- all computers bought by the Group are TCO certified [(3)];
- office paper is 100% recycled and certified FSC® (Forest Stewardship Council®) [(4)] and EU Ecolabel [(5)];
- the lifespan of equipment was extended by reallocating devices internally (for PCs and business smartphones) and repairing equipment;
- the energy efficiency of equipment was improved by automatically putting printers and screens in sleep mode at night;
- employees were given the option of combining their business and personal smartphones so they would only have one phone and thus reduce the number of devices.

The survey also identified areas for improvement to take the Company's Green IT programme even further, leading to new measures being adopted in 2020.

- Data centre initiatives implemented in 2020:
  - all rooms in the main data centre were set up to avoid energy loss and improve energy efficiency (confinement of server pays, hot aisle containment system),
  - 93 M of data centre servers are virtualised (vs. 89% in 2019). Physical servers are replaced with virtual servers, thus absorbing the sharp rise in activity while reducing the impact on energy consumption and decreasing the number of IT devices,
  - the operating temperature of servers was raised to 20°C (versus 19 °C in 2019). Increasing the temperature reduces the data centre's total power use and thus its Carbon Footprint. The target for 2025 is to raise the operating temperature to 24°C, which, according to the WeGreenIT survey, would reduce the data centre's total power consumption by 4%.

(1) WeGreenIT survey: the tools used to quantify environmental footprint and assess maturity were developed by GreenIT.fr. The survey quantifies the environmental footprint of each information system using a simplified Life Cycle Assessment (LCA) approach. The model and the impact factors were validated by an independent consultant (Bureau Veritas). The data were collected by the companies, which were assisted by an expert in order to validate the consistency and uniformity of the information transmitted and, where necessary, to rework it.

(2) Data centre, servers, workstations, software, telephones, printers, waste flow (excl. purchases of services such as software licences).

(3) International certification on the sustainability of IT products. The certification criteria are defined to promote social and environmental responsibility over the entire life cycle of IT products. The criteria meet the requirements of ISO 14024 "Environmental labels and declarations – Type I environmental labelling – Principles and procedures".

(4) International label certifying forest management and the wood production and inspection chain. It covers the various stages of the production and subsequent progress of forest products along the value chain. The label guarantees that FSC certified materials and products come from sustainably managed forests.

(5) European ecolabel created in 1992 by the European Commission to enable consumers to identify the most environmentally-friendly products throughout their entire life cycle. It encourages sustainable product manufacturing and consumption and the sustainable supply and use of services.

- User environment initiatives implemented in 2020:
  - the lifespan of FDJ's desktop computers [1] rose from five years (in 2019) to 5.3 years in 2020,
  - refurbishment and re-use of computers are prioritised in order to reduce their carbon impact: the percentage of new mobile computers out of FDJ's total computer fleet was 28% in 2020 versus 37% in 2019. Furthermore, FDJ donated nearly 100 computers to associations (i.e. 3.3% of the total fleet) in 2020.

Offsetting residual emissions

In addition to the various action plans implemented by FDJ, based on the "avoid-reduce-offset" sequencing principle, offset initiatives are another pathway to reducing GHG emissions. To that end, FDJ finances projects over five years to offset residual emissions.

Carbon offset initiatives can contribute to achievement of the global carbon neutrality target by 2050, which is necessary to limit global warming to no more than 2°C by 2100, by funding projects that build up natural carbon wells (forests, soil, oceans, etc.) around the world.

FDJ Group achieved carbon neutrality in all three scopes as of 2019 by offsetting emissions that could not be avoided via two Verified Carbon Standard [2] projects, for their reliability and international recognition by the United Nations Organisation.

- Preserving the Floresta de Portel forest in Brazil.

  The aim of this project is to protect a fragile ecosystem by preventing and averting deforestation and by helping local populations develop sustainable and supervised forest management allowing the forest to regenerate naturally and protecting biodiversity. It also promotes the development of fair and sustainable income-generating activities, thanks to agroforestry and land management through forest conservation reserves.
- "Ghandi" programme to develop wind energy in India

  The Gandhi programme consists in developing clean and renewable energy in India (notably in Porbandar), where 56% of energy demand is covered by coal, as well as developing a more stable and more accessible power grid (one in four inhabitants has no access to electricity in India) by developing wind energy. The project will not only reduce dependence on coal, but will also improve the environment and air quality.

Aligning with TCFD (Task force on Climate-related Financial Disclosure) recommendations

In 2020, FDJ Group launched an initiative to identify and analyse climate-related financial risks and opportunities. First, a review was conducted of the Group's existing practices in relation to the TCFD recommendations. This initiative will be continued and expanded in 2021.

This chapter is organised according to the four TCFD pillars (governance, strategy, risk management, metrics and targets) and refers to other sections of the non-financial performance report or the Universal Registration Document for further details.

Governance

FDJ Group's governance bodies address the Company's Corporate Social Responsibility objectives:

- duties of Board members (see "Governance"): the Board of Directors' CSR and Responsible Gaming Committee examines FDJ's CSR policy as a whole, including its environmental policy and the initiative implemented to address climate-related risks and opportunities, and reports on its work to the Board.

  FDJ Group presented the results of its 2019 carbon review, carbon emissions reduction targets and associated action plans to the CSR and RG Committee in November 2020, which in turn reported to the Board of Directors.

  The CSR and RG Committee validates the percentage of variable pay granted to corporate officers based on the CSR objectives. This assessment is based on the change in the Vigeo non-financial rating, which covers environmental performance and management of climate-related risks and opportunities;
- duties of Group divisions: several Group divisions are actively involved in managing climate-related risks and opportunities.
  - the CSR division is responsible for overseeing, defining and implementing CSR initiatives for the entire Group, and particularly projects aimed at combat climate change. In 2020, it notably updated the CSR risk analysis (including climate risks) and oversaw the assessment of the Company's initiatives in accordance with TCFD recommendations,
  - the Audit, Risk, Controls, Quality and Ethics division is in charge of:
    - identifying, prioritising and addressing all types of risks (strategic, operational, non-compliance, external) liable to jeopardise the conduct of the Group's activities or its sustainability over the short or medium term,
    - cataloguing and regularly assessing internal control systems, and recommending areas for improvement in order to better manage identified risks.

    These activities are carried out in close cooperation with the CSR division in the scope of climate risks,
  - the Operational Real Estate and Working Environments Department is responsible for defining the strategy aimed at reducing the energy consumption of FDJ Group buildings in France, rolling out initiatives and monitoring/ensuring the achievement of energy efficiency targets and use of renewable energy. These initiatives play a major role in the Group's Carbon Footprint reduction strategy (Scopes 1 and 2). In 2021, the division will be involved in upcoming sessions dedicated to analysing physical risks associated with climate change, particularly relating to the Group's real estate assets,
  - the Marketing division, Commercial Operations division and Sourcing division contribute equally, alongside the CSR division, to the Group's GHG emissions reduction initiatives (Scope 3) targeting gaming materials.

(1) *Desktop computers made up 12%, and mobile computers 88%, of FDJ's total computer fleet in 2020.*

(2) *VCS is an international standard applied to GHG emissions reduction and absorption projects. VCS is based on the obligations set out by GHG reduction standards ISO 14064-2, ISO 14064-3 and ISO 14065.*

Strategy

In the course of its business, FDJ is exposed to a number of risks and opportunities related to climate change, including transition risks and physical risks alike.

Risks related to climate change were identified and assessed during the CSR risk mapping exercise, which was in turn associated with the annual Group risk mapping exercise.

To mitigate the potential impact or avoid climate change-related risks, FDJ implemented risk management initiatives, which are presented in this chapter and summarised in the table below. This chapter also contains a list of climate change-related opportunities identified by the Group. In the interest of meeting the TCFD recommendations, a more extensive analysis of climate change-related risks and opportunities will be conducted as of 2021.

Transition risks

Risks	Main objectives	FDJ Group achievements
Changes in laws and regulations	◆ Carbon neutrality in Europe by 2050. ◆ National low-carbon strategy and 2050 carbon neutrality commitment. ◆ European Energy Performance of Buildings Directive. ◆ Energy Transition for Green Growth Act, which sets multiple ambitious targets for the construction sector including low energy consumption by 2050. ◆ Service Sector Decree imposing reduced energy consumption for buildings in the service sector by 2050. ◆ European Commission Green Taxonomy.	◆ FDJ has been carbon-neutral in all three GHG emissions scopes since 2019, after setting up a carbon offset programme for emissions that could not be avoided. ◆ FDJ has set ambitious GHG emissions reduction targets for 2025 (SBT initiative). ◆ FDJ is working on its alignment with the Service Sector Decree (definition of scope and benchmark years, internal training, etc.). The first compliance report will be prepare din September 2021.
Technological risks	◆ Renewable energy. ◆ Soft mobility and alternative transportation. ◆ Energy efficiency of buildings and data centres.	◆ As of 2020, 100% of the electricity used at all Group FDJ sites in France and at all FDP sales agencies is guaranteed as renewably-sourced. ◆ FDJ rolled out a policy promoting soft mobility for employee commutes (internal bicycle parking with helpful tools and facilities such as electric tyre pumps, changing rooms, electric chargers. ◆ FDJ signed an Energy Performance Agreement (EPA) set up at the Group's registered office; negotiations are in progress to expand the scope of EPAs to all Group sites in 2021. ◆ FDJ initiated a Green IT policy in 2019 and presented an initial overview in the non-financial performance report.
Market	◆ Access to green finance. ◆ Investor expectations.	◆ Over the last 10 years, FDJ has allocated a portion of its UCITS investments in socially responsible investment (SRI) funds.
Reputation	◆ Regulator expectations. ◆ Supplier relations.	◆ FDJ has developed a Digital IT policy, in accordance with the specifications set by the State for the exclusive rights granted to FDJ Group. ◆ FDJ has incorporated responsible sourcing (environmental impact of suppliers) in its sourcing procedures. FDJ has set a goal of encouraging 65% (in terms of sourcing-related GHG emissions) of its suppliers to join the SBT initiative by 2024.

Physical risks

Risks	Main objectives	FDJ Group achievements
Chronic	◆ Temperatures, rain, heat waves, hydric stress, etc.	◆ FDJ has not classified this as a material risk in the past and will conduct a more extensive analysis of physical risks in 2021.
Acute	◆ Floods, storms, fires, etc.	◆ FDJ's Business Continuity Plan encompasses these risk scenarios, with specific response plans. ◆ FDJ provides financial aid to struggling retailers in high-risk areas. FDJ donated €20,000 to Secours populaire français in October 2020 after the floods caused by Storm Alex in the Alpes-Maritimes.

FDJ has set ambitious GHG emissions reduction targets. These targets were approved by the Science-Based Targets initiative (SBTi) as compatible with a scenario of keeping global warming below 2°C maximum, and consistent with the Paris Agreement.

FDJ has a four-pronged strategy for reducing direct GHG emissions (see "Reducing greenhouse gas emissions").

Risk management

The Enterprise Risk Management function, which is part of the Audit, Risk, Controls, Quality and Ethics division, covers all types of risk to which the Group is exposed (strategic, operational, non-compliance, external). In accordance with the Risk Management system, FDJ Group has adopted a consistent and structured approach for the different stages involved in identifying, assessing and addressing its risks, and assists the business lines in analysing their own risks.

In 2020, the CSR division worked closely with the Risk Management function to update the CSR risk map, and the CSR risk universe was updated as a result (see "Aligning with TCFD Recommendations – Strategy").

Metrics and targets

FDJ monitors and publishes an annual report on environmental indicators related to energy consumption, water consumption and waste production associated with its activities. The changes in these indicators, and their scope, are disclosed in the notes to this non-financial performance report. The Group's activity does not generate a significant impact in terms of water consumption and waste production.

GHG emissions for Scopes 1, 2 and 3 are assessed once a year using the ADEME "Bilan Carbone" (carbon review) methodology and the GHG Protocol methodology (see "Reducing greenhouse gas emissions").

Outlook

For the purposes of meeting the TCFD recommendations, FDJ will continue monitoring the climate change-related risks and opportunities analysis in 2021.

2.5.8.2 Taking action to preserve biodiversity

In addition to initiatives proving its commitment to combating global warming, FDJ Group has been working for many years to limit the impact of gaming materials on forest biodiversity.

- Since 2012, 100% of scratch cards have been printed on paper from FSC®-certified sources. The FSC (Forest Stewardship Council®) label aims to preserve the world's forests. It promotes the diversity of species, preserves the soil, fauna and flora and helps combat the destruction of habitats and wetlands.
- In addition to international carbon offset projects, in 2019, FDJ began funding a 10-year project called "FSC Biodiversity Ecosystem Services" to preserve biodiversity in France. This innovative project aims to protect and restore French forest environments (Saint-Sylvestre, in Haute Vienne) for rare and endangered species. Some species, notably bats and birds, are also included on the IUCN red list. [1] The project is being implemented by International Paper Forest Services, which holds an FSC forest management certificate, and the tools used for this project have been developed with NGOs including WWF France and expert naturalists.
- In 2020, FDJ maintained its commitment to preserve biodiversity in France by funding ecosystem conservation project for the natural park in Périgord Limousin, aimed at protecting endangered species on the IUCN red list.
- FDJ implemented a "Zero Plastic" initiative at its sites in 2019 to help reduce the environmental impact of plastic products. Disposable plastic cups were replaced with reusable cups, and thermos bottles were distributed to each Group employee to replace plastic water bottles. In 2020, thanks to this initiative, 509,490 disposable cups and 40,000 plastic bottles were avoided, emissions were reduced by 8,050 kgeqCO_2 and 42,773 litres of water were saved.
- In 2020, FDJ conducted a second Life Cycle Assessment (LCA) [2] of its gaming materials, for the purpose of quantifying the impact of gaming materials on the environment and biodiversity, and defining an eco-design roadmap with practical solutions for future implementation. This assessment confirmed that the major impact on the environment lies in the manufacture of paper and printing of scratch cards. As for biodiversity, 98% of impacts come from logging operations. The biodiversity footprint of gaming materials was measured using the Global Biodiversity Score (GBS) [3], developed by CDC Biodiversité (Caisse des dépôts et consignations). Based on the results of the LCA, FDJ Group initiated a roadmap that will be clarified and implemented as from 2021. FDJ also initiated a project, in collaboration with FSC France, WWF France and CDC Biodiversité, to incorporate the requirements of the FSC label in the GBS in order to emphasise its positive impact on biodiversity.

Performance indicator: percentage of scratch cards printed on paper from FSC®-certified responsible sources

	2019	2020
FDJ Group	100%	100%

Raising awareness of environmental preservation

FDJ is also committed to raising the awareness of its players, retailers and employees on the importance of reducing their impact by adopting best practices.

A CSR COOC (corporate online open course) has to date trained 80% of FDJ employees in FDJ's environmental approach.

FDJ also participates in "European Sustainable Development Week". The theme for 2020 was the link between biodiversity and plastic. Conferences were organised to raise employee awareness of the impact of plastic waste on biodiversity and the projects implemented by FDJ to preserve biodiversity in France and around the world.

FDJ employees, deeply committed to preserving the environment, have created an association, *Mon petit geste pour la planète* (My small gesture for the planet) to share eco-responsible best practices.

(1) International Union for Conservation of Nature.

(2) The first LCA on gaming materials was conducted in 2009 and examined FDJ's impact on the environment only, not on biodiversity.

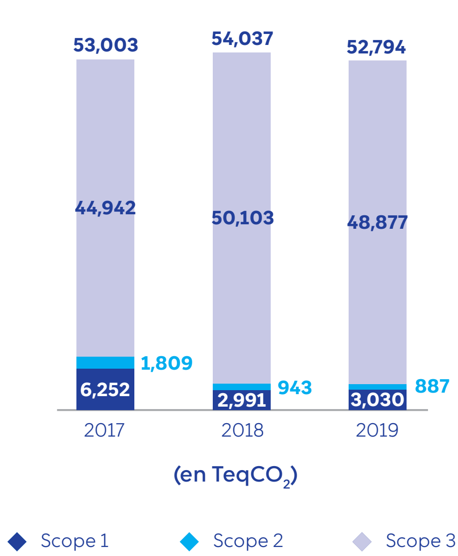
(3) The Global Biodiversity Score (GBS) was created by CDC Biodiversité in May 2020 as a tool for companies and financial institutions to measure their biodiversity footprint.

2.5.9 Notes: additional monitoring indicators

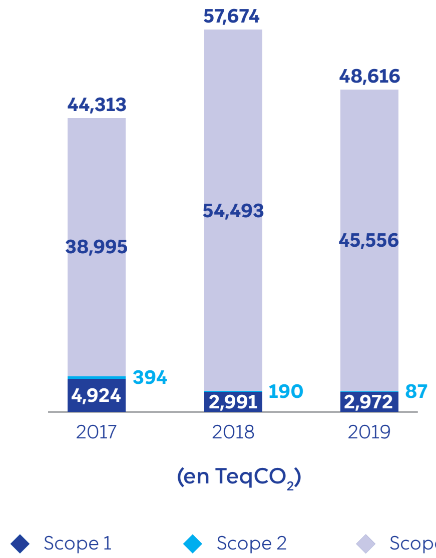
The table below presents additional indicators to those associated with the risks of the non-financial performance report. These indicators are also closely monitored for CSR management purposes.

	Scope	2018	2019
Greenhouse gas emissions		57,674	48,616

BILAN CARBONE® (ADEME)



GHG PROTOCOL



GHG emissions were measured exclusively in accordance with the ADEME Bilan Carbone® methodology until 2017. Since then, the GHG Protocol is the methodology used in order to comply with SBT initiative targets. The main differences between the GHG Protocol methodology and the Bilan Carbone® (ADEME) methodology stem from the measurement of "fixed assets" [(1)] and renewable energy. [(2)]

	Scope	2019	2020
Fuel oil consumption during the year	Group	0 litre	0 litre
Fuel oil is used by power generators			
Gas consumption during the year	FDP agencies and Saint-Mard site	298,646 kWh	1,340,022 kWh
Electricity consumption during the year	FDP agencies, Boulogne-Billancourt sites (Delta, Aguesseau – excluding cold generators – Morizet), Saint-Mard, Saint-Witz, Villepinte and Vitrolles	19,263,930 kWh	19,574,467 kWh
Water consumption during the year	Vitrolles, Saint-Witz, Saint-Mard, Boulogne-Billancourt (Delta and Aguesseau) sites	12,471 m^3	20,969 m^3
Renewable energy consumption	Group	100%	100%
Share of waste recycled	Vitrolles, Boulogne-Billancourt (Delta and Aguesseau) and Paris Nord (Villepinte, Saint-Mard, Saint-Witz) sites	55%	40%
A large portion of non-hazardous industrial waste is not included in recyclable waste. It is treated for energy recycling purposes to generate electricity or power home heating networks.			
Information on occupational health and safety	Group		

FDJ has an occupational health and safety (OHS) management system. FDJ has for several years been working to train and build awareness on the issues of security, prevention and risk analysis among its managers, employees, service providers and suppliers.
Developing an OSH prevention culture and sharing best practices remain clear and shared objectives for the FDJ Group.
The Company uses an Iso 45001 approach and a control plan for its management system within the Group. It is also continuing work to improve the regulatory watch, external audit, progress tracking, action *plan* and performance reporting relating to the operation of its occupational health and safety management system. This approach serves the FDJ Group's strategy, anticipates working methods and contributes to the attractiveness of the employer brand.
In 2019, FDJ signed agreements group on profit-sharing, telework and CSR, which are aligned with a virtuous approach to the development of "Better living and working together in the digital age" and with the Corporate Social Responsibility policy.

(1) The Bilan Carbone® methodology accounts for all fixed assets, whereas the GHG Protocol methodology only takes into account the emissions of fixed assets acquired over the year.

(2) The GHG Protocol methodology (market-based approach) accounts for emissions avoided through the purchase of renewable energy, unlike the ADEME methodology.

	Scope	2019	2020
Absenteeism rate	FDJ	3.33	2.84
	FDP	4.82	3.74
	FDI	0.29	0.72
	FDM	4.07	3.55
	Pacifique des Jeux	1.35	1.82
	FGS France	1.49	1.14
	FGS Canada	NA	0
	FDJD	1.17	0.63
	FGS UK	2.00	1.71
	Sporting Group	ND	0.55
Workplace accident frequency rate	FDJ	4.33 (1)	1.84
	FDP	7.69	1.37
	FDI	0	0
	FDM	0	0
	Pacifique des Jeux	0	0
	FGS France	0	0
	FGS Canada	NA	0
	FDJD	0	0
	FGS UK	0	0
	Sporting Group	ND	0
Workplace accident severity rate	FDJ	0.06 (1)	0.03
	FDP	0.29	0.02
	FDI	0	0
	FDM	0	0
	Pacifique des Jeux	0	0
	FGS France	0	0
	FGS Canada	NA	0
	FDJD	0	0
	FGS UK	0	0
	Sporting Group	ND	0
Number of deadly accidents	FDJ	0	0
Average wage of employees	FDJ	€4.32 k	€4.39 k
	Group	€4.32 k	€4.21 k
Median wage of employees	FDJ	€3.90 k	€4.02 k
	Group	€3.63 k	€3.73 k
Percentage of revenue from orders for promotional items manufactured by factories located in high-risk countries and certified SA 8000 or subject to a social audit	FDJ	100%	100%
Percentage of UCITS investments in SRI funds	FDJ	20.4%	31.6%
Due to the unique conditions prevalent in 2020, the percentage of investments in SRI funds was particularly high; as a result, it significantly exceeded the 20% cap set for 2020.			
Attendance rate at Board of Directors meetings	FDJ	90.4% (2)	92%
Percentage of women on the Board of Directors	FDJ	40% (3)	50%
Employee shareholders	FDJ Group	4.4% (4)	3.9%

(1) 2019 data changed due to the reclassification of commuting accidents as workplace accidents.

(2) The attendance rate was calculated by averaging the attendance rate of each Member of the Board of Directors over the year.

(3) The percentage of women on the Board of Directors was calculated before FDJ's initial public offering, i.e. from 1 January 2019 to 21 November 2019.

(4) Employee shareholders at 31 December 2019.

2.5.10 Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial performance report contained in the Group management report

For the year ended 31 December 2020

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditor of La Française des Jeux (hereinafter the "entity"), appointed as an independent third party and certified by COFRAC (COFRAC Inspection accreditation No. 3-1060, whose scope is available at www.cofrac.fr), we hereby report to you on the consolidated non-financial information statement for the year ended 31 December 2020 (hereinafter the "Statement"), included in the Group management report pursuant to the legal and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (Code de commerce).

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are available on the entity's website.

Independence and quality control

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the French code of ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the Statutory Auditor, appointed as an independent third party

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of Article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with Article R.225-105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the consistency of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of Articles A.225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with the professional standards applicable in France to such engagements, as well as with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the social and environmental risks associated with their activities, and the impact of those risks on compliance with human rights and anti-corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L.225-102-1 III, as well as the information provided for in paragraph 2 of Article L.22-10-36 of the French Commercial Code regarding compliance with human rights and anti-corruption and tax evasion legislation;

- we verified that the Statement includes an explanation for the absence of the information required under Article L.225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under Article R.225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with Article L.233-16, within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative results that we considered to be the most important (see the list provided in the appendix), we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities, namely La Française des Jeux and Française de Patrimoine, and covers approximately 80% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important (see the list provided in the appendix);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work was carried out by a team of six people between early November 2020 and early February 2021 and took a total of five weeks.

We were assisted in our work by our specialists in sustainable development and Corporate Social Responsibility. We conducted some twenty interviews with the people responsible for preparing the Statement, representing the Human Resources, Compliance and Risk Management, Health and Safety, Environmental and Purchasing Departments.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Neuilly-sur-Seine, 12 February 2021

One of the Statutory Auditors

PricewaterhouseCoopers Audit

Jean-Paul Collignon	Pascal Baranger
Partner	Director, Sustainable Development Department

Appendix: List of information that we considered to be the most important

Key performance indicators and other quantitative results

- Overall compliance rate with responsible gaming and Security criteria;
- Amount and percentage of the overall budget for purchasing television advertising space dedicated to responsible gambling;
- Share of red/yellow/green Playscans™;
- Amounts paid with respect to responsible gaming partnerships;
- Number of participants in workshops offered to big prize winners;
- Percentage of retailers with good knowledge of the Company's anti-money laundering plan;
- Number of suspicious transaction reports to TRACFIN;
- Rate of uncollected remote card payments;
- Number of employees that have received awareness-raising on the GDPR, ethics and anti-corruption;
- FDJ Group tax rate;
- Number of alerts of significant abnormalities transmitted to the National Platform;
- Average payment time;
- Amount and percentage of purchases in value terms in France;
- Amount and percentage of purchases from small and medium-sized enterprises (SMEs) and mid-cap companies;
- Amount of purchases from sheltered workshops (ESATs);
- Number of suppliers evaluated in 2020;
- Percentage of FDJ SA payroll allocated to training;
- Number and percentage of employees who have benefited from internal mobility within the Group;
- Total number of training hours at FDJ SA;
- Proportion of FDJ SA employees who received training during the year;
- Number of agreements signed within FDJ (2019/2020 change);
- Percentage of women and women managers at FDJ SA and the FDJ Group;
- Score on the "gender equality" index (FDJ SA, FDP and FGS France);
- FDJ SA Group disability rate;
- Number and percentage of employees on work-study contracts within FDJ SA and the FDJ Group;
- FDJ SA absenteeism rate;
- Average and median salaries of FDJ SA and FDJ Group employees;
- Group employee engagement rate;
- Number of civil society organisations (CSO) that are members of the Social Laboratory (Laboratoire sociétal);
- Number of associations supported by the FDJ Foundation;
- Amount of financial aid granted by the FDJ Corporate Foundation;
- FDJ's contribution to gross domestic product (GDP);
- Number of jobs created or made permanent;
- FDJ's contribution to jobs in the bar-tobacconist-newsagent sector;
- Total GHG emissions and percentage reduction in GHG emissions;
- Percentage of gaming materials printed on FSC-certified paper;
- Proportion of promotional items purchased in at-risk countries and certified SA 8000 (Social Accountability);
- Fuel-oil, gas, electricity and water consumption during the year;
- Renewable energy consumption;
- Proportion of recycled waste.

Qualitative information (measures and outcomes)

- Mystery shopping "sales-to-minors";
- No underage gambling poster: new colour (orange) displayed in the points of sale network;
- Widening of the scope of players whose gaming activity presents risk and lowering of the daily stakes ceiling to €140 per day;
- Workshops offered to winners on different themes;
- "Entraide-auto-support" (group and individual support) project led by Sedap;
- Enhancing of the anti-fraud action plan;
- Increased mobilization of the sales force on anti-money laundering issues via the network of "anti-money laundering" champions;
- Barometer and self-assessment on anti-money laundering in the magazine Profession Jeux;
- Enhancing of technical audit measures;
- FondAction du football endowment fund;
- Participation in the project to create sports integrity guidelines launched by the French Ministry of Sports and piloted by AFNOR;
- Creation of two communications campaigns to raise employee awareness on anti-corruption and the Group's rules;
- Creation of FDJ Services;
- Joining the Pas@Pas association to help it source companies in the protected and adapted sector;
- Free access for all employees to a training platform, including one-on-one calls (English training);
- Update to the planned management of jobs and skills (GPEC) approach;
- Signature of an agreement on 22 April 2020 relating to the Group and the Group Committee and the appointment of Group union representatives;
- Signature of an agreement on 7 April 2020 relating to the taking and donating of holidays and rest days due to the Covid-19 epidemic;
- Remote participation in Duoday during the French Week for the Employment of People with Disabilities (SEEPH) (from 16 to 20 November) and co-presentation of the LOTO draw on TF1 on 18 November by a disabled FDJ Group employee;
- Creation of a personal support service and social assistance service for all Group employees, "FDJ Groupe For ME";
- 2020 internal study of FDJ employee engagement rate;
- FDJ Foundation: support for Philharmonie de Paris projects, "Chacun en mouvement" (professional support for refugees) and "Démos" (musical and orchestral education programme for young people from disadvantaged backgrounds);
- FDJ Sport Factory seminar involving 27 athletes;
- Creation of a Stakeholder Committee to increase dialogue between the Group and stakeholders;
- A dedicated listening service for retailers;
- Engagement with retailers to help them comply with health regulations during the health crisis;
- Guaranteed 100% renewable electricity at FDJ sites and all sales agencies of the FDP subsidiary;
- Data centre servers made virtual;
- All computers "TCO certified";
- Life cycle analysis (LCA) of gaming materials.

Consolidated financial statements

3.1 Consolidated income statement

The financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. They may therefore contain rounding differences.

In millions of euros	Note	2020	2019
Stakes	*4.1*	*15,959.2*	*17,239.5*
Player payout	*4.1*	*(10,851.8)*	*(11,698.6)*
Gross Gaming Revenue	**4.1**	**5,107.5**	**5,540.9**
Public levies	*4.1*	*(3,242.7)*	*(3,498.0)*
Structural allocations to counterparty funds	*4.1*	*-*	*(127.8)*
Other revenues from sports betting	*4.1*	*13.9*	*9.7*
Net Gaming Revenue	**4.1**	**1,878.7**	**1,924.8**
Revenue from other activities	**4.1**	**40.9**	**30.8**
Revenue	**4.1**	**1,919.6**	**1,955.6**
Cost of sales	4.2.1	(1079.0)	(1191.0)
Marketing and communication expenses	4.2.1	(329.7)	(330.4)
General and administrative expenses	4.2.1	(172.5)	(173.1)
Other operating income	4.2.1	2.7	0.6
Other operating expenses	4.2.1	(16.3)	(9.7)
Recurring operating profit	**4.2.1**	**324.7**	**252.0**
Other non-recurring operating income	4.2.3	2.2	4.0
Other non-current operating expenses	4.2.3	(34.2)	(67.3)
Operating profit		**292.7**	**188.7**
Cost of financial debt		(5.4)	(2.3)
Other financial income		14.4	23.8
Other financial expenses		(4.3)	(0.9)
Net financial income/(expense)	**8.4**	**4.6**	**20.6**
Share of net income from joint ventures	9	1.3	2.0
Profit before tax		**298.7**	**211.3**
Income tax expense	10.1	(85.0)	(78.3)
NET PROFIT FOR THE PERIOD		**213.7**	**133.0**
Attributable to			
◆ Owners of the parent		213.7	133.0
◆ Non-controlling interests		-	-
Basic earnings (loss) per share *(in euros)*	**11**	**1.12**	**0.70**
Diluted earnings (loss) per share *(in euros)*	**11**	**1.12**	**0.70**

3.2 Consolidated statement of other comprehensive income

In millions of euros	31.12.2020	31.12.2019
Net profit for the period	**213.7**	**133.0**
Cash flow hedging before tax	(1.5)	(0.4)
Net investment hedging on foreign activities before tax	5.7	(2.1)
Net change in currency translation reserves before tax	(2.8)	1.2
Tax on transferable items	(1.1)	0.9
Items subsequently transferred or transferable to profit or loss	**0.2**	**(0.5)**
Actuarial gains and losses	2.4	(3.1)
Tax on actuarial gains (losses)	(0.6)	0.5
Items that may not be subsequently transferable to profit or loss	**1.7**	**(2.7)**
Other comprehensive income	**1.9**	**(3.2)**
TOTAL COMPREHENSIVE INCOME/(EXPENSE)	**215.6**	**129.9**
Attributable to		
◆ Owners of the parent	215.6	129.9
◆ Non-controlling interests	-	-

3.3 Consolidated statement of financial position

3.3.1 Assets

In millions of euros	Note	31.12.2020	31.12.2019
Goodwill	5	26.9	56.4
Exclusive operating rights	6.1	355.5	370.7
Other intangible assets	6.1	165.7	148.3
Property, plant and equipment	6.2	374.2	394.0
Non-current financial assets	8.1	571.4	584.3
Investments in joint ventures	9	14.7	14.5
Non-current assets		**1,508.3**	**1,568.2**
Inventories		14.9	10.5
Trade and distribution network receivables	4.6.1	255.4	469.8
Other current assets	4.6.2	214.8	314.8
Tax payable assets		15.8	18.9
Current financial assets	8.1	215.7	272.2
Cash and cash equivalents	8.2	673.2	201.5
Current assets		**1,389.8**	**1,287.8**
TOTAL ASSETS		**2,898.0**	**2,856.0**

3.3.2 Liabilities

In millions of euros	Note	31.12.2020	31.12.2019
Share capital		76.4	76.4
Statutory reserves		91.7	87.5
Retained earnings (incl. profit for the year)		530.8	407.4
Reserves of other comprehensive income		(0.1)	(2.1)
Equity attributable to owners of the parent	**12**	**698.7**	**569.2**
Non-controlling interests		-	-
Shareholder's equity		**698.7**	**569.2**
Provisions for pensions and similar commitments	4.8.3	53.2	56.9
Non-current provisions	7	47.6	49.3
Deferred tax liabilities	10.3	20.1	24.9
Non-current financial liabilities	8.1	510.0	229.7
Non-current liabilities		**630.8**	**360.9**
Current provisions	7	13.3	16.7
Supplier and distribution network payables	4.7.1	249.0	411.6
Current tax liabilities		0.3	0.7
Current player funds	4.5	192.4	156.6
Public levies liabilities	4.7.2	412.0	414.8
Winnings payables - Player balances	4.7.3	288.8	189.3
Other current liabilities	4.7.4	194.4	169.6
Payable to the French State with respect to exclusive operating rights	4.7.5	-	380.0
Current financial liabilities	8.1	218.2	186.5
Current liabilities		**1,568.5**	**1,925.9**
TOTAL LIABILITIES		**2,898.0**	**2,857.7**

3.4 Consolidated statement of cash flows

In millions of euros	Note	31.12.2020	31.12.2019
Operating activities			
Consolidated net profit for the period		**213.7**	**133.0**
Change in asset depreciation, amortization and impairment of non-current assets		127.8	121.2
Change in provisions		3.9	13.9
Capital gain or loss on disposal		1.3	0.1
Income tax expense		85.0	78.3
Other non-cash items included in the consolidated income statement		0.1	0.3
Net financial income/(expense)		(4.6)	(20.6)
Share of net income from joint ventures		(1.3)	(2.0)
Non-cash items		**212.1**	**191.2**
Use of provisions - payments		**(10.7)**	**(7.3)**
Interest received		**9.6**	**9.1**
Income tax paid		**(91.8)**	**(76.5)**
Change in trade receivables and other current assets		54.5	(118.3)
Change in inventories		(4.3)	(1.8)
Change in trade payables and other current liabilities		312.3	76.9
Change in other components of working capital		(2.0)	(1.7)
Change in operating working capital		**360.5**	**(44.8)**
Net cash flow from/(used in) operating activities	8.3	**693.3**	**204.7**
Investing activities			
Acquisitions of tangible and intangible assets		(459.8)	(67.1)
Acquisitions of securities		-	(111.8)
Disposals of property, plant and equipment and intangible assets		0.1	0.1
Change in current and non-current financial assets		110.0	(2.7)
Changes in loans and advances granted		(36.8)	1.8
Dividends received from joint ventures and shareholdings		0.9	0.7
Other [1]		(9.7)	1.0
Net cash flow used in investing activities	8.3	**(395.1)**	**(178.0)**
Financing activities			
Issue of long-term debt		380.0	113.3
Repayment of current portion of long-term debt		(66.6)	(8.0)
Repayment of lease liabilities		(7.4)	(7.1)
Dividends paid to ordinary shareholders of the parent company		(83.4)	(118.3)
Interest paid		(8.3)	(1.8)
Other		(0.2)	(3.8)
Net cash flow used in financing activities	8.3	**214.2**	**(25.7)**
Impact of changes in foreign exchange rates		(0.9)	0.2
Net increase/(decrease) in net cash		**511.5**	**1.3**
Cash and cash equivalents at 1 January		201.5	167.2
Cash and cash equivalents at 31 December		673.2	201.5
Current bank overdrafts at 1 January		(40.2)	(7.2)
Current bank overdrafts at 31 December		(0.3)	(40.2)

(1) See 1.3 Key events - Restructuring of Sporting Group.

3.5 Consolidated statement of changes in equity

In millions of euros	Share capital	Statutory reserves	Retained earnings (incl. profit for the period)	Cash flow hedging	Currency translation differences (inc. net investment hedging)	Actuarial gains and losses	Reserves of other compre-hensive income	Equity attribu-table to owners of the parent	Interest attributable to non-controlling interests	Total equity
EQUITY AT 31.12.2018	**76.4**	**85.4**	**401.0**	**0.2**	**2.1**	**(1.2)**	**1.1**	**563.9**	**0.0**	**563.9**
Net profit 31.12.2019	**-**	**-**	***133.0***	**-**	**-**	**-**	**-**	***133.0***	**-**	***133.0***
Other comprehensive income	-	-	-	(0.3)	(0.2)	(2.7)	(3.1)	(3.1)	-	(3.1)
Total comprehensive income/(expense)	**-**	**-**	**133.0**	**(0.3)**	**(0.2)**	**(2.7)**	**(3.1)**	**129.9**	**-**	**129.9**
Allocation of net profit N-1	-	2.0	(2.0)	-	-	-	-	-	-	-
2018 dividends paid	-	-	(122.0)	-	-	-	-	(122.0)	-	(122.0)
Other [(1)]	-	-	(2.6)	-	-	-	-	(2.6)	-	(2.6)
EQUITY AT 31.12.2019	**76.4**	**87.5**	**407.4**	**(0.1)**	**1.9**	**(3.9)**	**(2.1)**	**569.2**	**0.0**	**569.2**
Net profit 31.12.2020	**-**	**-**	***213.7***	**-**	**-**	**-**	**-**	***213.7***	**-**	***213.7***
Other comprehensive income	-	-	-	(1.1)	1.2	1.8	1.9	1.9	-	1.9
Total comprehensive income/(expense)	**-**	**-**	**213.7**	**(1.1)**	**1.2**	**1.8**	**1.9**	**215.6**	**-**	**215.6**
Allocation of net profit N-1	-	4.2	(4.2)	-	-	-	-	-	-	-
2019 dividends paid	-	-	(86.0)	-	-	-	-	(86.0)	-	(86.0)
Other	-	-	(0.2)	-	-	-	-	(0.2)	-	(0.2)
EQUITY AT 31.12.2020	**76.4**	**91.7**	**530.8**	**(1.1)**	**3.1**	**(2.2)**	**(0.1)**	**698.7**	**0.0**	**698.7**

(1) The €2.6 million includes the €5.5 million offsetting entry to the IFRS 2 expense in respect of the Share Offer Reserved for Employees, the €9.1 million loss on transactions in treasury shares and the associated €1.2 million tax effect.

Income and expenses recognised in other comprehensive income mainly consist of actuarial gains and losses on retirement benefit obligations (2019 and 2020).

3.6

Notes

NOTE 1

Overview of the Group

1.1 General information

La Française des Jeux (FDJ) is a public limited company (société anonyme) governed by French law, subject to all regulations on commercial companies in France, and in particular the provisions of the French Commercial Code, in accordance with the provisions of the legal framework as described in Note 1.2. Its registered office is located at 3/7, quai du Point du Jour 92650 Boulogne-Billancourt. It has been admitted to trading on the Euronext Paris market since 21 November 2019. As at 31 December 2020, its shareholding structure (1) can be broken down as follows: the French State (22%), veterans' associations (2) (15%), employee shareholding funds (4%), Predica (5%) and holdings of less than 5% including French and international institutional investors and individual shareholders. The State monitors strict control over the Company. As a result, the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers, as well as any threshold-crossing of 10% or a multiple of 10% of the share capital, are subject to approval by the Ministers for the Budget and the Economy.

As at 31 December 2020, the Group, which comprises 21 consolidated entities, runs a gaming operation and distribution business in France, metropolitan and overseas departments, four overseas territories and Monaco. It operates internationally, notably through its equity investments in the following companies:

- FGS UK, a UK company that develops the Group's sports betting technology;
- Sporting Group, a UK group acquired in May 2019 comprising four companies, with two core businesses: i) betting and risk management services for sports betting operators, and ii) sports betting offers (spread betting and fixed odds);
- Beijing ZhongCai Printing (BZP), a scratch card printer located in China;
- Services aux Loteries en Europe (SLE), a Euromillions Belgian-law cooperative established to hold and administer draws for participating lotteries;
- Lotteries Entertainment Innovation Alliance AS (LEIA), a Norwegian-domiciled company that operates a digital gaming platform;
- FGS Canada, a Canadian-law company that develops sports betting technology.

The condensed consolidated financial statements reflect the financial position and results of FDJ and its subsidiaries ("the Group") as well as the Group's investments in joint ventures. They are established in euros, the functional currency of the parent company.

1.2 Regulatory environment of FDJ Group (the Group)

FDJ operates in the gaming sector, a highly regulated industry under strict State control.

The French Minister for Budget was vested with the powers to regulate gaming and gambling activities. All activities conducted by FDJ under exclusive rights, with FDJ's online sports betting business subject to regulation and operation under an authorisation issued by Autorité de régulation des jeux en ligne (ARJEL), which was replaced by French national gaming authority Autorité Nationale des Jeux (ANJ) on 23 June 2020. As of this date, ANJ is responsible for supervising the gaming and betting activities operated by FDJ under the exclusive rights granted to the Group for twenty-five years, namely sports betting (conducted at points of sale) and lottery games (offered at points of sale and online). ANJ also holds the authority to supervise the sports betting activities conducted by FDJ online and in competition against rival companies, under the five-year authorisation granted by ARJEL in 2010, then renewed in 2015 and on 8 September 2020 by ANJ.

Applicable regulations set goals for FDJ to prevent the development of addiction and underage gaming; ensure the integrity, security and reliability of gaming operations; funnel demand into a channel controlled by the State; prevent the risk of fraudulent or criminal gambling operations particularly for money-laundering purposes; and help combat illegal gambling and manipulation of competitions or sports events in connection with betting.

1.3 Highlights

1.3.1 New fiscal framework as from 1 January 2020

Article 138 of law 2019-486 of 22 May 2019 on business growth and transformation amended the tax rules applicable to gaming, providing in particular for a change in the calculation basis for public levies and FDJ's remuneration applicable to lottery and sports betting, both online and in the offline distribution network. The change in the tax basis, from stakes to Gross Gaming Revenue (GGR) (3), took effect on 1 January 2020.

For lottery games, Payout Ratios (PR) (4) are defined within a range, with a cap a floor set by game category, whereas for online and offline distribution networks sports betting PRs are capped, respectively.

(1) *Other Company shareholders' lock-up and retention commitment. UBFT, FNAM and Confédération Nationale des buralistes de France have committed to retaining their Shares (including those purchased under the Offer, where applicable) for 18 months from the Offer settlement-delivery date (i.e. the Open-Price Offer and Global Placement with institutional investors, with a settlement-delivery date of 22 November 2019), barring exceptions (takeover bid or exchange offer of the Shares or transfer to a controlled company). MASFIP has made a similar commitment but for a period of 12 months.*

Company's lock-up commitment for 180 calendar days following the Offer settlement-delivery date, barring exceptions (including the Share Offer Reserved for Employees, share buyback plan, free share allocation program, shares held by Soficoma, acquisitions).

French government's lock-up and retention commitment for a period of 18 months from the Offer settlement-delivery date, barring exceptions (sale as part of the Offer, implementation of offer for employees, transfer to a French industrialist, acquisition, transfer to controlled entity, contribution of shares to a public tender or exchange of the Shares).

(2) *Union des Blessés de la Face et de la Tête (UBFT) and Fédération Nationale André Maginot (FNAM).*

(3) *Difference between stakes and player payout.*

(4) *Player payout as a percentage of stakes.*

As a result, a change in PR has an impact on Net Gaming Revenue (NGR) [(1)]. NGR is in fact a balance, calculated from GGR, which is in turn based on the PR for each game category, less public levies. The level of NGR can thus vary depending on the PR applied by FDJ to each game (margin effect), and on the volume of player stakes in each corresponding game category (volume effect).

At constant PR, NGR rate expressed as a percentage of stakes is still relatively close to the previous prevailing rate, as shown in the table below for four of the six games with stakes exceeding €1 billion:

	PR *	NGR until 31.12.2019	NGR from 01.01.2020
Loto®	55.35%	12.60%	11.91%
EuroMillions	50.00%	12.60%	13.33%
Amigo	67.55%	11.30%	12.03%
Cash	71.00%	10.90%	10.75%

* *Theoretical PRs set in accordance with the Decree on the allocation of stakes of 9 March 2006, as amended.*

The calculation basis for public levies applicable to lottery and sports betting activities now consists of GGR rather than stakes, except for the following territories: French Polynesia, Principality of Monaco, Saint-Barthélemy, Saint-Martin, Saint Pierre and Miquelon.

Levies earmarked for the General State Budget are now fixed (as a% of GGR); as such they are no longer set as the balance, for each game, of stakes net of winnings, structural allocations, tax and social security deductions (excl. income tax), VAT and NGR.

VAT rates remain unchanged.

Public levies liabilities are now settled on a monthly basis, whereas they were mainly paid on a weekly basis previously. An advance payment is made the same month for public levies payable in December.

This same article also states that the funds referred to in Articles 13 and 14 of Decree No. 78-1067 of 9 November 1978 are closed from 1 January 2020 and that the sums deposited in these funds shall be paid to the French State by 30 December 2022, pursuant to Article 3 of Decree 2019-1456 of 26 December 2019. This includes counterparty funds and permanent funds, as well as reserve funds.

As of 1 January 2020, following the enforcement of the new tax and regulatory framework for gambling, counterparty risk for lottery games is no longer insured by counterparty funds but by an insurance policy. The policy was underwritten by FDJ within the framework of an annual policy with several insurance companies to cover cumulative counterparty risks for lottery games based on a counterparty mechanism. In 2020, the policy covered the cumulative net impact on NGR of potential counterparty losses over the financial year, for an amount raising form €6 million (excess) and €150 million (cap), and within the limit of winnings payable for a unit draw set at €100 million, pursuant to Article 8 of Decree 2019-1061 of 17 October 2019 related to the supervision of the gaming offer of La Française des Jeux and Pari Mutuel Urbain. The insurance premium is disclosed in general and administrative expenses and, where applicable, claims-related payments are included in other operating income.

Unclaimed prizes are now all paid to the French State each year, before 30 June, in respect of the previous financial year, pursuant Article 2 of Decree 2019-1456 of 26 December 2019, with the exception of first-rank prizes and winnings awarded on pooled sports betting games and traditional draw games, as well as first-rank prizes and winnings from additional draw games.

Until 2019, payments to the French State were only related to unclaimed prizes on instant games, whereas unclaimed prizes related to draw games or sports betting were kept in reserve funds to finance promotional operations, such as free stakes or winnings contributions. As indicated above, these funds are now closed and will revert to the French State before 30 December 2022.

Payment to the French State to secure exclusive operating rights

Order No. 2019-15 of 2 October 2019 reforming the regulatory framework of gambling set the term of the exclusive rights secured by FDJ at 25 years. The decree of the supreme administrative court (Conseil d'Etat) dated 17 October 2019 approving the Specification Document, subsequent to approval by the French Investments and Transfers Commission (Commission des Participations et des Transferts), set the amount of the financial consideration payable by FDJ at €380 million. This financial consideration was paid to the French State on 21 April 2020.

As of 30 June 2019, these rights are recorded as intangible assets amortised over 25 years (amortisation period beginning 23 May 2019), the date on which the reform was enacted by the Pacte Law.

A syndicated loan was taken out on 1 April 2020 in the amount of the financial consideration to secure exclusive operating rights with a consortium of banks (Bred Banque Populaire, Caisse d'Epargne Ile-de-France, Caisse d'Epargne Hauts-de-France, Caisse Régionale de Crédit Agricole de Paris and Ile-de-France and Crédit Lyonnais). The variable-rate loan totalled €380 million, with a term of twenty years. A 6-year hedge was taken out to cover 50% of the debt.

Main features of the loan are:

- repayment in quarterly instalments;
- voluntary prepayment with no penalty fees after 18 months;
- compulsory early repayment in the event of loss of exclusive rights, loss of the French State's close control or in the event of a change of control (the French State falls below 10% of the capital and/or a third party owns more than 33.33% of the capital or voting rights);
- margin based on the Group's consolidated debt ratio.

(1) *GGR, net of public levies.*

1.3.2 Covid-19 health crisis and economic consequences

2020 was dominated by the Covid-19 crisis.

The Group took prompt action by launching its business continuity plan in February. The purpose of the BCP is to guarantee the best safety and working conditions for employees (the vast majority of staff switched to telework), and to keep the business running, particularly in terms of information systems and supply chain.

The Group's revenue was nevertheless affected by the crisis, mainly during the first lockdown, which took place from 17 March to 11 May. Over this period, the Group's stakes fell by nearly 60%, predominantly stemming from the decline in sports betting by more than 90% after virtually all sporting events were cancelled. Meanwhile, the lottery (excluding Amigo, which was completely halted) limited its year-on-year decline to around 40%, with strong growth in digital lottery stakes only partially offsetting the decline in point-of-sale activity.

Revenue automatically fell as a result, down €200 million, with an EBITDA impact estimated at around €100 million, due to the decrease in the variable cost of sales component (mainly remuneration of sales intermediaries). In a bid to limit this impact on its results, the Group quickly implemented a cost-savings plan of more than €80 million (over 10% of overheads). The savings plan was implemented in full over the year. Advertising and promotional expenses were cut, starting with the media plan in the first half, representing the lion's share of the savings generated. Operating expenses were also reduced (travel costs, fees and communication costs) and sales promotions temporarily trimmed down. The cost-savings plan did not prevent the Group from taking initiatives to drive the recovery in the second half, including in particular by supporting commercial operations under way (launching and relaunching games, holding super jackpots, etc.).

By mid-June, stakes had broadly already re-aligned with June 2019 levels, thanks in large part to the gradual resumption of key sports competitions in mid-May and the reopening of bars in early June. The second lockdown in the second half-year 2020 (30 October to 15 December, with bars once again closed and yet to re-open) was very different from the first, generating a limited impact on Group results and predominantly affecting Amigo because point of sales screens were turned off. Business was up 3% overall Groupwide, fuelled by persistently strong momentum in sports betting and the appeal of draw games (such as Loto and Euromillions, carried out over multiple long cycles), while instant games did stable business.

Financial strength

The Group's cash position was satisfactory in 2020. Its financial position was solid year-round, with short-term cash reserve of more than €1 billion, and was bolstered by €150 million in unused confirmed credit facilities in February 2021.

The Group did not apply for financial aid or the short-time working programmes set up by the State.

Solidarity and protection measures

The Group showed solidarity with all stakeholders.

FDJ established support measures for its distribution network during both lockdowns, tailored to each retailer's circumstances. For example, payments were suspended for closed distribution points, and were relaxed for those able to remain open. Payments resumed at the end of the first lockdown, in accordance with the newly defined payment schedule. By end-2020, the distribution network totalled around 30,000 points of sale, reflecting only a slight year-on-year decline. Only exclusive bars are still currently closed due to the health crisis.

Prize payout deadlines were also postponed to ensure that winners would be paid at the end of lockdown.

The following solidarity, protection and awareness-raising initiatives were carried out:

- solidarity with employees: salaries were paid in full to all employees unable to continue working, without calling on the aid packages provided by the State;
- national solidarity: employees donated days of paid leave (monetised equivalent of €0.3 million paid to associations combating the virus) and corporate officers donated one month's salary;
- contribution to the national fight against Covid-19, including a donation of €1 million to the "Tous unis contre le virus" initiative conducted by Fondation de France, AP-HP and Institut Pasteur;
- FDJ donated €1.2 million to vulnerable persons and particularly young adults hit hard by the crisis, and FDJ Foundation donated €0.3 million to the Group's partner associations.

The costs directly incurred from these measures, in addition to the cost of masks purchased for employees and retailers, were recognised under recurring operating profit (€4 million).

Impairment testing

Impairment tests carried out in the context of the Covid-19 pandemic revealed impairment losses on the Sporting Group CGU. At 30 June 2020, the CGU's value in use was measured at £60 million, with net assets of £83.5 million. Based on these figures, goodwill impairment of £23.5 million (i.e. €26 million) was booked to other non-operating expenses. The test was updated at 31 December, and no additional impairment was recorded.

Restructuring of Sporting Group

As a result of the 2019 decision on the strategic reorientation of Sporting Group activities, eight companies went into liquidation, generating a tax-deductible short-term capital loss that lowered the tax expense by €20 million. These entities were deconsolidated at end-December 2020 and the resulting impact on the Group's cash position at 31 December 2020 was -€10.4 million, booked to Investments in the consolidated statement of cash flows in accordance with IAS 27. The Group will recover these funds when the liquidation will officially be ruled on.

NOTE 2
Accounting standards and principles

2.1 Basis for preparation of the financial statements

The consolidated financial statements of FDJ and its subsidiaries ("the Group"), published for the 2020 financial year, were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union at 31 December 2020.

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2020 on 11 February 2021.

The notes to the consolidated financial statements describe the accounting principles in the same section as the comments on the data contained in the statements, to make them easier to understand for the reader.

The consolidated financial statements for the financial year ended 31 December 2020 are available on the website (under Finance/Financial Publications).

2.1.1 Standards, interpretations and amendments subject to mandatory application at 1 January 2020

The amendments and interpretations subject to mandatory application at 1 January 2020 (amendment, change to Conceptual Framework for Financial Reporting, amendment to IAS 1 and IAS 8 - "Definition of Material", amendment to IFRS 3 - "Definition of a Business", amendment to IFRS 9, IAS 39 and IFRS 7 - "Interest Rate Benchmark Reform", amendment to IFRS 16 - "Covid-19-Related Rent Concession", approved by the European Union and applicable for the first time to financial years beginning on or after 1 January 2020, had no impact on the financial statements.

2.1.2 Standards, interpretations and amendments not yet adopted by the European Union

- Amendment to IAS 16 (Property, Plant and Equipment - Proceeds Before Intended Use).
- Annual Improvements to IFRS (2018-2020 cycle).
- IFRS 1 (Subsidiary as a First-Time Adopter).
- IFRS 14 (Regulatory Deferral Accounts).
- IFRS 17 (Insurance Contracts).

These standards, interpretations and amendments are currently under review. At this stage, the Group does not expect any material impact.

2.1.3 Standards, interpretations and amendments adopted by the European Union and not early-applied by the Group

No applicable standards or interpretations were early-applied as of 31 December 2020. The Group does not expect any material future impacts.

2.2 Accounting principles

The main accounting methods applied in preparing the consolidated financial statements are presented below. Unless otherwise indicated, these methods were applied consistently to all periods presented.

The consolidated financial statements were prepared on a going concern basis and independence of financial years. They were established on a historical cost basis, with the exception of financial assets and liabilities (see Notes 4.6, 4.7, 8.1 and 8.2 below).

Assets and liabilities are presented in the statement of financial position, broken down between current and non-current items.

In accordance with IAS 1, an asset is classified as current when it meets one of the following criteria:

- the entity expects to realise the asset within the current operating cycle (inventories, trade receivables) and no more than 12 months after the reporting period;
- the entity holds the asset primarily for the purpose of trading (financial assets at fair value through profit or loss); or
- the asset consists of cash or cash equivalents.

All other assets are classified as non-current.

A liability is classified as current if it meets one of the following criteria:

- the entity expects to settle the liability within the current operating cycle (trade payables) and no more than 12 months after the reporting period;
- the entity holds the liability primarily for the purpose of trading (financial liabilities at fair value through profit or loss);

All other liabilities are classified as non-current.

2.2.1 Consolidation

The consolidated financial statements for the financial year ended 31 December 2020 include the financial statements of the parent company, FDJ SA, controlled subsidiaries and joint ventures.

Control is determined by the practical ability to exercise a right to manage the key activities (with a major impact on returns), the exposure to variable returns (dividends, change in fair value, tax savings) and the ability to affect these returns.

Subsidiaries, which are entities in which the Group holds an equity interest representing more than half of the voting rights or over which it directly or indirectly exercises control are fully consolidated.

Joint ventures, whereby the Group exercises joint control and has direct rights to the net assets of the arrangement, are accounted for using the equity method.

All companies close their financial statements at 31 December.

Transactions between consolidated companies, as well as internally generated profits, are eliminated.

2.2.2 Foreign currency translation

The consolidated financial statements are presented in millions of euros, unless otherwise indicated.

Transactions denominated in foreign currencies are translated at the exchange rate applicable at the time of the transaction. Receivables and payables denominated in foreign currency are translated at the exchange rate applicable at the reporting date. Translation differences are taken to the income statement.

The financial statements of foreign entities with a different functional currency than FDJ are translated into euros at the exchange rates applicable at the reporting date for assets and liabilities, and at the average exchange rate over the period for income and expense items.

Foreign currency translation adjustments are recognised directly in other comprehensive income under "currency translation adjustments", and are recognised in the income statement at the date on which the business is sold.

The acquisition of Sporting Group in the UK was carried out in pound sterling. An external debt denominated in pound sterling was contracted to hedge the net equity of Sporting Group against foreign exchange risk. At the reporting date, the net assets of companies using the pound sterling as their functional currency (£63.3 million) was greater than the notional amount of the debt (£60 million). In accordance with IAS 39.102 and IAS 21.8, foreign exchange differences on external debt considered as the effective portion of the hedge is recognised in other comprehensive income, offsetting the translation currency differences recognised on consolidation of entities using the pound sterling as their functional currency. The ineffective portion of the hedge is recognised immediately in financial income/(expense).

2.2.3 Use of judgements and estimates

The preparation of the financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, assess positive and negative risks, and measure income and expenses at the reporting date.

In response to changes in the economic and financial environment, coupled with the impacts of the Covid-19 crisis, the Group has enhanced its risk management procedures. The Group incorporated these factors in its estimates, business plans and discount rates used for impairment testing and provision calculations.

Due to the uncertainties inherent in any valuation process, the Group reviews its estimates based on regularly updated information. The future results of the transactions in question may differ from these estimates.

Material estimates made by the Group mainly cover the following items:

- discount rate and initial assumptions for employee benefits (Note 4.8.3.);
- assessment and quantification of legal risks to determine provisions for risks and litigations (Note 7);
- discount rate and business plan assumptions for the purpose of measuring the recoverable amount of goodwill (Note 5);
- useful lives and recoverable amount for the purpose of measuring the recoverable amount of intangible and tangible fixed assets (Note 6);
- assessment of the risk associated with non-recovery of past-due payments for the purpose of measuring the recoverable value of receivables in the distribution network (Note 4.6);
- fair value of financial assets not listed on active markets (Note 8).

In addition to estimates, the Group uses judgements to define the most appropriate accounting treatment for certain activities and transactions, particularly when current IFRS standards and interpretations do not specifically address the accounting issues encountered:

- identification (or not) of leases in certain agreements (Note 2.2.4, IFRS 16);
- operating segment combinations for the presentation of sectors (Note 4.3).

NOTE 3
Changes in the consolidation scope

3.1 Changes in the consolidation scope during financial year 2020

The disposal of certain Sporting Group entities called for the liquidation of the following companies in H2 2020: Romney, Betstat, Touchbet and RPA Software (Malte), and Spynsol, Spynsolln, and BGPH (United Kingdom). RPA AB (Sweden) was sold to a non-Group company for liquidation.

All of these transactions were aligned with the strategic objectives set in 2019 and the decision to discontinue Sporting Group's proprietary trading activity. Sporting Group is now comprised of Sporting Index Ltd., Spin Services Ltd. and Spin Services Canada Inc., all owned by Sporting Index Holdings Ltd. The impact on the Group's financial statements is detailed in Note 1.3 "Highlights - Restructuring of Sporting Group".

After Svenska Spel (Sweden) bought a stake in LEIA on 1 October 2020, the Group's equity interest in this company fell from 25% in 2019 to 20% in 2020. This transaction had no material impact on the Group's financial statements at 31 December 2020.

FDJ Services, a French company that provides payment and payment-related services [(1)], within the meaning of the French Monetary and Financial Code, which is wholly-owned by FDJ, was created on 16 December 2020 and is fully consolidated, with no material impact on the Group's financial statements at 31 December 2020.

DVRT 13, a French entertainment service provider wholly-owned by FDJ, was created on 28 December 2020 and is fully consolidated, with no material impact on the Group's financial statements at 31 December 2020.

The proposed acquisition of Bimedia (software publisher specialising in point-of-sale payment solutions), initiated in 2019, was not finalised because the conditions precedent provided for in the contract could not be lifted in due time, particularly the condition calling for the deal's approval by the French competition authority.

3.2 Changes in the consolidation scope during financial year 2019

On 30 May 2019, the Group finalised the acquisition of Sporting Group in its entirety. The Company has since been controlled and consolidated by FDJ. The acquisition price was £103 million (i.e. €116 million), £100 million of which was financed by external debt. £28.9 million was allocated to customers, £16.8 million to technologies and £3.8 million to property, plant and equipment and goodwill.

FGS Canada, a Canadian sports betting technology development company, wholly owned by FDJ Gaming Solutions (FGS), was incorporated in May 2019.

(1) *Within the limit of the authorisation in the process of being issued by the Autorité de Contrôle Prudentiel et Résolution (APCR, French Prudential Supervisory and Resolution Authority), in charge of banking and insurance sector supervision, financial system stability, client protection and, in general, prevention of money laundering.*

NOTE 4

Operating data

4.1 Net Gaming Revenue (NGR) and revenue

Stakes are divided up between players, public levies and FDJ.

Player payout (see Note 4.7.3 for the corresponding liability)

As of 1 January 2020, player payout is governed by Article 8 of Decree No. 2019-1061 of 17 October 2019 on supervision of the the gaming offer of La Française des Jeux and Pari Mutuel urbain. In 2019, it was set by the Decree of 9 March 2006 issued by the Minister of the Budget, governing the allocation of stakes.

Player payout *(as a % of stakes)*	**2020**	**2019**
Draw games	between 50% and 72% depending on the game ranges	between 50% and 70%
Instant games	between 60% and 75% of stakes depending on the game ranges, with a maximum annual average of 70.5%	minimum annual average of 50% and maximum annual average of 70.5%
PoS sports betting	maximum annual average of 76.5%	maximum annual average of 76.5%
Online sports betting	maximum annual average of 85%	maximum annual average of 85%

Gross Gaming Revenue (GGR)

GGR is calculated as the difference between stakes and player payout.

Public levies (see Note 4.7.2 for the corresponding amount payable)

The calculation basis for public levies applicable to lottery and sports betting activities now consists of NGR rather than stakes, except for the following territories: French Polynesia, Principality of Monaco, Saint-Barthélemy, Saint-Martin, Saint Pierre and Miquelon.

Levies earmarked for the General State Budget are now fixed (as a% of GGR); as such they are no longer set as the balance, for each game, of stakes net of winnings, structural allocations, tax and social security deductions (excl. income tax), VAT and NGR.

VAT rate remains unchanged, at 20% of NGR.

In 2020, public levies rates (excluding corporate tax), applicable to games were as follows:

(as a% of GGR)	**Loto®/Euromillions**	**Other lottery games**
ANS	5.10%	5.10%
CSG	6.20%	6.20%
CRDS	2.20%	2.20%
General State Budget	54.50%	42.00%
TOTAL	**68.00%**	**55.50%**

(as a% of GGR)	**Offline Sports betting**	**Online Sports betting**
Tax deduction on sports betting	27.90%	33.70%
ANS	6.60%	10.60%
Social security deduction on sports betting	6.60%	10.60%
TOTAL	**41.10%**	**54.90%**

In 2019, public levies rates as a percentage of stakes (excluding corporate tax) applicable to games were as follows:

As a % of stakes	**2019**
CSG *(as a % of lottery stakes)*	2.19%
CRDS *(as a % of lottery stakes)*	0.77%
ANS *(as a % of total stakes)*	1.80%
Tax deduction on sports betting *(as a % of sports betting stakes)*	5.70%
Social security deduction on sports betting *(as a % of sports betting stakes)*	1.80%
General State Budget *(as a % of total stakes)*	Balance*

* *Balance of stakes net of winnings, structural allocations, tax and social security deductions, VAT and NGR.*

General State Budget

As of 1 January 2020, public levies determined for the General State Budget are governed by Article 138 of Act No. 2019-486 of 22 May 2019 on business growth and transformation of (Pacte Law). For financial year 2019, they are governed by Article 88 of Act No. 2012-1510 of 29 December 2012 (Amended Finance Act for 2012).

Social-security deductions (CRDS and CSG) on lottery games

Social security deductions comprise the CRDS (Contribution au Remboursement de la Dette Sociale), a social security debt retirement levy, and the CSG (Contribution Sociale Généralisée), a supplementary social security levy.

CRDS: deduction for 2020 defined by Article 18 of Order No. 96-50 of 24 January 1996, as amended by Article 138 of Act No. 2019-486 of 22 May 2019 on business growth and transformation, and deduction for 2019 defined by Article 18 of Order No. 96-50 of 24 January 1996.

CSG: deduction for 2020 defined by Articles L.136-7-1 and L.136-8 of the French Social Security Code, as amended by Article 138 of Act No. 2019-486 of 22 May 2019 on business growth and transformation, and deduction for 2019 defined by Articles L.136-7-1 and L.136-8 of the French Social Security Code.

Public levies specific to sports betting (tax and social security deductions specific to sports betting)

Tax deduction: deduction for 2020 defined by Articles 302 bis ZH, ZK and ZL of the French General Tax Code, as amended by Article 138 of Act No. 2019-486 of 22 May 2019 on business growth and transformation, and deduction for 2019 defined by Articles 302 bis ZH, ZK and ZL of the French General Tax Code.

Social security deduction: deduction for 2020 defined by Article L137-21 of the French Social Security Code, as amended by Article 138 of Act No. 2019-486 of 22 May 2019 on business growth and transformation, and deduction for 2019 defined by Article 137-21 of the French Social Security Code.

National Sport Agency (Agence Nationale du Sport): deduction for 2020 defined by Articles 1609 (29) and 1609 (30) of the French General Tax Code, as amended by Article 138 of Act No. 2019-486 of 22 May 2019 on business growth and transformation, and Article 46 of Act No. 2011-1977 of 28 December 2011 (2012 Finance Act), with respective caps of €72 million and €35 million (for the entire sports betting market), beyond which payments are allocated to the General State Budget, and deduction for 2019 defined by Articles 1609 (29) 1609 (30) of the French General Tax Code and Article 46 of Act No. 2011-1977 of 28 December 2011 (2012 Finance Act).

VAT

VAT, governed by Book 1, Title II, Chapter 1 of the French General Tax Code, is based on Net Gaming Revenue. The applicable rate is 20%.

Net Gaming Revenue (NGR)

FDJ is a service provider that develops and operates lottery games and sports betting in a highly-regulated environment. The revenue earned by FDJ for the organisation and placement of games is called Net Gaming Revenue.

Until 2019, NGR was based on stakes and was fixed for games operated under exclusive rights and variable for online sports betting. As of 1 January 2020, with the entry into force of the Pacte Law, NGR is defined as a balance, calculated using GGR, which in turn varies based on the PR for each game category, less public levies. As a result, NGR can vary depending on the PR for each game (margin effect) and on the volume of stakes for each corresponding game category (volume effect and mix effect).

NGR is recognized once FDJ has met all its obligations. Performance obligations vary by type of game:

- for draw games, FDJ's performance is complete when it has recorded the placing of the bets, organised the draw which determines the winning formula, calculated winnings and published the results and prizes;
- for instant games, at points of sale, stakes are recorded on FDJ's books when a given number of tickets has been sold, i.e. when said tickets are placed in the gaming terminals. Accordingly, the sale is recorded before the booklet (batch of tickets), with a value ranging from €150 to €300, has been completely used up. Given how fast the booklets are sold, revenue recognised on a per-unit basis would be very close to the amount of revenue recorded in the financial statements. Online sales are recognised as soon as the player's stake is recorded;
- for sports betting, the principles used to determine NGR are similar to those of draw games. FDJ has met its obligations when, once the sporting event has taken place, the winnings have been calculated and the results and prizes have been published.

NGR is thus calculated net of winnings paid or payable to players and of levies payable to the State.

The processing of gaming operations, their accounting and the determination of NGR are very highly automated. They call on a complex information system, which carries all game flows from the validation of stakes in points of sale and online to the recognition of NGR.

For the sake of comparison, key financial indicators presented in the management report are restated for the impacts of the new tax framework applicable from 1 January 2020, and including a full year of Sporting Group's contribution to Group revenue (Sporting Group was consolidated on 30 May 2019). The data presented below, as at 31 December 2019, are the data published at the end of 2019.

In millions of euros	31.12.2020	31.12.2019
Draw games	643.7	666.7
Instant games	847.9	907.3
Total lottery	**1,491.6**	**1,574.1**
Sports betting	372.0	340.4
Other	15.1	10.4
Total NGR	**1,878.7**	**1,924.8**
Revenue from other activities	40.9	30.8
Revenue	**1,919.6**	**1,955.6**

NGR, recorded by game category, amounted to €1,879 million in 2020 (€1,925 million in 2019), a decrease of 2.4% compared to a 7.4% decline in stakes due to the application of the new fiscal framework in 2020 (including in particular the elimination of structural allocations to counterparty funds).

Income from other activities, predominantly consisting of international services and the payments & services business, came out at €41 million in 2020 (€31 million in 2019).

Revenue totalled €1,920 million in 2020 (€1,956 million in 2019), down 1.8%.

4.2 Operating profit

4.2.1 Current operating profit

Current operating profit came to €325 million versus €252 million in 2019.

Cost of sales stood at €1,079 million in 2020 compared with €1,191 million in 2019 (-9.4% year-on-year). Of this total, €772 million (€865.5 million in 2019, down -10.8%) comprises the commission paid to retailers, varies according to offline distribution network stakes. The same is true for commissions paid to commercial sectors (€33 million in 2020), which is reduced by more than 10%. In addition, costs arising from point of sales oversight and coordination, point of sales equipment and gaming materials were on the decline as a result of the health crisis.

Marketing and communication costs amounted to €330 million in 2020, virtually stable compared to 2019 (-0.2%) on the back of:

- cost-saving plans implemented in 2020 in response to the health crisis, covering the BUs (sports -€7.6 million; lottery -€1.5 million) as well as the holding (-€6 million).

  BU expenses were primarily reduced by targeting advertising and promotional costs, given that sports competitions were cancelled and the lottery marketing calendar was suspended in the second quarter. Holding cut its advertising expenses, in line with decreased sponsorship expenses in 2020 (notably on the cycling team). In 2019, advertising expenses included the Loto relaunch ad campaigns and two communication campaigns on the Patrimoine (Cultural Heritage) games;
- the effects of which were offset by the €15 million rise in development costs for the games and services range, in keeping with the Group's strategy (particularly regarding the ABUs).

General and administrative costs held relatively steady at €173 million, compared with €173 million in 2019 (-0.3%).

R&D expenses amounted to €30 million and €37 million in 2020 and 2019, respectively.

4.2.2 Components of income statement items by nature

In millions of euros	2020	2019
Personnel expenses	268.1	255.8
Net depreciation and amortisation	101.9	94.1
IT outsourcing expenses	40.9	41.2

See Note 4.8.2 for comments on the change in personnel expenses.

The increase in net depreciation and amortisation is associated with investments, which are presented in Notes 6.1 and 6.2 and were predominantly generated by exclusive operating rights (amortised in the Group's financial statements since May 2019).

4.2.3 Other non-recurring operating income and expenses

Non-recurring and material items are booked to operating income under "Other non-recurring operating income" and "Other non-recurring operating expenses", in accordance with ANC Recommendation 2013-03 of 7 November 2013. These items mainly include restructuring costs, proceeds from disposals of fixed assets, impairment of fixed assets and other non-recurring costs.

In 2020, other non-recurring operating expenses amounted to €32 million. They primarily consisted of asset impairments (€25.8 million) and restructuring costs (€4.4 million) related to the discontinuation of Sporting Group's proprietary trading activity.

In 2019, other non-recurring operating expenses mainly comprised:

- FDJ's capital transaction: €31 million in expenses, of which more than €7 million relating to the share offer reserved for employees;
- Sporting Group (€15 million expense);
- Impairment of point of sales equipment and operating software (€7 million), due to underperformance of budget targets;
- and M&A deals (€5 million expense), including the planned acquisition of Bimedia, a software company specialising in point of sale payment management solutions.

In accordance with the Pacte Law, and for the purposes of selling part of the State's equity investment in FDJ, some of the shares had been reserved for current and former employees of FDJ SA and certain subsidiaries, in France and the United Kingdom, at below-market prices for a number of outstanding shares representing 3.3% of the total number of shares issued for the company's IPO. The share offer reserved for employees (ORS "Offre Réservée aux Salariés") was implemented under a Group Savings Plan ("PEG"), allowing employees to buy FDJ shares through various formulas within the FCPE (company mutual fund), subject to a lock-in period of 5 years barring eligible cases of early release. Each of the benefits granted under the share offer reserved for employees was measured and recognised at the grant date (21 November 2019) in accordance with IFRS 2. The price of the shares granted to individuals served as the basis for recording the discount on the price of the shares sold to current and former employees. As the benefits granted vested immediately, the expense was recognised in full in 2019. All of these costs were recognised under "Non-recurring expenses" in the amount of €7.2 million, except for the discount, which was booked in accordance with IFRS 2 in the amount of €3.6 million.

For financial year 2019, a net expense of €14.7 million was recorded in respect of Sporting Group under "Other non-recurring operating income and expenses." This net expense can be broken down as follows:

- goodwill impairment of €11.5 million (see Note 5. "Goodwill");
- impairment of technology assets of €6.1 million;
- provisions for loss-making contracts of €1 million;
- €3.9 million in income corresponding to the reversal of the liability recognised as an earn-out.

4.3 Segment reporting

Segment reporting is presented in accordance with IFRS 8 "Operating Segments". The operating segments used by the Group are those regularly reviewed by the corporate officers and primary operational decision-makers.

Accordingly, the Group's operating segments (taken from internal reports) are as follows:

- Lottery, which includes activities related to instant games and draw games;
- Sports betting, which includes online and points of sales sports betting activities; and
- ABUs (Acceleration Business Units), which comprise activities under development (international services, payments and services, and entertainment).

The Holding column, which combines central and brand-related costs (corporate campaigns), is used to reconcile data with the consolidated income statement.

The contribution margin measures the profitability (excluding central costs) generated by a given segment, regardless of any renewed investments, financing conditions and tax rules.

EBITDA (earnings before interest, tax, depreciation and amortisation), an alternative performance indicator of the Group, corresponds to recurring operating income before depreciation and amortisation. It highlights the Group's income excluding any renewed investments, financing costs and taxes. EBITDA is not monitored by operating segment.

The data below are presented in accordance with the same accounting principles as those used to prepare the Group's consolidated financial statements.

	31.12.2020						
In millions of euros	Lottery BU	Sports Betting BU	Other segments – ABU	Holding	Total before depreciation and amortisation	Depr./ amort.	Group total
Stakes	12,733	3,186	40	-	15,959	-	15,959
Gross Gaming Revenue (GGR)	4,337	769	2	-	5,107	-	5,107
Net Gaming Revenue (NGR)	1,492	372	15	-	1,879	-	1,879
Revenue	**1,495**	**372**	**52**	**1**	**1,920**	**-**	**1,920**
Cost of sales	(847)	(183)	(9)	-	(1,039)	(40)	(1,079)
Marketing and communication expenses	(145)	(86)	(46)	(24)	(301)	(28)	(330)
Contribution margin	**502**	**103**	**(3)**	**(23)**	**579**	**(68)**	**511**
Administrative and general costs & Other operating income and expenses	-	-	-	(152)	(152)	(34)	(186)
EBITDA	**-**	**-**	**-**	**-**	**427**	**-**	**-**
Depreciation and amortisation	-	-	-	-	-	(102)	-
RECURRING OPERATING PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**325**

	31.12.2019						
in millions of euros	Lottery BU	Sports Betting BU	Other segments – ABU	Holding	Total before depreciation and amortisation	Depr./ amort.	Group total
Stakes	13,684	3,538	17	-	17,239	-	17,239
Gross Gaming Revenue (GGR)	4,695	845	1	-	5,541	-	5,541
Net Gaming Revenue (NGR)	1,574	340	10	-	1,925	-	1,925
Revenue	**1,578**	**341**	**36**	**1**	**1,956**	**-**	**1,956**
Cost of sales	(939)	(209)	(4)	-	(1,152)	(39)	(1,191)
Marketing and communication expenses	(147)	(95)	(33)	(31)	(305)	(25)	(330)
Contribution margin	**492**	**36**	**-**	**(30)**	**498**	**(64)**	**434**
Administrative and general costs & Other operating income and expenses	-	-	-	(152)	(152)	(30)	(182)
EBITDA	**-**	**-**	**-**	**-**	**346**	**-**	
Depreciation and amortisation	-	-	-	-	-	(94)	-
RECURRING OPERATING PROFIT	**-**	**-**	**-**	**-**	**-**	**-**	**252**

The proportion of Group revenue generated outside its domestic country (France) was marginal in 2020 and 2019 (1.9% in 2020 and 1.8% in 2019).

In view of its business, the Group does not have key accounts.

EBITDA is an alternative performance indicator of the Group, and corresponds to the recurring operating profit restated with depreciation and amortisation.

In millions of euros	31.12.2020	31.12.2019
Recurring operating profit	325	252
Net depreciation and amortisation	(102)	(94)
EBITDA	**427**	**346**

In 2020, the increase in net depreciation and amortisation was mainly due to exclusive operating rights, amortised over the full year (€15 million vs. €9 million for seven months in 2019).

4.4 Operational risk hedging

4.4.1 Hedging of counterparty risk on games

Counterparty risk on games is identified as follows:

- for lottery games: the difference between the theoretical share of stakes attributable to winners and the total amount of the prizes actually awarded;
- for sports betting: repeated winnings over extensive periods in competitions won by favoured athletes.

Until 31 December 2019, counterparty risk was almost fully hedged by a counterparty fund system, the operating principles of which were defined by decree. As of 1 January 2020, with the enforcement of the new regulation on the tax and accounting framework for gaming and gambling activities, counterparty risk associated with lottery games is now covered by an insurance policy. The policy was underwritten by FDJ within the framework of an annual policy with several insurance companies to cover cumulative counterparty risks for lottery games based on a counterparty mechanism. In 2020, the policy covered the cumulative net impact on NGR of potential counterparty losses over the financial year, for an amount raising form €6 million (excess) and €150 million (cap), and within the limit of winnings payable for a unit draw set at €100 million. No pay-outs were issued under this policy in 2020. In addition to this insurance policy, rare and extreme counterparty risks may also be covered by the statutory reserve (see Note 12.4).

4.4.2 Hedging of receivables risk

The Group's receivables, mainly relating to its distribution network, comprise the stakes collected by retailers and recognised weekly by FDJ. FDJ only grants a license to retailers, necessary to market its games, after systematically obtaining a guarantee.

The risk associated with retailer receivables is analysed by an Oversight Committee whose meetings are regularly attended by the heads of the Sales, Finance, Legal, Security and Responsible Gaming Departments, in charge of ruling on special cases involving substantial past-due payments and deciding whether or not to litigate certain receivables. The rules for the impairment of receivables are based on their amount and ageing, and are in line with the expected credit loss model given the extremely short settlement deadlines and credit risk management systems in place. The Group considers the risk of retailer default risk with a material impact on its financial position and results to be limited.

Other receivables are impaired on a case-by-case basis.

The schedules of receivables not yet paid and not impaired, excluding receivables from entities accounted for by the equity method and prepaid expenses (see 4.6.2), are as follows:

	31.12.2020								
	Gross amount		Provisions for overdue amounts	Net value	Net amounts past due	Net amounts overdue by			
In millions of euros	Non overdue	Overdue				0-3 months	3-6 months	6-12 months	> 1 year
Trade and distribution network receivables	245.7	27.9	(18.3)	255.4	9.6	7.7	0.9	0.7	0.3
Other current receivables	190.9	2.3	-	193.2	2.3	1.4	0.3	0.5	0.1
CURRENT RECEIVABLES	**436.7**	**30.3**	**(18.4)**	**448.6**	**11.9**	**9.2**	**1.1**	**1.2**	**0.4**

* *Prepaid expenses are not broken down above (€21.6 million in 2020).*

	31.12.2019								
	Gross amount		Provisions for overdue amounts	Net value	Net amounts past due	Net amounts overdue by			
In millions of euros	Non overdue	Overdue				0-3 months	3-6 months	6-12 months	> 1 year
Trade and distribution network receivables	461.4	24.8	(16.4)	469.8	8.4	3.9	2.8	1.8	0.2
Other current receivables	284.9	0.4	(0.1)	285.2	0.4	0.2	-	0.2	-
CURRENT RECEIVABLES	**746.2**	**25.3**	**(16.5)**	**755.0**	**8.8**	**4.1**	**2.8**	**2.1**	**0.2**

* *Prepaid expenses are not broken down above (€29.6 million in 2019).*

The health crisis did not significantly increase the risk of default, thanks to existing oversight, network support measures established by the Group and State aid granted to retailers.

4.4.3 Management of foreign exchange risk

In the normal course of its business, the Group is exposed to foreign exchange risk resulting from invoices from foreign suppliers denominated in foreign currencies. This risk is measured in aggregate for each currency. The general Group policy is to hedge this risk over each financial year.

Foreign currencies on which the Group has incurred significant exposure are the US dollar (in 2020 and 2019), for a maximum amount of $32.4 million ($29.2 million in 2019) and the pound sterling (in 2020 and 2019), for a maximum amount of £6.4 million (£6.1 million in 2019).

The fair value of USD hedging derivatives was -€1.6 million at end-December 2020 (€0.1 million at end-2019). This exposure mainly arose from foreign-currency purchases of gaming materials. The fair value of GBP hedging derivatives was -€0.1 million at end-December 2020 (€0.1 million at end-2019). This exposure arose from the purchases and receivables denominated in GBP.

In 2020, an increase of $0.10 for €1 in the EUR/USD exchange rate on derivatives held for hedging purposes, and classified as such, would have reduced the valuation of the instruments by €2.2 million. A decrease of -$0.10 would have increased their valuation by €2.7 million. An increase of +£0.10 for €1 in the EUR/£ exchange rate on derivatives held for hedging purposes, and classified as such, would have increased the valuation of the instruments by €0.5 million. A decrease of -£0.10 would have reduced their valuation by €0.7 million.

In 2019, an increase of +$0.10 for €1 in the EUR/USD exchange rate on derivatives held for hedging purposes, and classified as such, would have reduced the valuation of the instruments by €3.0 million. A decrease of -$0.10 would have increased their valuation by €3.9 million. An increase of +£0.10 for €1 in the EUR/£ exchange rate on derivatives held for hedging purposes, and classified as such, would have reduced the valuation of the instruments by €0.9 million. A decrease of -£0.10 would have increased their valuation by €1.1 million.

4.5 Player funds

Decree No. 78-1067 of 9 November 1978 provided for the creation of multiple funds (reserve fund, permanent funds, counterparty fund and instant games mutual fund) on FDJ's books and defined how the funds would be endowed. It specified that the amounts allocated to the funds shall be used to pay out additional prizes or winnings to prize winners, to grant benefits in cash or in kind to some or all game participants (reserve fund/instant games mutual fund), or to hedge against counterparty risks (counterparty fund/permanent fund). FDJ is their custodian. As such, they represent liabilities for FDJ.

In accordance with Article 138, paragraph VI, of the Pacte Law of 22 May 2019, the funds referred to in Articles 13 and 14 of Decree No. 78-1067 of 9 November 1978 and Article 48 of the Amended Finance Act for 1994, i.e. permanent funds, reserve funds, instant games mutual funds and counterparty funds, are closed as of 1 January 2020 and shall be returned to the State by 31 December 2022. They are recorded under current financial debt (see Note 8.1).

Reserve funds included prizes and winnings awarded to winners but not collected by the expiry date. For draw games, the deadline is 60 days after the draw and for instant games 30 days after the issue is closed. These prizes are now settled the next financial year, with the exception of first-ranking prizes and gains in organised pari-mutuel sports betting games and traditional draws, as well as first-ranking prizes and gains on additional draw games As a result, unclaimed prizes are reclassified as public levies at year-end.

Funds earmarked for the organisation of games, provided for in the rules for each relevant game (e.g. funds carried forward, super-jackpot funds) hold the amounts carried forward from previous draws with no winner, for certain games and certain types of winnings. These funds were not altered by the Pacte Law.

All player funds are classified as current player funds and contain amounts serving to organise games (€192 million at 31 December 2020 and €157 million at 31 December 2019).

4.6 Current receivables

Upon initial recognition, current receivables are recorded at their fair value, taking payment due dates into account.

Receivables are subsequently recognised at amortised cost, which in practice corresponds to their nominal value. They are analysed with regard to credit risk and the probability of loss.

4.6.1 Trade and distribution network receivables

In millions of euros	31.12.2020	31.12.2019
Trade receivables (gross amount)	24.7	33.7
Distribution network receivables (gross amount)	249.0	452.5
Impairment	(18.3)	(16.4)
TOTAL TRADE AND DISTRIBUTION NETWORK RECEIVABLES	**255.4**	**469.8**

Trade receivables relate to the Group's activity with foreign lotteries for the provision of IT services.

The distribution network is debited weekly for the amount of stakes collected from players, net of prizes paid out to players and their fees. Stakes are booked to assets, while prizes and fees are taken to liabilities.

Distribution network receivables consist of stakes collected by the network at the end of the year and not yet debited by FDJ. The change in distribution network receivables in 2020 can be attributed to a calendar effect.

The health crisis did not significantly increase the risk of default, thanks to existing oversight, network support measures established by the Group and State aid granted to retailers.

4.6.2 Other current assets

In millions of euros	31.12.2020	31.12.2019
Prepaid expenses	21.6	29.6
Other current receivables	193.2	285.2
TOTAL OTHER CURRENT ASSETS	**214.8**	**314.8**

Prepaid expenses of €2.3 million (at 31 December 2020) and €12.5 million (at 31 December 2019) comprised expenses based on stakes already collected at 31 December, with the draws scheduled to take place the following financial year (see Note 4.7.4 - Deferred income).

At 31 December 2019, other current receivables mainly included the advance payment on the permanent fund surplus (€265 million) on the amount payable on the permanent fund surplus, totalling €311 million (see Note 4.7.4). These amounts are now recorded under current financial liabilities (see Note 8.1).

At 31 December 2020, other current receivables included an advance payment of €165.4 million on public levies payables, whose terms of settlement changed with the entry into force of the Pacte Law.

4.7 Current payables

Upon initial recognition, current liabilities are recorded at their fair value, which corresponds to their nominal value, taking payment due dates into account.

Current payables are subsequently recognised at amortised cost.

4.7.1 Trade payables and distribution network payables

In millions of euros	31.12.2020	31.12.2019
Trade payables	105.5	133.5
Distribution network payables	143.5	278.1
TOTAL TRADE AND DISTRIBUTION NETWORK PAYABLES	**249.0**	**411.6**

Amounts payable to the distribution network consist of prizes paid to players by retailers and network fees at year-end, subject to weekly payment. This amount varies depending on the day of the week on which 31 December falls. This calendar effect is the main reason for their decline in 2020.

4.7.2 Public levies liabilities

In millions of euros	31.12.2020	31.12.2019
General State Budget - payables	224.8	41.2
Sports betting - payables	75.2	23.3
Other public levies - payables	41.5	39.1
Sub-total	**341.4**	**103.7**
Permanent fund surplus	-	311.1
Unclaimed prizes	70.6	-
PUBLIC LEVIES LIABILITIES	**412.0**	**414.8**

At 31 December 2019, the amount payable on the permanent fund surplus came to €311 million, and the corresponding advance payment was €265 million (see Note 4.6.2). These amounts are now recorded under current financial liabilities (see Note 8.1).

The Pacte Law changed the conditions of payment applicable to public levies, paid monthly in 2020 (vs. weekly in 2019), sparking the €237.7 million increase in other public levies liabilities (General State Budget, levies on sports betting other local authorities).

At 31 December 2020, all unclaimed prizes were disclosed in public levies liabilities, in accordance with the Pacte Law. At 31 December 2019, unclaimed draw game prizes were added to the reserve fund and unclaimed instant game prizes to the permanent fund. These amounts were recorded under current financial liabilities at 31 December 2019.

4.7.3 Winnings payable – Player balances

Winnings payable - Player balances amounted to €289 million (€189 million at 31 December 2019). It includes:

- winnings payable, i.e. non-expired winnings to be paid to players (€241 million at 31 December 2020 and €154 million at 31 December 2019), which increased in 2020 because FDJ extended player collection deadlines during the second lockdown;
- cash balances of online players (€48 million at 31 December 2020 and €35 million at 31 December 2019), i.e. the amounts available in their fdj.fr or parionsportenligne.fr accounts.

4.7.4 Other current liabilities

In millions of euros	31.12.2020	31.12.2019
Prepaid income	46.7	35.7
Other payables	147.8	133.9
OTHER CURRENT LIABILITIES	**194.4**	**169.6**

Deferred gaming income of €47 million at 31 December 2020 and €36 million at December 31 2019 comprises stakes collected in Year N for draws or events taking place in Year N+1. They are converted into stakes within a maximum of five weeks. The €11.0 million year-on-year increase is mainly attributable to Euromillions, with tickets purchased in 2020 for the draw held on 1 January 2021.

Other amounts payable mainly include tax and social security payables (€133 million at 31 December 2020 versus €122 million at 31 December 2019).

4.7.5 Amounts payable to the State for exclusive operating rights

At 31 December 2019, FDJ owed €380 million to the French State to secure exclusive operating rights for 25 years. The payment was made on 21 April 2020.

4.8 Personnel expenses and employee benefits

4.8.1 Group headcount

Group weighted average headcounts, covering all types of employment contracts, including temporary staff, were as follows for financial years 2020 and 2019:

	31.12.2020	31.12.2019
WEIGHTED AVERAGE HEADCOUNT	**2,614**	**2,467**

The increase of +147 in the 2020 weighted average headcount was mainly generated by a 2019 scope effect, as Sporting Group was purchased and consolidated in May 2019.

Year-end headcounts were as follows:

	31.12.2020	31.12.2019
TOTAL YEAR-END HEADCOUNT	**2,611**	**2,652**

4.8.2 Personnel expenses

In addition to salaries and the corresponding social security charges, personnel expenses include the past service costs associated with retirement benefits, interim staff, training and other related employee-related expenses.

In millions of euros	31.12.2020	31.12.2019
Wages and salaries	143.3	130.6
Social security contributions	71.8	66.4
Employee profit-sharing and incentives	31.8	25.7
Long-term benefits	(1.8)	7.7
Other	23.1	25.2
TOTAL PERSONNEL EXPENSES	**268.1**	**255.8**

The rise in personnel expenses was largely due to the increase in the weighted average headcount.

4.8.3 Employee benefits

Employee benefits include short-term and long-term benefits. Short-term benefits consist of paid leave, sick leave, bonuses and other benefits recognised as expenses for the year and as current payables.

Long-term benefits cover retirement benefits (defined-benefit plans), which are post-employment benefits determined based on end-of-career salaries and years of seniority. Amounts paid in respect of defined-contribution plans are recognised as social security charges for the year. A provision is recognised for retirement benefit obligations, which are administered under a defined-benefit plan.

Other long-term benefits cover long-service awards, which consist of days of paid leave and are subject to social security charges. The annual expense is the net change in the commitment.

Post-employment benefits comprise healthcare coverage. FDJ employees continue to receive healthcare coverage when they retire (or in the event of disability/redundancy), in accordance with the requirements of the Evin Act of 31 December 1989 and the national inter-professional bargaining agreement of 11 January 2008. The former and current employees plan are run at a loss, generating a liability.

To determine the present value of the defined-benefit plan obligation, the Group uses the projected unit credit method, a retrospective method incorporating salary projections at retirement. The obligations are measured annually, factoring in seniority, life expectancy, employee turnover by category, benefits negotiated under collective bargaining agreements, and economic assumptions such as inflation and discount rates. The discount rate used for most subsidiaries is determined based on the Iboxx Corporate AA+ index.

The expense recognised during the financial year incorporates:

- additional entitlements vested by employees;
- the change in the present value of benefits as estimated at the beginning of the financial year due to the passage of time;
- the impact of any plan amendments or new plans over the year.

In application of the amendment to IAS 19, actuarial gains and losses are recognised directly in other comprehensive income, and the impact of any plan amendments or new plans is included in the expense recognised in profit or loss.

Expenses related to defined-benefit plans are recorded in the income statement as follows:

- past service cost, which reflects the increase in obligations stemming from the acquisition of an additional year of seniority, is booked to "operating income";
- the net financial expense for the period is recognised under "financial expenses". It is determined by applying the discount rate to the amount recognised in the statement of financial position at the beginning of the period, taking into account any change over the period resulting from contributions paid and benefit payments.

In millions of euros	31.12.2020	31.12.2019
Pension obligations	37.7	39.2
Service recognition awards	8.3	7.5
Health care costs	7.1	10.3
PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS	**53.2**	**56.9**

The inputs used to determine the provision for retirement benefit obligations are as follows:

	31.12.2020	31.12.2019
Discount rate	0.35%	0.70%
Wage growth *	3.00%	3.00%
of which inflation	*2.00%*	*2.00%*
Employee turnover rate *		
◆ management	0.95%	0.95%
◆ non-management	0.57%	0.57%
Mortality table	INSEE TH-TF 2000-2002	INSEE TH-TF 2000-2002

* *Age-adjusted.*

In millions of euros	31.12.2020	31.12.2019
Actuarial obligation * at the beginning of the period	**56.9**	**45.6**
Cost of services rendered **	(1.8)	7.7
Interest on the actuarial obligation	0.4	0.7
Actuarial gains (losses)	(2.4)	3.2
Pensions paid	-	(0.2)
ACTUARIAL OBLIGATION * AT END OF PERIOD	**53.2**	**56.9**

* *Actuarial obligation relating to end-of-career indemnities, long-service awards and health costs.*

** *The cost of services rendered in 2020 included a reversal of €5.5 million, offset by departure costs. In 2019 it included an adjustment of the scale used to value the actuarial obligation on the basis of the Group's practices, in the amount of €3.6m.*

Under IAS 19 as revised, changes in actuarial assumptions and experience adjustments generate actuarial gains and losses, which are fully recognised in other comprehensive income as they occur.

According to the results of the sensitivity tests performed on both financial years, a 25 bp increase and decrease in the discount rate would have a respective impact of -3% and 3% on the current provision for retirement benefits.

The average term was 12 years at 31 December 2020 (14.2 years at 31 December 2019).

4.9 Inventories

Inventories are measured at either the cost price determined using the "first in, first out" (FIFO) method and the net realisable value (estimated selling price net of associated selling costs), whichever is lower. They are impaired based on their technical or commercial obsolescence.

Inventories predominantly comprise gaming materials, such as instant game scratch cards (€15 million at 31 December 2020 and €10 million at 31 December 2019).

NOTE 5

Goodwill

Goodwill is the difference between the acquisition price and the fair value of the identifiable assets acquired and liabilities assumed. It is assigned to the cash-generating unit (CGU) or group of CGUs liable to benefit from the synergies of business combinations and representing the lowest operating level at which the Group monitors the rate of return on investment of this goodwill. A CGU is defined as the smallest identifiable group of assets generating cash inflows largely independent of the cash inflows generated by other assets or groups of assets.

In accordance with IAS 36, it is not amortised, and is subject to impairment testing at the end of each year, or more frequently when evidence of impairment is identified. The purpose of impairment testing is to ensure that the net carrying amount does not exceed the recoverable amount.

The recoverable amount is the value in use or the fair value less exit costs (where higher).

The value in use of a CGU is determined by referring the value of the discounted future cash flows expected from these assets, within the framework of the economic assumptions and operating conditions provided by the Company's Management. An impairment loss is recorded when the value in use or the fair value less exit costs is less than the carrying amount of the CGU. It is allocated in priority to goodwill. Any additional amounts are then allocated to property, plant and equipment and intangible assets.

In millions of euros	31.12.2019	Acquisitions Allowances	Currency effect	31.12.2020
Goodwill (gross)	70.4	-	(3.4)	67.0
Impairment/goodwill	(14.0)	(26.8)	0.7	(40.0)
GOODWILL (NET)	**56.4**	**(26.8)**	**(2.7)**	**26.9**

In millions of euros	31.12.2018	Acquisitions Allowances	Currency effect	31.12.2019
Goodwill (gross)	3.3	67.0	-	70.4
Impairment/goodwill	(2.2)	(11.8)	-	(14.0)
GOODWILL (NET)	**1.1**	**55.3**	**-**	**56.4**

The Covid-19 health crisis negatively impacted the activities and performance of Sporting Group during the financial year, with most sporting events cancelled or postponed for part of the year starting in mid-March.

In these circumstances, which constituted evidence of impairment, the Group conducted its impairment testing at 30 June 2020 in order to estimate the value in use of the Sporting Group CGU. The estimated value was £60 million, with £83.5 million in net assets tested, i.e. an impairment of £23.5 million (€26 million) charged to goodwill, giving a post-impairment residual amount of £23.6 million (€26 million).

Amid the ongoing challenges sparked by the health crisis of the second half, the CGU performed better than expected based on the test at 30 June, thanks in large part to solid sports betting momentum, with most sporting events going ahead as planned.

However, and in accordance with IAS 36, a new impairment test was carried out at 31 December 2020, calling for no additional impairment recognition.

The test was based on the new 2021-2025 business plan approved by the Business Steering Committee (CPA), incorporating the projected impacts of the crisis:

- 2021 and 2022 income targets lowered for all sports activities, and extended to 2023 for spread bedding and B2B;
- increase in certain costs resulting from the crisis and related to Sporting Group's business (provider fees, specialised suppliers, taxes/regulation costs, etc.).

The new business plan (BP) assumes that business will make a strong comeback after 2023, as the Group deems that the long-term outlook and strategic approach have not been called into question.

The discount rate is 14.3% after factoring in IFRS 16 (vs. 14% at end-2019, but stable compared to 30 June 2020), and the average weighted long-term growth rate is 2%, unchanged compared to 2019.

A sensitivity test was performed:

- a one-point change in the discount rate represents around £7 million in enterprise value;
- a one-quarter-point change in the growth rate represents £1.1 million;
- a 3-point drop in the margin rate in the final year reduces enterprise value by £7 million.

Amid the major uncertainties sparked by the health crisis, these assumptions represent the Group's best estimates based on internal and external data available to date in these conditions.

At 31 December 2019, the value in use of the Sporting Group CGU was measured at £84 million, with capital employed of £94 million, generating goodwill impairment of £10 million (€11.5 million).

Value in use was determined in accordance with the BP, revised in respect of the Sporting Group CGU. Cash flows were based on the assumptions used in the 2020 budget and the Group strategic plan approved by the Business Steering Committee. These assumptions represented the best estimates provided by Group Management. The Group's 2020-2024 revenue, capex and EBITDA forecasts excluded the discontinued proprietary trading activity. The discount rate used was 14% and the long-term growth rate 2%.

NOTE 6

Property, plant and equipment and intangible assets

6.1 Exclusive operating rights and other intangible assets

Exclusive operating rights

FDJ secured exclusive rights to operate lottery activities both online and in the offline distribution network, and to operate sports betting activities in the offline distribution network, for a period of 25 years. Amounting to €380 million, this asset will be amortised over this term, from 23 May 2019, the date of enactment of the Pacte Act (2019-486).

Research and development expenses and intangible assets in progress

Research expenses incurred by the Group for proprietary activities are recognized as expenses as and when incurred.

Development costs are capitalised, where they are related to projects with serious potential for technical success and economic viability. They include the valuation of internal man-days and subcontracting. They cover internally developed projects predominantly aimed mainly at digitising and expanding the product and service range, both online and in points of sale.

Software

Software entry cost comprise acquisition cost, including purchase price and incidental costs.

Intangible assets in progress and other intangible assets

Intangible assets in progress cover development costs (see above) for assets not yet commissioned. With the exception of goodwill, other intangible assets are measured at their acquisition cost (purchase price and incidental costs).

Depreciation and amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives, unless those lives are indefinite. Development costs are amortised over the expected useful life of the intangible asset using the straight-line method, starting at the commissioning date. Development costs are amortised on a straight-line basis over a period of between one and 15 years, and on average over five years. Software is amortised over a period of five years.

These periods are reviewed at the end of each financial year. Any change in the expected useful life or the expected rate of consumption of future economic benefits representative of the asset is incorporated on a forward-looking basis.

Impairment of intangible assets

In accordance with IAS 36, where events or changes in the market environment or internal sources of information provide evidence of impairment of intangible assets, these assets are tested for impairment.

The main evidence of impairment used by the Group is achievement of 5-year business plan targets, regulatory changes, market trends, game and equipment performance, tech developments liable to make certain equipment prematurely obsolete and changes in the product/service range.

An impairment loss is recognised if the net carrying amount of an asset is greater than its recoverable amount. The recoverable amount of an asset is the greater of value in use, based on the discounted future cash flows generated by the asset, and market value, determined by reference to recent transactions on similar assets or valuations performed by independent experts with a view to disposal, less costs to sell.

In 2020, cumulative amortisation of exclusive operating rights amounted to €24.5 million (€15.2 million in 2020 and €9.3 million in 2019). In 2019, recognition of €380 million in exclusive operating rights, with no payment over the period, explained the "Other changes" classification in the table of changes in fixed assets below. The financial consideration for this asset was paid on 21 April 2020.

In millions of euros	31.12.2020 Gross	31.12.2020 Amortisation & Depreciation Provisions	31.12.2020 Net	31.12.2019 Gross	31.12.2019 Amortisation & Depreciation Provisions	31.12.2019 Net
Exclusive operating rights	380.0	(24.5)	355.5	380.0	(9.3)	370.7
Development costs	191.4	(104.5)	86.9	155.4	(86.8)	68.6
Software	138.8	(128.4)	10.5	137.0	(123.0)	13.9
Intangible assets in progress and other intangible assets	71.7	(3.3)	68.3	67.2	(1.4)	65.8
TOTAL INTANGIBLE ASSES	**781.9**	**(260.7)**	**521.2**	**739.6**	**(220.6)**	**519.0**

In millions of euros	31.12.2019	Acquisitions Allowances	Disposals Reversals	Reclassifications *	Changes in scope	Other movements **	31.12.2020
Exclusive operating rights	380.0	-	-	-	-	-	380.0
Development costs	155.4	16.3	(1.5)	29.0	(6.9)	(0.9)	191.4
Software	137.0	0.5	-	1.6	-	(0.2)	138.8
Down payments on orders for intangible assets	-	6.4	-	6.4	-	-	12.8
Intangible assets in progress and other intangible assets	67.2	24.1	(0.1)	(30.5)	-	(1.8)	58.9
Gross amounts	**739.6**	**47.4**	**(1.7)**	**6.4**	**(6.9)**	**(3.0)**	**781.9**
Amort./Dep.& Imp. of exclusive op. rights	(9.3)	(15.2)	-	-	-	-	(24.5)
Amort./Dep. & Imp. of development expenses	(86.8)	(26.2)	1.4	-	6.9	0.2	(104.5)
Amort./Dep. & Imp.of software	(123.0)	(5.5)	-	-	-	0.2	(128.4)
Amort./Dep. & Imp. of other intangible assets	(1.4)	(2.0)	-	-	-	0.1	(3.3)
Amortisation, depreciation and provisions	**(220.6)**	**(49.0)**	**1.4**	**-**	**6.9**	**0.5**	**(260.7)**
NET INTANGIBLE ASSETS	**519.0**	**-**	**(0.2)**	**6.4**	**0.0**	**(2.5)**	**521.2**

* *Reclassifications from "work in progress" to "available for use". Reclassification to fixed asset of the down payment against the COJO contract in 2019 (+€6.4 m).*
** *Foreign exchange impact.*

In millions of euros	31.12.2018	Acquisitions Allowances	Disposals Reversals	Reclassifications *	Change in scope	Other movements **	31.12.2019
Exclusive operating rights	-	-	-	-	-	380.0	380.0
Development costs	101.9	8.4	-	25.0	19.5	0.6	155.4
Software	136.2	0.8	(0.2)	-	-	0.2	137.0
Intangible assets in progress and other intangible assets	36.2	22.0	(0.1)	(25.0)	32.6	1.4	67.2
Gross amounts	**274.3**	**31.2**	**(0.3)**	**0.0**	**52.2**	**382.2**	**739.6**
Amort./Dep.& Imp. of exclusive op. rights	-	(9.3)	-	-	-	-	(9.3)
Amort./Dep. & Imp. of development expenses	(54.5)	(31.7)	-	-	(0.5)	(0.1)	(86.8)
Amort./Dep. & Imp.of software	(115.9)	(7.1)	0.2	-	-	(0.2)	(123.0)
Amort./Dep. & Imp. of other intangible assets	(0.1)	(1.3)	-	-	-	-	(1.4)
Amortisation, depreciation and provisions	**(170.5)**	**(49.5)**	**0.2**	**0.0**	**(0.5)**	**(0.3)**	**(220.6)**
NET INTANGIBLE ASSETS	**103.7**	**-**	**(0.1)**	**0.0**	**51.7**	**381.9**	**519.0**

* *Reclassifications from "work in progress" to "available for use".*
** *Mainly currency translation effect.*

In both 2020 and 2019, excl. exclusive operating rights, the main investments over the period involved the parent company and were focused on developing production and back office information systems, as well as points of sales terminals.

No material impairment losses were recognised on intangible assets in 2019 and 2020.

6.2 Property, plant and equipment

Initial measurement

Property, plant and equipment are measured at acquisition cost (purchase price plus incidental costs). Where individual components of property, plant and equipment have different useful lives, they are accounted for separately.

Depreciation and amortisation

Land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis over the following periods:

- buildings between 20 and 60 years;
- fixtures and fittings between 10 and 30 years;
- point of sale terminals between 5 and 8 years;
- equipment, furniture between 5 and 10 years.

The residual values and useful lives of the assets are reviewed, and modified if necessary, at each annual closing date.

Borrowing costs

Borrowing costs incurred to finance major investments during the construction period are considered part of the acquisition cost. Assets are capitalised at the effective interest rate of the specific loan taken out to finance the asset, where applicable.

Impairment of property, plant and equipment

See principles relating to intangible assets in Note 6.1.

Leases

IFRS 16 "Leases" requires lessees to recognise:

- a right-of-use asset;
- a lease liability representing the present value of the remaining lease payments.

The Group has elected to apply the modified retrospective approach provided for in IFRS 16 and to apply exemptions relating to short-term leases and leases of low-value items (less than €5,000). The discount rate used is the incremental borrowing rate, i.e. that which the Group would be required to pay for borrowings over a similar term and with a similar guarantee.

	31.12.2020			31.12.2019		
In millions of euros	Gross	Amortisation & Depreciation Provisions	Net	Gross	Amortisation & Depreciation Provisions	Net
Land	96.6	-	96.6	96.6	-	96.6
Building facilities and amenities	236.2	(77.7)	158.5	231.1	(67.1)	163.9
IFRS 16 user rights	39.6	(14.8)	24.8	38.0	(7.6)	30.4
Furniture, technical installations & point of sale equipment	236.4	(175.6)	60.9	234.8	(161.9)	72.9
Hardware	74.8	(64.9)	9.9	70.1	(59.6)	10.5
Local services equipment	23.5	(20.4)	3.1	23.2	(19.2)	4.0
Other property, plant and equipment	43.7	(38.2)	5.5	40.8	(36.0)	4.9
Property, plant and equipment under construction	14.3	(0.4)	13.9	10.9	(1.4)	9.4
Advances and payments on account	1.0	-	1.0	1.4	-	1.4
TOTAL PROPERTY, PLANT AND EQUIPMENT	**766.1**	**(391.9)**	**374.2**	**746.8**	**(352.7)**	**394.0**

In millions of euros	31.12.2019	Acquisitions Allowances	Disposals Reversals	Reclassifications *	Changes in scope	Other movements **	31.12.2020
Land	96.6	-	-	-	-	-	96.6
Building facilities and amenities	231.1	5.0	(0.2)	0.7	-	(0.4)	236.2
IFRS 16 user rights	38.0	-	(0.2)	(0.2)	-	2.0	39.6
Furniture, technical installations & PoS equipment	234.8	9.9	(10.7)	2.4	-	-	236.4
Hardware	70.1	4.3	(0.2)	0.6	-	-	74.8
Local services equipment	23.2	1.5	(0.4)	0.1	(0.4)	(0.5)	23.5
Other property, plant and equipment	40.8	2.7	-	0.2	-	-	43.7
Property, plant and equipment in progress	10.9	8.5	(1.0)	(4.0)	-	-	14.3
Advances and payments on account	1.4	-	-	-	-	(0.4)	1.0
Gross amounts	**746.8**	**32.0**	**(12.7)**	**(0.2)**	**(0.4)**	**0.7**	**766.1**
Amort./Dep. of building installations and amenities	(67.1)	(11.0)	0.2	-	-	0.4	(77.7)
Amort./Dep. User rights (IFRS 16)	(7.6)	(7.6)	0.2	0.2	-	0.1	(14.8)
Amort./Dep. of furniture, technical installations & POS equipment	(161.9)	(24.4)	10.7	-	-	-	(175.6)
Amort./Dep. IT equipment	(59.6)	(5.5)	0.2	-	-	-	(64.9)
Amort./Dep. local services equipment	(19.2)	(2.3)	0.3	-	0.4	0.4	(20.4)
Amort./Dep. of other property, plant and equipment	(36.0)	(2.2)	-	-	-	-	(38.2)
Impairment of property, plant and equipment in progress	(1.4)	1.0	-	-	-	-	(0.4)
Amortisation, depreciation and provisions	**(352.7)**	**(52.1)**	**11.5**	**0.2**	**0.4**	**0.8**	**(391.9)**
NET PROPERTY, PLANT AND EQUIPMENT	**394.0**		**(1.2)**	**--**	**(0.0)**	**1.5**	**374.2**

* *Reclassifications from "work in progress" to "available for use".*
** *Foreign exchange impact.*

(in millions of euros)	31.12.2018	Acquisitions Allowances	Disposals Reversals	Reclassifications*	Change in scope	Other movements	31.12.2019
Land	96.6	-	-	-	-	-	96.6
Building facilities and amenities	218.0	7.6	(0.7)	1.2	4.7	0.2	231.1
IFRS 16 User rights	-	-	(0.1)	-	2.4	35.6	38.0
Furniture, technical installations & PoS equipment	230.2	14.7	(13.1)	3.0	-	-	234.8
Hardware	65.5	3.7	(0.2)	1.0	-	-	70.1
Local services equipment	12.5	2.4	(0.8)	0.4	8.3	0.3	23.2
Other property, plant and equipment	38.6	2.1	-	0.1	-	-	40.8
Property, plant and equipment in progress	11.0	5.7	(0.2)	(5.7)	-	-	10.9
Advances and payments on account	2.0	-	-	-	-	(0.7)	1.4
Gross amounts	**674.5**	**36.3**	**(15.0)**	**0.0**	**15.4**	**35.6**	**746.8**
Amort./Dep. of building installations and amenities	(52.4)	(11.3)	0.6	-	(3.9)	(0.2)	(67.1)
Amort./Dep. IFRS 16 user rights	-	(7.6)	0.1	-	-	-	(7.6)
Amort./Dep. of furniture, technical installations & POS equipment	(144.7)	(30.3)	13.1	-	-	-	(161.9)
Amort.//Dep. IT equipment	(54.2)	(5.5)	0.2	(0.1)	-	-	(59.6)
Amort.//Dep. Local services equipment	(10.2)	(2.3)	0.8	0.1	(7.2)	(0.3)	(19.2)
Amort./Dep. of other property, plant and equipment	(34.2)	(1.8)	-	-	-	-	(36.0)
Impairment of property, plant and equipment in progress	-	(1.4)	-	-	-	-	(1.4)
Amortisation, depreciation and provisions	**(295.7)**	**(60.2)**	**14.7**	**(0.0)**	**(11.0)**	**(0.5)**	**(352.7)**
NET PROPERTY, PLANT AND EQUIPMENT	**378.8**		**(0.2)**	**0.0**	**4.3**	**35.0**	**394.0**

**Reclassifications from "work in progress" to "available for use"*

In 2020, as in 2019, investments in property, plant and equipment mainly covered point of sale equipment. In 2019, "Other changes" related to the first-time application of IFRS 16.

NOTE 7
Provisions and contingent liabilities

A provision is recognised if, at the close of the financial year, the Group has an obligation to a third party arising from a past event, the settlement of which is expected to result in an outflow of resources from the entity without at least an equivalent payment, and the amount of which can be estimated reliably. This obligation may be legal, regulatory, contractual or implied. The estimated amount of provisions, determined individually, corresponds to an outflow of resources that the Group has deemed probable. These provisions are not discounted, with the exception of provisions for employee benefits. Their amount is the best estimate of the associated risk.

Provisions expected to be settled within 12 months of the reporting date, and provisions related to the normal operating cycle, are presented as current liabilities. Other provisions are presented as non-current liabilities.

Non-current and current provisions mainly cover litigation risks, operating risks, restructuring costs and costs associated with the change of registered office.

A contingent liability is a potential obligation arising from a past event whose outcome is uncertain, or a current obligation arising from a past event whose amount cannot be reliably estimated.

			Reversals			
In millions of euros	31.12.2019	Allowances	Used	Unused	Other movements	31.12.2020
Total non-current provisions	49.3	0.3	(1.5)	(0.2)	(0.2)	47.6
Total current provisions	16.7	9.9	(9.1)	(3.6)	(0.7)	13.3
TOTAL PROVISIONS	**66.0**	**10.2**	**(10.5)**	**(3.8)**	**(1.0)**	**60.9**

Non-current provisions cover collective litigation with former agent-brokers following the termination of their contracts in 2014.

Current provisions mainly cover litigation related to operations, as well as commercial restructuring costs and costs associated with the change of registered office.

NOTE 8
Cash and financial instruments

8.1 Financial assets and liabilities

Financial assets include long-term investments, term deposits, deposits and guarantees given, and derivatives. In accordance with IFRS 9, they are classified and measured according to three main categories:

- amortised cost;
- fair value through profit or loss;
- fair value through other comprehensive income.

The classification of each financial asset is determined according to the management model defined by the Group and the characteristics of its cash flows.

Financial assets with a maturity of more than 12 months at the reporting date are classified as non-current. Those whose holding periods of less than 12 months at the reporting date are classified as current.

An impairment model based on expected credit losses is applied to financial assets measured at amortised cost.

Financial liabilities include borrowings, deposits and guarantees received, and derivatives.

Investment securities

At initial recognition and subsequent measurement, securities measured at fair value through profit or loss are marked to market, using prices quoted on organised markets at the reporting date. For securities not traded on an active market, fair value is determined using valuation techniques (recent arms' length transactions, reference to the current marked to market value of an equivalent instrument, discounted cash flow method or other valuation models).

Equity investments are measured on a line-by-line basis at fair value through profit or loss or at fair value through other comprehensive income that will not be reclassified to profit or loss, where they are not held for trading. They are classified as non-current financial assets, current financial assets or cash equivalents (see Note 8.2) based on their liquidity, maturity and risk of changes in value.

Term deposits

Term deposits are measured at amortised cost and subject to analysis based on their expected credit losses. They are classified as non-current financial assets, current financial assets or cash equivalents (see Note 8.2) based on their liquidity, maturity and risk of changes in value.

Euromillions-My Million deposits, deposits and guarantees

EuroMillions–My Million deposits, along with deposits and guarantees, are recorded under non-current financial assets. They are measured at amortised cost and booked to other non-current financial assets.

Financial debt

Financial debts are measured at amortised cost.

Derivative financial instruments

The FDJ group still applies IAS 39 on hedging transactions.

It is the Group's policy to use the financial markets solely for hedging obligations associated with its business, never for speculative purposes. The Group therefore uses derivative financial instruments to hedge its exposure to currency and interest rate risks. Derivative financial instruments are qualified by the Group as hedges if the following conditions are met:

- formal documentation from the inception of the hedging relationship;
- hedge effectiveness between 80% and 125% during the entire transaction, based on testing;
- in the case of future event hedging, the event must be highly probable.

Derivative instruments are measured at fair value when initially recognised, and remeasured at each reporting date until settled. Changes in fair value are recognised in transferable equity.

Fair value is determined using valuation techniques calling on mathematical calculation methods based on recognised financial theories and parameters whose value is determined based on the prices of instruments traded on asset markets.

In millions of euros	31.12.2020	31.12.2019
Non-current financial assets at amortised cost	320.0	440.0
Non-current financial assets at fair value through profit or loss	182.1	114.4
Other	69.2	29.9
Total non-current financial assets	**571.4**	**584.3**
Current financial assets at amortised cost	210.0	253.0
Current financial assets at fair value through profit or loss	5.0	16.1
Current derivatives	0.5	0.9
Deposits and guarantees	0.2	2.1
Total current financial assets	**215.7**	**272.2**
TOTAL FINANCIAL ASSETS	**787.1**	**856.5**
Long-term financial debt	490.2	205.0
Non-current lease liabilities	19.3	24.4
Other financial liabilities	0.5	0.3
Total non-current financial liabilities	**510.0**	**229.7**
Financial debt, maturing in less than one year	26.9	8.2
Lease liabilities falling due within one year	6.8	7.0
Current derivatives	1.7	0.7
Bank overdrafts	0.3	40.2
Other financial liabilities	182.6	130.5
Total current financial liabilities	**218.2**	**186.5**
TOTAL FINANCIAL LIABILITIES	**728.2**	**416.3**

Other non-current financial assets mainly include the deposit for the surety trust agreement (€50 million at 31 December 2020 and €81 million at 31 December 2019) measured at amortised cost, and the Euromillions deposit (€11.4 million at 31 December 2020 and €10.5 million at 31 December 2019) measured at fair value through profit or loss.

The purpose of the deposit for the secured trust agreement is to protect the portfolio of online players. In 2019, it only covered sports betting assets; as of 2020, it also included lottery portfolio, which – in addition to the increase in online activity – is why it rose sharply.

In an environment of record-low or even negative interest rates, FDJ continued its policy of investing, where possible in 5-year term deposit accounts, mainly by renewing them at maturity.

The €163 million downturn in financial assets at amortised cost (non-current financial assets down €120 million and current financial assets down €43 million) can largely be attributed to the maturity of term deposits in 2020.

UCITS subscriptions, often carried out when making allocation adjustments to existing products, exceeded UCITS redemptions and were responsible for the increase in financial assets at fair value through profit or loss.

in millions of euros	31.12.2019	Cash flow					Non-cash flow				31.12.2020
		Issue of long-term financial debt	Repayment financial debt	Change in overdrafts	IFRS 16 - Leases	Total cash flow	Foreign exchange impact	Reclassification current/ non-current financial debt	Other	Total non-cash flows	
Long-term financial debt	205.0	361.0	(44.3)	-	-	316.7	(6.5)	(22.3)	(2.7)	(31.5)	490.2
Non-current lease liabilities	24.4	-	-	-	-	-	(0.1)	(7.3)	2.2	(5.1)	19.3
Other financial liabilities	0.3	-	-	-	-	-	-		0.2	0.2	0.5
LT Financial debts	229.7	361.0	(44.3)	-	-	316.7	(6.6)	(29.5)	(0.3)	(36.4)	510.0
Total non-current financial liabilities	**229.7**	**361.0**	**(44.3)**	**0.0**	**0.0**	**316.7**	**(6.6)**	**(29.5)**	**(0.3)**	**(36.4)**	**510.0**
Financial debt, maturing in less than one year	8.2	19.0	(22.3)	-	-	(3.3)	-	22.3	(0.3)	22.0	26.9
Lease liabilities falling due within one year	7.0	-	-	-	(7.4)	(7.4)	-	7.3	-	7.3	6.8
Current derivatives	0.7	-	-		-	-	-	-	1.0	1.0	1.7
Bank overdrafts	40.2	-	-	(40.0)	-	(40.0)	-	-		-	0.3
Other financial liabilities	130.5	-	-	-	-	-	-	-	52.2	52.2	182.6
Total Other current financial liabilities	**186.5**	**19.0**	**(22.3)**	**(40.0)**	**(7.4)**	**(50.7)**	**0.0**	**29.5**	**52.8**	**82.3**	**218.2**
TOTAL FINANCIAL LIABILITIES	**416.3**	**380.0**	**(66.6)**	**(40.0)**	**(7.4)**	**266.0**	**(6.6)**	**0.0**	**52.6**	**45.9**	**728.2**

"Other" non-cash flow corresponds to the recognition of the amortised cost of the debt relating to the exclusive gaming operating right and the reclassification of €52 million of WCR debt due to the State as financial debt.

Current and non-current financial debt of €517.1 million at 31 December 2020 (€213.1 million at 31 December 2019) consisted of:

- a €385.8 million loan, of which €346.8 million in non-current debt and €19 million in current debt, taken out on 1 April 2020 (nominal amount €380 million, amortising loan, 20-year term, variable interest rate, o/w €187 million hedged) to pay for the financial consideration for exclusive operating rights, with roughly 50% of the nominal amount subject to a 6-year interest rate hedge;
- a €88 million loan for the acquisition of the Group's registered office, of which €80 million in non-current debt and €8 million in current debt (nominal amount €120 million, fixed interest rate, amortisable, term ending 24 November 2031);
- a £60 million loan (nominal amount £100 million), i.e. €66.7 million, fully classified as current debt, taken out in May 2019 for the acquisition of Sporting Group (variable interest rate, bullet loan payable in two instalments -2024 and 2025), subject to an interest rate hedging set up on 27 June 2019 and expiring on 27 June 2022, with a £40 million prepayment made in August 2020.

All variable-rate, IBOR-indexed loans together totalled €432.5 million, including the £60 million loan (Libor) and the €365 million (Euribor) loan taken out to secure exclusive operating rights.

Other current financial liabilities mainly include reserve funds (see Note 4.5), in accordance with the Pacte Law (see Highlights), the permanent fund surplus liability net of advance payments (see Notes 4.6.2 and 4.7.2), and the amount payable associated with FDJ's share buyback commitment.

In millions of euros	2020 In under one year	In over 1 year	In over 2 years	In over 3 years	In over 4 years	In over 5 years	Total
Non-current financial assets at amortised cost	-	50.0	115.0	50.0	60.0	45.0	320.0
Non-current financial assets at fair value through profit or loss	-	177.1	5.0	-	-	-	182.1
Other non-current financial assets	-	68.7	-	-	-	0.5	69.2
Total non-current financial assets	**0.0**	**295.8**	**120.0**	**50.0**	**60.0**	**45.5**	**571.4**
Current financial assets at amortised cost	210.0	-	-	-	-	-	210.0
Current financial assets at fair value through profit or loss	5.0	-	-	-	-	-	5.0
Current derivatives	0.5	-	-	-	-	-	0.5
Deposits and guarantees	0.2	-	-	-	-	-	0.2
Total current financial assets	**215.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**215.7**
TOTAL FINANCIAL ASSETS	**215.7**	**295.8**	**120.0**	**50.0**	**60.0**	**45.5**	**787.1**
Long-term financial debt	-	27.6	26.6	48.9	71.1	316.1	490.2
Lease liabilities	-	4.7	4.3	3.8	2.9	3.6	19.3
Other non-current financial liabilities	-	0.1	-	-	-	0.4	0.5
Total non-current financial liabilities	**0.0**	**32.4**	**30.9**	**52.6**	**74.1**	**320.1**	**510.0**
Financial debt falling due within one year	26.9	-	-	-	-	-	26.9
Lease liabilities	6.8	-	-	-	-	-	6.8
Current derivatives	1.7	-	-	-	-	-	1.7
Bank overdrafts	0.3	-	-	-	-	-	0.3
Other current financial liabilities	182.6	-	-	-	-	-	182.6
Total current financial liabilities	**218.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**218.2**
TOTAL FINANCIAL LIABILITIES	**218.2**	**32.4**	**30.9**	**52.6**	**74.1**	**320.1**	**728.2**

In millions of euros	2019 In under one year	In over 1 year	In over 2 years	In over 3 years	In over 4 years	In over 5 years	Total
Non-current financial assets at amortised cost	-	215.0	105.0	25.0	50.0	45.0	440.0
Non-current financial assets at fair value through profit or loss	-	108.7	-	5.7	-	-	114.4
Other non-current financial assets	-	29.2	0.2	-	-	0.6	29.9
Total non-current financial assets	**0.0**	**352.9**	**105.2**	**30.7**	**50.0**	**45.6**	**584.3**
Current available-for-sale financial assets	-	-	-	-	-	-	-
Current financial assets at amortised cost	253.0	-	-	-	-	-	253.0
Current financial assets at fair value through profit or loss	16.1	-	-	-	-	-	16.1
Current derivatives	0.9	-	-	-	-	-	0.9
Deposits and guarantees	2.1	-	-	-	-	-	2.1
Loans to third parties	0.1	-	-	-	-	-	0.1
Total current financial assets	**272.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**272.2**
TOTAL FINANCIAL ASSETS	**272.2**	**352.9**	**105.2**	**30.7**	**50.0**	**45.6**	**856.6**
Long-term financial debt	-	7.9	7.9	7.9	125.5	55.8	205.0
Lease liabilities	-	6.4	4.1	3.9	3.7	6.4	24.4
Other non-current financial liabilities	-	-	-	-	0.1	0.2	0.3
Total non-current financial liabilities	**0.0**	**14.3**	**12.0**	**11.8**	**129.3**	**62.3**	**229.7**
Financial debt falling due within one year	8.2	-	-	-	-	-	8.2
Lease liabilities	7.0	-	-	-	-	-	7.0
Current derivatives	0.7	-	-	-	-	-	0.7
Bank overdrafts	40.2	-	-	-	-	-	40.2
Other current financial liabilities	130.5	-	-	-	-	-	130.5
Total current financial liabilities	**186.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**186.5**
TOTAL FINANCIAL LIABILITIES	**186.5**	**14.3**	**12.0**	**11.8**	**129.3**	**62.3**	**416.3**

8.2 Cash and cash equivalents

Cash and cash equivalents include demand deposits and short-term money market investments, which are fully liquid, with a maturity of three months or less at the acquisition date and subject to negligible risk of change in value, in accordance with the criteria set out in IAS 7.

Term deposits are measured at amortised cost and subject to analysis based on their expected credit losses.

At initial recognition and subsequent measurement, securities measured at fair value through profit or loss are marked to market, using prices quoted on organised markets at the reporting date.

Overdrafts are recognised as current financial liabilities.

In millions of euros	31.12.2020	31.12.2019
Investments, cash equivalents	218.5	121.2
Bank accounts and other	454.7	80.3
CASH AND CASH EQUIVALENTS	**673.2**	**201.5**

Investments, cash equivalents include interest-bearing term or demand deposits (€80 million at 31 December 2020, and €44 million at 31 December 2019) and UCITS units (€138.5 million and €77.2 million at 31 December 2020 and 2019). These mainly include the Euromillions fund (€85.8 million at 31 December 2020 and €77.2 million at 31 December 2019).

The change in cash and cash equivalents is detailed in Note 8.3.

To the Group's knowledge, there are no major restrictions that would limit its access to assets belonging to subsidiaries controlled by the Group.

8.3 Cash flows

Investments net of corresponding payables and advances amounted to €459.8 million in 2020 (€67.1 million in 2019), o/w:

- investments in intangible assets of €421.0 million in 2020 (€31.2 million in 2019), o/w €380 million for exclusive operating rights (financial consideration paid on 21 April 2020), as well as developments in production and back office information systems and point of sale terminals;
- investments in tangible assets of €32.0 million in 2020 (€36.3 million in 2019) for point of sale fixtures and fittings;
- changes in corresponding payables and advances (€5.0 million in 2020 and -€0.4 million in 2019).

Operating working capital fluctuations in 2020 and 2019 (€360.5 million and -€44.8 million, respectively) are mainly related to:

- player funds (+€174.4 million): in 2019, after the Pacte Law took effect, a €108 million payment was made to the State corresponding to the value of the permanent and counterparty funds;
- a calendar effect on distribution network receivables and payables, which increased +€91.9 million overall;
- the change in the payment conditions applicable to public levies, totalling €80.2 million after the Pacte Law took effect;
- and the extension of winning collection deadlines (see Note 1.3 "Highlights").

Issuance of long-term financial debt of €380 million corresponds to the syndicated loan taken out to pay the financial consideration for exclusive operating rights.

The change in current and non-current financial assets (+€110 million in 2020 vs. -€2.7 million in 2019) can mainly be attributed to the maturity of term deposits in 2020, partially offset by UCITS subscriptions.

Repayment of long-term financial debt includes the prepayment of £40 million on the syndicated loan to finance the acquisition of Sporting Group.

Furthermore, the lotteries participating in the Euromillions game [1] formed a UK-law trust to cover counterparty and default risks. It is managed by a trustee, The Law Debenture Trust Corporation. For FDJ, amounts deposited as collateral to a fund are managed by the trustee (which is solely authorised to execute payments) and can be broken down into amounts allocated exclusively to Euromillions winners, o/w €97.3 million at 31 December 2020 (€77 million at 31 December 2019), included in cash and cash equivalents.

8.4 Financial income

Financial income includes:

- borrowing costs;
- income on financial investments;
- change in the value of derivatives;
- foreign exchange income.

In millions of euros	31.12.2020	31.12.2019
Cost of financial debt	**(5.4)**	**(2.3)**
Gains on disposals	3.4	2.3
Interest on investments	6.7	8.1
Derivatives (income)	-	0.9
Financial income on securities valued at fair value through profit or loss	3.4	11.1
Foreign exchange gains	0.2	1.0
Other financial income	0.6	0.3
Financial income	**14.4**	**23.8**
Derivatives (expenses)	(1.0)	(0.2)
Financial expenses on securities valued at fair value through profit or loss	-	-
Foreign exchange losses	(2.8)	-
Other financial expenses	(0.5)	(0.7)
Financial expenses	**(4.3)**	**(0.9)**
NET FINANCIAL INCOME	**4.6**	**20.6**

Cost of financial debt mainly comprise the interest expense on the loans taken out to secure exclusive operating rights, acquire the registered office and Sporting Group.

The net change in financial income and expenses on securities measured at fair value through profit or loss (-€7.7 million between 2019 and 2020) was caused by market trends.

FDJ is exposed to foreign exchange risks, mainly on the US dollar and the pound sterling. The change in net foreign exchange income (-€3.5 million between 2019 and 2020) was due to fluctuations in these currencies.

Other financial expenses include actuarial interest on retirement benefits and revaluation of current financial liabilities.

(1) *An Post (Ireland), Camelot (United Kingdom), FDJ, Belgian National Lottery, Luxembourg National Lottery, Österreichische Lotterien (Austria), Santa Casa (Portugal), Swisslos (Switzerland), Loterie Romande (Switzerland).*

8.5 Financial risk management policy

In the management of its cash surplus, the Group faces three main categories of risk:

- credit risk (related to counterparty default risk);
- liquidity risk (in the event the Group is unable to meet its payment obligations);
- interest rate risk (mainly due to lower interest rates);
- market risk.

A description of these risks is provided below, along with the initiatives taken by the Group to limit their impact.

8.5.1 Credit risk generated by short-term investments and derivatives

The credit risk or counterparty risk associated with financial investments and derivatives is monitored by the Treasury Committee, which includes the Finance Director and members of the Treasury and Investments Department. This risk can be defined as the loss that the Group would bear in the event of default by a counterparty, resulting in a failure to meet its obligations to the Group.

For financial investments and derivatives, the Group's policy is to limit transactions, weighted by risk, to a maximum amount per authorised counterparty. The list of authorised counterparties is established by the Treasury Committee, selected subject to a dual criterion based on their rating and the maturity of the transaction. It is reviewed periodically, at least once every six months. If a counterparty is downgraded below the minimum rating, the Treasury Committee decides whether to hold the existing transactions to maturity.

The Group considers the risk of counterparty default with a potentially material impact on its financial position and results to be limited due to the counterparty management policy in place, and more specifically because of the minimum long-term rating stipulated for such transactions.

In millions of euros	31.12.2020	31.12.2019
Non-current financial assets at amortised cost	320.0	440.0
Non-current assets measured at fair value through profit or loss	150.7	90.4
Total non-current financial assets	**470.7**	**530.4**
Current financial assets at amortised cost	210.0	253.0
Current financial assets valued at fair value through profit or loss	5.0	16.1
Current derivatives	0.5	0.9
Total current investment securities	**215.5**	**270.0**
Investments, cash equivalents	218.5	121.2
TOTAL INVESTMENTS	**904.7**	**921.7**

At 31 December 2020, financial investments were mainly comprised of UCITS and similar instruments for €245 million (€163 million at 31 December 2019) and financial investments with counterparties for €660 million (€759 million at 31 December 2019). These include €550 million in term accounts (€667 million at 31 December 2019), €60 million in interest-bearing demand deposits (€25 million at 31 December 2019) and EMTNs (€67 million at 31 December 2019).

Credit risk on short-term investments and derivatives is analysed as follows:

Amounts outstanding	Total amount outstanding in millions of euros at 31.12.2020	Number of counterparties by bracket of outstandings			
		0-€25 million	€25-€50 million	€50-€100 million	€100-150 million
Rating	-	-	-	-	-
AA/Financial institutions	285	-	-	-	2
AA/Other	-	-	-	-	-
A/Financial institutions	375	6	2	3	-
TOTAL	**660**	**-**	**-**	**-**	**-**

8.5.2 Credit risk on trade receivables

The Group considers the risk of retailer default, liable to have a material impact on its financial position and income, as limited due to its credit risk hedging policy, which requires guarantees for all new retailers from insurers or a bank guarantee/deposit of funds.

The health crisis did not significantly increase the risk of default, thanks to existing hedges and network support measures established by the Group and State aid granted to retailers (See "Highlights").

8.5.3 Liquidity risk

Liquidity risk is defined as the Group's inability to meet its financial obligations at a reasonable cost. It includes in particular counterparty risks on certain games, the amounts of which may potentially be high and have to be covered by cash that can be mobilised quickly. They are also hedged (see Note 4.4.1 - Counterparty risk hedging).

FDJ's exposure to liquidity risk is limited, insofar as the Group's cash management policy calls for more than 20% of assets to be invested in money market vehicles, and the sum of these investments in money market and short-term vehicles represents a minimum of 80% of total investments.

The Treasury Committee, headed by the Finance Director, monitors the liquidity position on a monthly basis and ensures compliance with established limits.

Investments in short-term vehicles are aligned with FDJ's cash management policy.

At 31 December 2020, investments averaged €1,273.7 million; loans taken out with banks amounted to €520.5 million, o/w €88 million in financial debt for the acquisition of the registered office, €66.7 million for the acquisition of Sporting Group and €365.8 million for exclusive operating rights.

Most of the short-term vehicles can be recovered, without penalty or capital risk, after a notice period of 32 calendar days.

Furthermore, €150 million in unused confirmed credit facilities have been in place since February 2021 covering various maturities (between one and five years).

Given the level of investments at 31 December 2020, and based on business, investment and debt repayment forecasts, the Group has determined it can meet its obligations over the next 12 months as from the review date of the annual financial statements by the Board of Directors.

8.5.4 Interest rate risk

The interest rate risk of a financial asset is the risk of realising a capital loss on a security or incurring an additional cost resulting from interest rate fluctuations. The interest rate risk of a financial liability is the risk of incurring an additional cost resulting from interest rate fluctuations.

The Group's exposure to interest rate fluctuations is associated with future financial investments and variable-rate loans. The Group implements a dynamic interest rate risk management policy supervised by the Treasury Committee. The aim of the policy is to secure minimum short-term investment income, over a maximum of five years, and to hedge loan interest rate risk at a reasonable cost.

Interest rate risk exposure arises from fixed-rate investments (bonds and negotiable debt securities), interest rate derivatives and variable-rate debt.

At 31 December 2020, minimal investments were exposed to this direct risk. A 0.5% increase or decrease across the entire yield curve would have no material impact on the fair value of financial investments. Variable-rate debt consists of debt acquired for the acquisition of Sporting Group (€66.7 million) and the loan taken out to secure exclusive operating rights (€365.8 million). A 0.5% increase across the entire yield curve would have an impact of less than €1 million.

8.5.5 Market risk

Market risk is the risk of generating a capital loss on a security or incurring an additional cost due to interest rate fluctuations.

The Group is exposed to market risk associated with increased or decreased performances in financial investment vehicles used.

The Group implements an investment strategy aimed at mitigating risks. The main component of this strategy is the definition of an asset allocation covering financial investment opportunities in each major asset class.

This allocation sets a cap on risk assets:

- no more than 4% of total assets may be invested in equities and similar instruments;
- no more than 8% of assets may be invested in "diversification" instruments (convertible bonds, loans, real estate, etc.);
- no more than 8% of assets may be invested in medium/long-term bonds.

At least 80% of assets are invested in short-term money market and bonds.

In addition to these allocation rules, geographic diversification is also implemented, and the strategies used should keep the portfolio's volatility lower than that of market volatility.

At 31 December 2020, financial investments subject to market risk amounted to €306.7 million (€240.3 million at 31 December 2019).

8.6 Fair value of financial instruments

Financial instruments consist of:

- assets: all financial investments (classified as non-current financial assets, current financial assets, and cash and cash equivalents), all business-related loans and receivables, derivatives and bank accounts;
- liabilities: all payables, business-related payables, derivatives and financial debts.

Financial assets and liabilities are recognised at fair value.

In millions of euros	Category IFRS 9 and valuation		31.12.2020 Fair Value	31.12.2019 Fair Value
Cash	**Fair Value through profit or loss**	**Level 1**	**454.7**	**80.3**
Cash equivalents		**-**	**218.4**	**121.2**
	Loans and receivables at amortised cost	*Level 2*	*132.6*	*44.0*
	Fair value through profit or loss	*Level 2*	*85.8*	*77.1*
Non-current financial assets	**-**	**-**	**571.4**	**584.3**
including non-current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*320.0*	*440.0*
including non-current financial assets at fair value through profit or loss	*Fair Value through profit or loss*	*Level 2*	*150.7*	*90.4*
of which non-consolidated securities (innovation fund)	*Fair Value through profit or loss*	*Level 2*	*18.7*	*18.1*
of which non-consolidated securities (innovation fund)	*Fair Value through profit or loss*	*Level 3*	*12.9*	*6.1*
including other non-current financial assets	*Loans and receivables at amortised cost*	*Level 2*	*69.0*	*29.6*
Current financial assets	**-**	**Level 2**	**215.7**	**272.2**
including current financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Level 2*	*5.0*	*16.1*
Including current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*210.0*	*253.0*
Including Current derivatives	*Fair value through shareholders' equity*	*Level 2*	*0.5*	*0.9*
including deposits and guarantees	*Loans and receivables at amortised cost*	*Level 2*	*0.2*	*2.1*
Trade and distribution network receivables (net value)		**-**	**255.4**	**469.8**
including trade receivables	*Loans and receivables at amortised cost*	*Level 2*	*24.7*	*33.7*
including distribution network receivables	*Loans and receivables at amortised cost*	*Level 2*	*230.7*	*436.0*
Other operating assets excluding employee and tax receivables and pre-paid expenses		**-**	**175.6**	**267.8**
TOTAL FINANCIAL INSTRUMENTS – ASSETS			**1,891.2**	**1,795.6**
Non-current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**510.0**	**229.7**
Supplier and distribution network payables		**-**	**249.0**	**411.6**
o/w suppliers	*Financial liabilities at amortised cost*	*Level 2*	*105.5*	*133.5*
including distribution network payables	*Financial liabilities at amortised cost*	*Level 2*	*143.5*	*278.1*
Current player funds	**Financial liabilities at amortised cost**	**Level 2**	**192.4**	**156.6**
Winnings payable - Player balances	**Financial liabilities at amortised cost**	**Level 2**	**288.8**	**189.3**
Other operating liabilities excluding employee and tax receivables and pre-paid income	**Financial liabilities at amortised cost**	**Level 2**	**60.3**	**12.3**
Other current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**218.2**	**186.5**
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES		**-**	**1,518.7**	**1,186.1**

Level 1: prices quoted in active markets.

Level 2: Use of data, other than the prices quoted for an identical instrument, observable directly or indirectly in the market (data corroborated by the market: interest rate curve, swap rates, multiples method, etc.).

Level 3: Valuation techniques based on unobservable data such as projections or internal data.

NOTE 9

Investments in joint ventures

Other non-current financial assets comprise investments in joint ventures.

In millions of euros	Total
Value of securities at 31.12.18	**12.8**
Change in scope	-
Share of net income for 2019	2.0
Dividends	(0.4)
Currency translation difference	0.1
Value of securities at 31.12.19	**14.5**
Change in scope	0.1
Share of net income for 2020	1.3
Dividends	(0.9)
Currency translation difference	(0.4)
VALUE OF SECURITIES AT 31.12.20	**14.7**

9.1 Société de Gestion de L'Échappée (SGE)

A 50% stake in SGE was sold to Groupama on 6 December 2018; the Company has since been accounted for using the equity method. SGE manages the Groupama-FDJ cycling team. L'Échappée is an association responsible for dealing with ethical issues, defining the sports programme and managing any activities associated with amateur cycling. An expense of €6.7 million was recorded on the sponsorship contract between FDJ and SGE in 2020 (€7.5 million in 2019).

9.2 Lotteries Entertainment Innovation Alliance (LEIA)

The Group holds a 20% stake[1] in Norwegian company Lotteries Entertainment Innovation Alliance AS, a digital gaming distribution platform located in Norway. Other shareholders are Danske Lotterie Spile, Denmark (20%), Norsk Tipping, Norway (20%), Veikkaus, Finland (20%) and Svenska Spel, Sweden (20%). The Group's business relationship with the Company generated income of around €1 million in 2020 (no material business relationship in 2019).

9.3 Beijing ZhongCai Printing (BZP)

The Group holds a 37% stake in Beijing ZhongCai Printing Co Ltd (BZP), a lottery ticket printing company in China and accounted for by the equity method. The other shareholders are Chinese lottery CWL (China Welfare Lottery) (40%) and Malaysian group Berjaya Limited (23%).

The Group did not have a material business relationship with this company in 2020. BZP paid dividends to FDJ Group, net of currency effects and withholding taxes, of €0.9 million in 2020 (€0.4 million in 2019).

On 30 November 2020, the Board of Directors of Beijing ZhonCai Printing approved the divestment of Berjaya via share buybacks. This transaction is currently being registered with the competent Chinese authorities. Once completed, FDJ Group's stake in BZP's capital will be 46.25%.

9.4 Services aux Loteries en Europe (SLE)

The Group holds a 26.57% stake in joint venture Services aux Lotteries en Europe (SLE), a Belgian-law limited liability company located in Brussels and created in October 2003 to organise joint Euromillions games (draws, centralised combinations, calculation of winnings and organisation of fund transfers between operators for prize payouts). The Company is jointly owned by the ten participating lotteries. No transactions with this company have a material impact on the Group.

9.5 National Lotteries Common Services (NLCS)

The Group holds a 50% stake in joint venture National Lotteries Common Services (NLCS), a French company established in February 2013 to combine lotteries with the aim of pooling their sports betting expertise and resources. The other shareholder is SCML, Portuguese State lottery Santa Casa de la Misericordia de Lisboa. No transactions with this company have a material impact on the Group.

(1) *At 1 January 2020, the Group held a 25% stake in LEIA. Svenska Spel purchased a stake in LEIA on 1 October 2020, reducing the equity interests of the other shareholders (20% for FDJ).*

NOTE 10
Income tax

Income tax comprises the current tax expense and deferred tax expense. It is recognised in profit or loss unless it relates to items that are recognised directly in other comprehensive income, in which case it is booked to other comprehensive income.

The tax rates used are those enacted or substantively enacted for each tax jurisdiction at the end of the reporting period.

Current tax is the amount of tax due for the period. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as tax losses. It is determined using the variable carryforward method. A deferred tax asset is only recognised insofar as it is probable that the Group will have future taxable profits against which to offset this asset in the foreseeable future or, beyond that, deferred tax liabilities of the same maturity. Deferred tax assets and liabilities are offset in the statement of financial position by tax entity.

10.1 Income tax expense

In millions of euros	31.12.2020	31.12.2019
Deferred tax	5.1	(1.1)
Current tax	(90.1)	(77.2)
TOTAL INCOME TAX EXPENSE	**(85.0)**	**(78.3)**

In 2020, the €6.7 million increase in the income tax expense can be attributed to the increase in pre-tax income, partially offset by the tax credit resulting from a tax-deductible short-term loss on the liquidation of Sporting Group companies acquired by the Group in 2019 (Notes 3.1 and 5), generating effective tax rate drop from 37.4% in 2019 to 28.6% in 2020.

The sources of permanent differences are the impairments described in 4.2.3 "Other non-recurring operating income and expenses", as well as tax losses of foreign subsidiaries.

10.2 Taxes payable

In millions of euros	31.12.2020	31.12.2019
Current income tax assets	15.8	18.9
Current income tax liabilities	0.3	0.7

Current tax assets (liabilities) mainly comprise the net amount of income tax instalments paid and the tax expense payable for the period.

10.3 Deferred tax

	31.12.2020		31.12.2019	
In millions of euros	Assets	Liabilities	Assets	Liabilities
Non-deductible provisions	11.6	-	13.2	-
Tax on fair value through other comprehensive income	-	-	-	-
Temporarily non-deductible expenses	6.5	-	5.6	-
Other consolidation adjustments *	-	(35.6)	-	(37.9)
Other temporary differences	-	(2.7)	-	(5.9)
Total deferred tax	**18.1**	**(38.2)**	**18.9**	**(43.8)**
NET DEFERRED TAX	**-**	**(20.1)**	**-**	**(24.9)**

* *Mainly accelerated amortisation and depreciation.*

10.4 Reconciliation of the theoretical tax rate and the effective tax rate

In millions of euros	2020	2019
Consolidated accounting profit before tax and effect of equity-accounting	297.3	209.3
Standard theoretical income tax rate	32.0%	34.4%
Theoretical income tax expense	**95.2**	**72.1**
Effects of items generating differences from theoretical tax:		
◆ Permanent differences	(12.0)	7.6
◆ Tax rate effect	0.6	(0.7)
◆ Tax credits	(2.5)	(3.7)
◆ Unused tax loss carry forwards net of uses	4.1	2.5
◆ Additional contribution on dividends	-	-
◆ Other items	(0.4)	0.5
Total differences between effective tax and theoretical tax	**(10.2)**	**6.2**
TOTAL EFFECTIVE TAXES	**85.0**	**78.3**
Effective tax rate	28.6%	37.4%

The change in the effective tax rate is described in Note 10.1.

NOTE 11
Earnings per share

The calculation of earnings per share is established according to the rules laid down in IAS 33.

It is obtained from the weighted average number of shares outstanding during the year, less the average number of treasury shares reducing the net equity.

Basic earnings per share is calculated by dividing net income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period, including the impact of any potential dilutive ordinary shares.

If the inclusion of deferred equity instruments in the calculation of diluted earnings per share generates an anti-dilutive effect, they are not taken into account.

	31.12.2020	31.12.2019
Net profit *(in millions of euros)*	213.7	133.0
Weighted average number of ordinary shares at 31 December 2019 and 2020 *	190,962,466	190,987,104
Basic earnings (loss) per share *(in euros)*	**1.12**	**0.70**
Diluted earnings (loss) per share *(in euros)*	**1.12**	**0.70**

* *Weighted average number of ordinary shares at 31 December 2019 and 2020 is net of treasury shares.*

FDJ considers that it has vested the shares previously held by Soficoma. In view of the ongoing litigation with Soficoma, the weighted average number of ordinary shares does not take this operation into account (see 14 below).

As the Group has not issued any dilutive or non-dilutive instruments over all the periods presented, diluted earnings per share are therefore equal to basic earnings per share.

NOTE 12

Shareholders' equity

12.1 Share capital

In 2020, FDJ's share capital amounted to €76,400,000, consisting of 191,000,000 fully subscribed and paid-up shares each with a par value of €0.40.

The breakdown of share capital is detailed in Note 1.1.

12.2 Treasury shares [(1)]

Treasury shares are recorded at their acquisition cost as a deduction from shareholder's equity. Gains and losses on sales of such securities, net of tax, are charged directly to shareholder's equity and do not contribute to profit or loss for the year.

A share buyback programme authorised by the Board of Directors at its meeting of 19 December 2019 has been implemented, pursuant to the authorisation granted by the General Meeting of Shareholders of 4 November 2019, for the purpose of concluding a liquidity contract to facilitate trading in the FDJ share. The Board of Directors has decided to allocate the maximum authorised amount of €6 million to this liquidity contract, which took effect on 23 December 2019, for a period expiring on 31 December 2020. It was renewed for one year.

This programme is covered by a liquidity agreement, in accordance with the provisions laid down by the Autorité des Marchés Financiers (AMF).

At 31 December 2020, treasury shares recorded as a deduction from consolidated shareholders' equity represented 26,333 shares with value of €0.9 million (12,896 shares with a value of €0.3 million at 31 December 2019).

12.3 Reserves

The Group's business, i.e. organising and operating gaming activities, involves significantly high risks and commitments calling for appropriate coverage.

FDJ s Articles of Association (Article 29.A,) provide for a statutory reserve to address rare risks (very low frequency of occurrence with very high amount of several game events which occur over a given period). The statutory reserve may be used in the event one of the risks described below materialises, particularly in the event that counterparty risk insurance (see Note 4.7.1) is not sufficient to cover the risks of the game.

Risks covered are:

- operational risks liable to arise at any time during the life cycle of the games (design, production of gaming materials, logistics, marketing, etc.). They are measured, after tax, at 0.3% of stakes, i.e. €52 million at end-2020, based on the 2019 financial statements (€47 million at end-2019 based on the 2018 financial statements);
- rare and extreme counterparty risks, assessed on a case-by-case basis as and when a major change occurs in the gaming range or in player behaviour. At 31 December 2020 and 2019, these risks were hedged in the amount of €40 million.

The statutory reserve therefore stood at €92 million at 31 December 2020 (€87 million at 31 December 2019).

12.4 Payment of dividends

Dividends for financial year 2020, subject to the approval of the General Meeting of Shareholders of 16 June 2021 convened to approve the financial statements for the financial year ended 31 December 2020, amounted to €172 million, i.e. €0.90 per share.

Dividends for 2019, approved by the General Meeting of Shareholders of 18 June 2020, amounted to €86 million, i.e. €0.45 per share.

(1) Is should be noted that 5,730,000 Company shares are subject to litigation with Soficoma before the Aix-en-Provence Court of Appeal (see Note 14 - "Ongoing legal proceedings and other disputes"), with FDJ considering that it had purchased these shares on 18 May 2017. It is specified in this respect that the Combined General Meeting of Shareholders of 18 June 2018 resolved to cancel the shares in question subject to the conditions precedent that the request made before the Commercial Court is granted, i.e. that the Court notes that (i) Soficoma, pursuant to Article 15 (b) of its Articles of Association, was required to sell its shares within three months of the meeting of its Board of Directors that noted the non-fulfilment of the conditions governing its capacity to remain a shareholder of FDJ, (ii) FDJ has satisfied its obligation to pay the price of the shares by depositing the price with the Caisse des Dépôts et Consignations, (iii) Soficoma forfeited its status as shareholder on the date of that deposit, i.e. on 18 May 2017, and (iv) FDJ is authorised to transcribe the transfer of these shares by Soficoma to FDJ in its registers.

NOTE 13
Related-party transactions

13.1 French State

The State is no longer a majority shareholder of FDJ, but nevertheless strictly controls the Company and thus holds veto power (granted to the Government Commissioner) on decisions taken by FDJ's decision-making bodies, approves amendments to FDJ's Articles of Association (by decree), and gives prior approval (granted by the Economy and Budget ministers, after consulting the National Gaming Authority) to appointments of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers of FDJ.

The Exclusive Rights Decree of 17 October 2019 set ranges and/or caps on PRs by type of game, while Article 138 I° of the Pacte Law established a levy for the French State calculated on the basis of Gross Gaming Revenue, i.e. the difference between stakes from 1 January 2020 and amounts payable to winners. The rate of this levy is set at 54.5% for traditional draw games whose first-ranking winnings are distributed in pari-mutuel form, and at 42% for other lottery games. The terms and conditions for the annual collection of the levy are defined by decree.

The amounts recorded in the income statement and the statement of financial position are as follows:

In millions of euros		31.12.2020	31.12.2019
Consolidated statement of financial position - Assets	Exclusive operating rights (gross value)	380.0	380.0
Consolidated statement of financial position - Assets	Advance payment on the permanent fund surplus	-	265.0
Consolidated statement of financial position - Assets	Down payment on public levies	165.4	-

In millions of euros		31.12.2020	31.12.2019
Consolidated statement of financial position - Liabilities	Public levies	412.0	414.8
Consolidated statement of financial position - Liabilities	Player funds closed at 1 January 2020	156.0	103.8
Consolidated statement of financial position - Liabilities	Debt owed to the French state	-	380.0

In millions of euros		31.12.2020	31.12.2019
Income statement	Public levies	3,242.7	3,498.0

According to the agreement concluded between the French State and FDJ, dated 17 October 2019, at the normal or anticipated expiry of exclusive rights, the assets strictly necessary for the operation of exclusive rights will revert to the State in exchange for compensation at the market value of the buildings and the net carrying amount of other fixed assets.

Transactions between FDJ and other public companies (France Télévisions, EDF, SNCF, La Poste, etc.) are all carried out under normal market conditions.

13.2 Other related parties

Transactions between FDJ and its fully consolidated subsidiaries, as related parties, are eliminated on consolidation and are not described in this note.

No allocation was made to the FDJ Corporate Foundation in 2020 (€3 million in 2019). On 15 December 2016, the Board of Directors of Française des Jeux elected to renew the FDJ Corporate Foundation for a term of five years from 5 January 2018 to 2 January 2023. The multi-year action plan provides for a maximum amount of €18 million, o/w €7 million in 2016, €8 million in 2017, €3 million for 2019 and €4 million for 2020. The balance of La Française des Jeux's commitment is €7.5 million, covered by a guarantee (see 15.1).

No major transactions have been entered into with a member of the management bodies having a material influence on the Group.

13.3 Executive compensation

The compensation of senior executives is based on information provided in respect of related parties.

The main executive managers sit on the Group Management Committee, which has 18 members.

In the consolidated income statement, executive compensation is limited to the following items:

In millions of euros	31.12.2020	31.12.2019
Short-term employee benefits	4.9	4.0
Post-employment benefits	0.2	0.2
TOTAL	**5.1**	**4.2**

Short-term benefits include all forms of compensation. Other long-term benefits include post-employment benefits (retirement benefits and health coverage), as well as long-service awards.

In the consolidated statement of financial position, amounts payable to executives are as follows:

In millions of euros	31.12.2019	31.12.2019
Short-term employee benefits	1.7	0.9
Post-employment benefits	2.2	2.0

Post-employment benefits do not apply to corporate officers (the Chairwoman and CEO and the Chief Operating Officer), given their status as civil servants on secondment.

NOTE 14

Ongoing legal proceedings and other disputes

Members of the French lottery retailers' syndicate (Union Nationale des Diffuseurs de Jeux – UNDJ) sued La Française des Jeux in May 2012 before the Commercial Court of Nanterre, requesting that the 2003 rider to the agent-broker agreement be judicially terminated. The case is currently subject to a stay of proceedings.

On 6 August 2015, 67 agent-brokers brought proceedings against La Française des Jeux in the Commercial Court of Paris. They made claims for damages following the termination of their broker-agent agreements. On 3 October 2016, the Tribunal dismissed the broker-agents' claims in their entirety. They appealed this ruling in November 2016 to the Paris Court of Appeal. On 27 March 2019, the Paris Court of Appeal upheld the ruling in its entirety. In June 2019, the agent-brokers filed an appeal against this ruling to the Court of Cassation. The case is currently pending before the Court of Cassation.

On 23 May 2017, FDJ filed a lawsuit against non-trading company Soficoma, seeking legal recognition of its loss of status as a shareholder of FDJ. In a ruling dated 23 May 2019, the Marseille Commercial Court granted FDJ's request. Soficoma filed an appeal on 20 June 2019 to the Court of Appeal of Aix-en-Provence. The case is currently pending before the Court of Appeal.

NOTE 15
Off-balance-sheet commitments

Other commitments are detailed in the table below:

In millions of euros	31.12.2020	31.12.2019
Commitments given		
Deposits and first-demand guarantees	32.4	20.4
Sponsorship contract	30.2	7.5
Investment funds	44.5	47.7
Performance bonds *	113.6	85.5
Image rights for cyclists and commitment to the Association L'Échappée	1.2	0.5
Escrow account	1.1	1.1
Property rent	2.4	4.0
Mortgage on goods acquired	95.4	104.6
Paris 2024 partnership	22.2	28.6
Other commitments given	0.9	2.1
TOTAL COMMITMENTS GIVEN	**344.1**	**302.1**
Commitments received		
Performance bonds and return of payments on account	115.1	127.7
Guarantees for return of stakes and payment of winnings	378.4	321.8
Counterparty risk insurance	150.0	150.0
Confirmed credit facilities	-	-
TOTAL COMMITMENTS RECEIVED	**643.5**	**599.5**

* *Including printing contracts worth €34 million in 2020 and €49 million in 2019.*

15.1 Commitments given

The performance commitments given comprise the irrevocable purchase commitments made by the Group to its suppliers.

The mortgage allocation commitment taken out by the Group in 2016 (including the principal, interest and related amounts) concerned the purchase of its new registered office.

Investment funds are mainly innovation funds geared towards supporting the development of start-ups in activities close to FDJ's core business. These funds include Partech and Raise, as well as CVC V13 (in partnership with Séréna), Level-up (specialising in e-sports), Trust e-sport and One Ragtime- ARIA.

15.2 Commitments received

Commitments received on guarantees for the return of stakes and payment of winnings comprise financial guarantees provided by new retailers working with FDJ. Newly approved retailers are required to provide a financial guarantee to cover the risk of payment defaults. Under this system, retailers provide their guarantees directly to FDJ, which is responsible for debt collection.

The €150 million commitment comprises the overall insurance coverage for counterparty risk on lottery games, as from 1 January 2020, following the reform of FDJ's tax and regulatory framework, which put an end to the counterparty fund system.

Unused confirmed credit facilities have been in place since February 2021, in the amount of €150 million.

15.3 Reciprocal commitments

At the end of 2020, under the partnership between FDJ and Groupama via Société de Gestion de l'Échappée (jointly-owned), FDJ and Groupama signed reciprocal pledges to buy and sell the remaining SGE shares.

15.4 Schedule of lease liabilities

Schedule of lease liabilities at 31 December 2020 and 31 December 2019 is the following:

In millions of euros	31.12.2020	31.12.2019
Under 1 year	0.8	1.4
Under 5 years	1.6	2.3
More than 5 years	-	0.2
Lease commitments *	**2.4**	**4.0**

* *Lease commitments relate to vehicles and low-value contracts, excluded from IFRS 16 lease liabilities (see note 6.2).*

The lease liability pertaining to IFRS 16 amounted to €26.0 million at 31 December 2020 (€31.7 million in 2019).

NOTE 16

Post-closing events

N/A

NOTE 17

Scope of consolidation

The ownership interest (the share of the consolidated entity held directly or indirectly by the Group) is identical to the percentage of control for all controlled entities.

Name of entity	Headquarters	Activity	2020 consolidation method (1)	2019 consolidation method (1)	2020 Percent Stake	2019 Percent Stake
La Française des Jeux	France	Organisation of lottery games and betting	IG	IG	100%	100%
FDJ Gaming Solutions France (FGS France)	France	Development and supply of digital lottery technologies	IG	IG	100%	100%
FDJ Gaming Solutions (FGS)	France	Holding company	IG	IG	100%	100%
Beijing Zhongcaï Printing	China	Printing of lottery tickets	EM	MEE	37%	37%
La Française de Motivation	France	Business travel consulting agency Travel agency	IG	IG	100%	100%
La Pacifique des Jeux	France	Operation of lottery games in French Polynesia	IG	IG	99.99%	99.99%
FDJ Développement	France	Distribution of lottery games and sports betting in the French Antilles	IG	IG	100%	100%
La Française d'Images	France	Technical audiovisual services	IG	IG	100%	100%
Société de Gestion de L'Échappée	France	Management and promotion of a cycling team	MEE	MEE	50%	50%
FDP	France	Distribution of lottery games and betting in mainland France	IG	IG	100%	100%
Services aux Loteries en Europe	Belgium	Provision of services for national lottery agents in connection with the operation of EuroMillions	MEE	MEE	26.57%	26.57%
FDJ Gaming Solutions (FGS)	United Kingdom	Development of sports betting technology	IG	IG	100%	100%
National Lotteries Common Services (NLCS)	France	Provision of services associated with the operation of sports betting	MEE	MEE	50.00%	50.00%
Lotteries Entertainment Innovation Alliance AS (LEIA)	Norway	Operation of digital gaming platforms	MEE	MEE	20.00%	25.00%
Spynsol Ltd	United Kingdom	Holding company	-	IG	-	100%
Spynsol Ltd	United Kingdom	Holding company	-	IG	-	100%
BGPH Ltd	United Kingdom	Holding company	-	IG	-	100%
Sporting Index Holdings Ltd	United Kingdom	Holding company	IG	IG	100%	100%
Sporting Index Ltd	United Kingdom	Sports betting (fixed and variable odds)	IG	IG	100%	100%
SPIN Services Ltd	United Kingdom	Development of sports betting technology	IG	IG	100%	100%
SPIN Services Canada Inc	Canada	Development of sports betting technology	IG	IG	100%	100%
Romney Holdco Ltd	Malta	Holding company	-	IG	-	100%
Betstat Ltd	Malta	Holding company	-	IG	-	100%
RPA Software Ltd	Malta	Intellectual property	-	IG	-	100%
Touchbet Ltd	Malta	*Trading*	-	IG	-	100%
RPA Realtime Pricing Algorithm AB	Sweden	Trading software/Development of sports betting technology	-	IG	-	100%
FGS Canada	Canada	Development of sports betting technology	IG	IG	100%	100%
FDJ Services	France	Finance and payment services	IG	-	100%	-
DVRT13	France	Entertainment services	IG	-	100%	-

(1) Full consolidation (FC) – Companies over which the Group exercises exclusive control Equity method (EM) – Companies over which the Group exercises significant influence or joint control.

Changes in the consolidation scope are described in Note 3.1.

3

NOTE 18

Statutory Auditors' fees

Statutory Auditors' fees for 2020 and 2019 are broken down as follows:

	31.12.2020			
	Accounts audit services		Non-audit services	
In millions of euros	PwC Audit	Deloitte & Associés	PwC Audit	Deloitte & Associés
FDJ (issuer)	430	430	50	102
Subsidiaries (controlled entities)	240	142	-	-
STATUTORY AUDITORS' FEES	**670**	**572**	**50**	**102**

	31.12.2019			
	Accounts audit services		Non-audit services	
In millions of euros	PwC Audit	Deloitte & Associés	PwC Audit	Deloitte & Associés
FDJ (issuer)	423	423	795	682
Subsidiaries (controlled entities)	57	132	-	-
STATUTORY AUDITORS' FEES	**480**	**555**	**795**	**682**

Services other than certification of the financial statements in 2019 mainly related to FDJ's capital transaction. Services other than certification of the financial statements in 2020 mainly involved the Independent Third Party review of the non-financial performance report, internal control and various certifications.

3.7 Statutory Auditors' report on the consolidated financial statements

For the year ended 31 December 2020

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of La Française des Jeux for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of Ethics (Code de déontologie) for Statutory Auditors, for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Notes 1.2 "Regulatory background of the FDJ Group" and 1.3.1 "New regulatory framework as of 1 January 2020" to the consolidated financial statements, which set out the specific context of the Company's regulatory framework and its changes over time.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Information systems, automated processing and controls related to the recognition of Net Gaming Revenue (see Note 4.1. to the consolidated financial statements)

Description of risk

The Group's main activity consists in developing and operating lottery games and sports betting within a highly regulated framework. This activity is characterised by a high volume of low-value individual transactions. La Française des Jeux's remuneration (net gaming revenue – NGR) is based on the players' stakes placed at points of sale and online, after deducting the prize winners' share as well as public levies at variable rates depending on the games. The Group's revenue for 2020 amounted to €1.92 billion, of which €1.88 billion derived from NGR.

The processing of gaming transactions, their recognition according to the methods described in Note 4.1 to the consolidated financial statements and the determination of NGR are highly automated. They are based on a highly complex information system specific to FDJ, which covers all the steps in the processing of games from the validation of gaming transactions at points of sale and online to the recognition of the different components of NGR.

Given the high volume of transactions processed, the significance of automated processing in determining and recognising the different components of NGR and the reliability of the internal controls organised by management in a regulated environment, we deemed the information systems, automated processing and controls related to the recognition of NGR to be a key audit matter.

How our audit addressed this risk

With the assistance of our information systems specialists, we gained an understanding of the process for recognising the various stakes and components of NGR and assessed the design and effectiveness of the internal control system relating, in particular, to the information systems and automated processing underlying NGR recognition.

Our work consisted primarily in:

- familiarising ourselves with the internal control procedures, identifying the most relevant manual and automated controls for our audit and testing their design and operational efficiency;
- testing the effectiveness of the IT general controls of each application system used as part of the recognition of the components of NGR and which we deemed of key importance to our audit, notably including access management, change management and automated controls;
- evaluating the effectiveness of the interfaces linked to the transactions and relevant for recognising flows from stakes to NGR;
- analysing material changes and unexpected trends observed, if any, in the allocation of the various components of NGR.

Recoverable amount of Sporting Group goodwill (see Note 5 to the consolidated financial statements)

Description of risk

The acquisition of Sporting Group at the end of May 2019 led the Company to recognise €67 million in goodwill, of which impairment of €11.5 million was recognised at 31 December 2019.

Goodwill corresponds to the difference between the acquisition price and the fair value of the identifiable assets acquired and the liabilities assumed. As indicated in Note 5 to the consolidated financial statements, it is allocated to the Sporting Group cash-generating unit (CGU).

Goodwill is not amortised but is tested for impairment once a year at the reporting date or more frequently if there is evidence of impairment. The objective of the impairment test is to ensure that the carrying amount of the tested assets is not higher than their recoverable amount. The recoverable amount represents the higher of fair value (less costs to sell) and value in use. It is determined by management by discounting the estimated future cash flows of the activities to which the goodwill is allocated. These cash flows are determined based on numerous estimates and assumptions, including the revenue growth rate, the operating margin rate and the discount rate, which can, particularly in the segments in which Sporting Group operates, fluctuate over time and vary significantly from actual future performance.

Due to the negative impact of the Covid-19 health crisis on the Sporting Group business activities and performance in first-half 2020, the Company performed an impairment test at 30 June 2020, following which an additional €26 million of goodwill impairment was recognised. At 30 June 2020, the residual goodwill therefore stood at €26 million, after taking into account the currency effect. In accordance with IAS 36, another impairment test was conducted at 31 December 2020, which did not result in any additional impairment.

We deemed the measurement of the recoverable amount of Sporting Group goodwill to be a key audit matter due to the material amount of the goodwill and the high degree of judgement and estimation required from management, in particular given the greater uncertainty as a result of the health and economic crisis.

How our audit addressed this risk

We examined the methodology used by management to determine the recoverable amount of goodwill, and assessed its compliance with current accounting standards.

We also performed a critical assessment of the implementation of this methodology and, in particular:

- obtained the test prepared by management and reconciled the value of the assets tested with the underlying accounting data;
- gained an understanding of the process for preparing the Sporting Group five-year business plan as defined by management;
- compared the cash flows used in the test with the five-year business plan defined by management;
- conducted, with the help of our valuation experts, a critical assessment of the methods used to calculate value in use and assessed the discount rate used;
- assessed the cash flow projections, including revenue growth rates and operating margin rates, based on our knowledge of the relevant business segments and the strategic, economic and health environment in which Sporting Group operates, and compared them with past performance and market data when available.

Lastly, we examined the disclosures provided in the notes to the consolidated financial statements, in particular concerning the main assumptions used amid the uncertainty of the ongoing health and economic crisis, and the analyses of the sensitivity of the recoverable amount to changes in these assumptions.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the Group management report includes the consolidated non-financial information statement required under Article L. 225-102-1 of the French Commercial Code. However, in accordance with Article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

Pursuant to paragraph III of Article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of Article L. 451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) with this format.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of La Française des Jeux by the General Meetings held on 25 May 2016 for PricewaterhouseCoopers Audit and on 3 June 2003 for Deloitte & Associés.

At 31 December 2020, PricewaterhouseCoopers Audit and Deloitte & Associés were in the fifth and eighteenth consecutive year of their engagement, respectively, thus two years each since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for 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 it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 12 February 2021

The Statutory Auditors

PricewaterhouseCoopers		Audit Deloitte & Associés	
Philippe Vincent	Jean-Paul Collignon	Jean-François Viat	Nadège Pineau

Parent company financial statements

The financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. They may therefore contain rounding differences.

Unless otherwise stated, all amounts are in millions of euros.

4.1 Income statement

In millions of euros	Note	31.12.2020	31.12.2019
Stakes	*3.1*	*15,918.8*	*17,222.2*
Player payout	*3.1*	*(10,813.0)*	*(11,682.3)*
Gross Gaming Revenue	**3.1**	**5,105.8**	**5,539.9**
Public levies	*3.1*	*(3,242.2)*	*(3,497.6)*
Structural allocations to counterparty funds	*3.1*	*-*	*(127.8)*
Net Gaming Revenue	**3.1**	**1,863.6**	**1,914.5**
Revenue from other activities	**3.1**	**21.6**	**16.0**
Revenue	**3.1**	**1,885.2**	**1,930.4**
Capitalised production	3.2	32.1	26.9
Reversals of provisions and transfers of expenses		20.3	9.8
Other operating income		1.0	0.4
Total operating income		**1,938.6**	**1,967.5**
Inventory purchases used		28.2	34.8
Purchases and external expenses	3.2	1,260.2	1,386.1
Taxes		20.6	19.7
Personnel expenses	4	162.9	151.2
Depreciation and amortisation	5	88.4	79.6
Provisions	6	16.5	16.3
Other operating expenses		17.3	14.8
Total operating expenses		**1,594.2**	**1,702.6**
Operating profit	3.2	**344.3**	**264.9**
Total financial income		**21.6**	**22.1**
Total financial expenses		**44.6**	**11.5**
Net financial profit	7.4	**(23.0)**	**10.6**
Profit before tax		**321.3**	**275.6**
Total non-recurring income		**99.8**	**34.9**
Total non-recurring expenses		**97.0**	**80.4**
Non-recurring profit (loss)	**8**	**2.9**	**(45.4)**
Employee profit-sharing and incentives	4.2	23.4	18.8
Income tax expense	9	85.4	73.3
NET PROFIT	**13**	**215.4**	**138.1**

4.2 Balance sheet

4.2.1 Assets

In millions of euros	Note	31.12.2020 Gross	31.12.2020 Amortisation and provisions	31.12.2020 Net	31.12.2019 Net
Exclusive operating rights	5.1	380.0	24.5	355.5	370.7
Other intangible assets	5.2	349.8	227.2	122.5	105.2
Property, plant and equipment	5.3	663.4	324.6	338.9	353.0
Non-current financial assets	7.1	203.9	45.7	158.2	140.6
Fixed assets		**1,597.1**	**622.0**	**975.1**	**969.5**
Inventories	3.3.6	15.8	1.3	14.5	10.2
Advances and down payments		2.4	-	2.4	13.6
Trade and distribution network receivables	3.3.1	341.3	16.4	324.9	506.9
Other current assets	3.3.2	200.3	0.1	200.2	307.6
Current financial assets	7.3	281.8	0.1	281.7	218.1
Cash and cash equivalents	7.3	1,046.3	-	1,046.3	748.3
Prepaid expenses	3.5	18.8	-	18.8	26.1
Current assets		**1,906.7**	**17.8**	**1,888.9**	**1,830.9**
Deferred expenses		4.7	-	4.7	0.6
Unrealised exchange gains		0.1	-	0.1	4.2
TOTAL ASSETS		**3,508.6**	**639.8**	**2,868.8**	**2,805.4**

4.2.2 Equity and liabilities

In millions of euros	Note	31.12.2020	31.12.2019
Share capital		**76.4**	**76.4**
Legal reserve		7.6	7.6
Statutory reserve		91.7	87.5
Optional reserve		224.5	176.6
Net profit for the period		215.4	138.1
Regulated provisions		135.8	140.9
Equity	**10**	**751.5**	**627.1**
Provisions for risks		4.9	8.9
Provisions for liabilities		90.5	90.2
Provisions for risks and liabilities	**4.3 & 6.1**	**95.4**	**99.1**
Borrowings	7.3	521.1	254.0
Trade and distribution network payables	3.3.3	259.7	416.3
Player funds to be repaid to the French state	3.3.4	155.9	103.9
Public levies and winnings payable and distributable	3.3.4	886.0	755.9
Payable to the French State with respect to exclusive rights	5.1	-	380.0
Other payables	3.3.5	151.7	133.6
Prepaid income (stakes)	3.5	46.0	35.4
Payables		**2,020.4**	**2,079.2**
Unrealised exchange losses		1.4	0.1
TOTAL EQUITY AND LIABILITIES		**2,868.8**	**2,805.4**

4.3 Statement of cash flows

In millions of euros	Note	31.12.2020	31.12.2019
Operating activities			
Net profit for the period		**215.4**	**138.1**
Elimination of non-cash or non-operating income and expenses		**86.7**	**96.3**
Amortisation and provisions		60.4	96.1
Disposal gains or losses		26.3	0.2
Impact of changes in the cash position on operating activities		**359.3**	**(103.6)**
Other cash cost positions (excluding game operations)		4.2	(81.9)
Game operations		355.1	(21.7)
Net cash flow from operating activities		**661.4**	**130.8**
Investing activities			
Cash outflows from acquisitions of property, plant and equipment and intangible assets	5	(441.4)	(54.8)
Cash inflows from disposals of fixed assets (tangible, intangible and financial)		-	-
Cash outflows from acquisitions of financial assets		(1.8)	(67.6)
Cash inflows from repayments of loans and advances granted		(46.8)	(5.8)
Net cash flow used in investing activities		**(490.0)**	**(128.2)**
Financing activities			
Dividends paid to shareholders of the parent company		(83.4)	(118.3)
Issue of long-term debt	7.3	380.0	113.3
Repayments of lease liabilities	7.3	(66.6)	(8.0)
Net cash flow used in financing activities		**230.0**	**(13.0)**
NET INCREASE/(DECREASE) IN NET CASH		**401.4**	**(10.4)**
Cash and cash equivalents at opening		**926.1**	**936.5**
Cash and cash equivalents at closing	**7.3**	**1,327.5**	**926.1**
O/w cash		*1,328.1*	*966.5*
O/w current bank overdrafts		*0.6*	*40.4*

4.4

Notes

NOTE 1
Overview of the Company

1.1 General information

La Française des Jeux (FDJ) is a public limited company (société anonyme) governed by French law, subject to all regulations on commercial companies in France, and in particular the provisions of the French Commercial Code, in accordance with the provisions of the legal framework as described in Note 1.2. Its registered office is located at 3/7, quai du Point du Jour 92650 Boulogne-Billancourt. It has been admitted to trading on the Euronext Paris market since 21 November 2019. As at 31 December 2020, its shareholding structure (1) can be broken down as follows: the French State (22%), veterans' associations (2) (15%), employee shareholding funds (4%), Predica (5%) and holdings of less than 5% including French and international institutional investors and individual shareholders. The State monitors strict control over the Company. As a result, the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers, as well as any threshold-crossing of 10% or a multiple of 10% of the share capital, are subject to approval by the Ministers for the Budget and the Economy.

As at 31 December 2020, the Group, which comprises 21 consolidated entities, runs a gaming operation and distribution business in France, metropolitan and overseas departments, four overseas territories and Monaco. It operates internationally, notably through its equity investments in the following companies:

- FGS UK, a UK company that develops the Group's sports betting technology;
- Sporting Group, a UK group acquired in May 2019 comprising four companies, with two core businesses: i) betting and risk management services for sports betting operators, and ii) sports betting offers (spread betting and fixed odds);
- Beijing ZhongCai Printing (BZP), a scratch card printer located in China;
- Services aux Loteries en Europe (SLE), a Euromillions Belgian-law cooperative established to hold and administer draws for participating lotteries;
- Lotteries Entertainment Innovation Alliance AS (LEIA), a Norwegian-domiciled company that operates a digital gaming platform;
- FGS Canada, a Canadian-law company that develops sports betting technology.

1.2 Regulatory environment of the Company

FDJ operates in the gaming sector, a highly regulated industry under strict State control.

The French Minister for Budget was vested with the powers to regulate gaming and gambling activities. All activities conducted by FDJ under exclusive rights, with FDJ's online sports betting business subject to regulation and operation under an authorisation issued by Autorité de régulation des jeux en ligne (ARJEL), which was replaced by French national gaming authority Autorité Nationale des Jeux (ANJ) on 23 June 2020. As of this date, ANJ is responsible for supervising the gaming and betting activities operated by FDJ under the exclusive rights granted to FDJ SA for twenty-five years, namely sports betting (conducted at points of sale) and lottery games (offered at points of sale and online). ANJ also holds the authority to supervise the sports betting activities conducted by FDJ online and in competition against rival companies, under the five-year authorisation granted by ARJEL in 2010, then renewed in 2015 and on 8 September 2020 by ANJ.

Applicable regulations set goals for FDJ to prevent the development of addiction and underage gaming; ensure the integrity, security and reliability of gaming operations; funnel demand into a channel controlled by the State; prevent the risk of fraudulent or criminal gambling operations particularly for money-laundering purposes; and help combat illegal gambling and manipulation of competitions or sports events in connection with betting.

1.3 Highlights

1.3.1 New regulatory framework from 1 January 2020

Article 138 of law 2019-486 of 22 May 2019 on business growth and transformation amended the tax rules applicable to gaming, providing in particular for a change in the calculation basis for public levies and FDJ's remuneration applicable to lottery and sports betting, both online and in the offline distribution network. The change in the tax basis, from stakes to Gross Gaming Revenue (GGR) (3), took effect on 1 January 2020.

For lottery games, Payout Ratios (PR) (4) are defined within a range, with a cap a floor set type of game, whereas for online and offline distribution networks sports betting PRs are capped, respectively.

(1) *Other Company shareholders' lock-up and retention commitment. UBFT, FNAM and Confédération Nationale des buralistes de France have committed to retaining their Shares (including those purchased under the Offer, where applicable) for 18 months from the Offer settlement-delivery date (i.e. the Open-Price Offer and Global Placement with institutional investors, with a settlement-delivery date of 22 November 2019), barring exceptions (takeover bid or exchange offer of the Shares or transfer to a controlled company). MASFIP has made a similar commitment but for a period of 12 months.*

Company's lock-up commitment for 180 calendar days following the Offer settlement-delivery date, barring exceptions (including the Share Offer Reserved for Employees, share buyback plan, free share allocation program, shares held by Soficoma, acquisitions).

French government's lock-up and retention commitment for a period of 18 months from the Offer settlement-delivery date, barring exceptions (sale as part of the Offer, implementation of offer for employees, transfer to a French industrialist, acquisition, transfer to controlled entity, contribution of shares to a public tender or exchange of the Shares).

(2) *Union des Blessés de la Face et de la Tête (UBFT) and Fédération Nationale André Maginot (FNAM).*

(3) *Difference between stakes and player payout.*

(4) *Player payout as a percentage of stakes.*

As a result, a change in PR has an impact on Net Gaming Revenue (NGR) [(1)]. NGR is in fact a balance, calculated from GGR, which is in turn based on the PR for each game category, less public levies. The level of NGR can thus vary depending on the PR applied by FDJ to each game (margin effect), and on the volume of player stakes in each corresponding game category (volume effect).

At constant PR, NGR rate expressed as a percentage of stakes is still relatively close to the previous prevailing rate, as shown in the table below for four of the six games with stakes exceeding €1 billion:

	PR *	NGR until 31.12.2019	NGR effective 01.01.2020
Loto®	55.35%	12.60%	11.91%
EuroMillions	50.00%	12.60%	13.33%
Amigo	67.55%	11.30%	12.03%
Cash	71.00%	10.90%	10.75%

* *Theoretical PRs set in accordance with the Decree on the allocation of stakes of 9 March 2006, as amended.*

The calculation basis for public levies applicable to lottery and sports betting activities now consists of NGR rather than stakes, except for the following territories: French Polynesia, Principality of Monaco, Saint-Barthélemy, Saint-Martin, Saint Pierre and Miquelon.

Levies earmarked for the General State Budget are now fixed (as a% of GGR); as such they are no longer set as the balance, for each game, of stakes net of winnings, structural allocations, tax and social security deductions (excl. income tax), VAT and NGR.

VAT rates remain unchanged.

Public levies liabilities are now settled on a monthly basis, whereas they were mainly paid on a weekly basis previously. An advance payment is made the same month for public levies payable in December.

This same article also states that the funds referred to in Articles 13 and 14 of Decree No. 78-1067 of 9 November 1978 are closed from 1 January 2020 and that the sums deposited in these funds shall be paid to the French State by 30 December 2022, pursuant to Article 3 of Decree 2019-1456 of 26 December 2019. This includes counterparty funds and permanent funds, as well as reserve funds.

As of 1 January 2020, following the enforcement of the new tax and regulatory framework for gambling, counterparty risk for lottery games is no longer insured by counterparty funds but by an insurance policy. The policy was underwritten by FDJ within the framework of an annual policy with several insurance companies to cover cumulative counterparty risks for lottery games based on a counterparty mechanism. In 2020, the policy covered the cumulative net impact on NGR of potential counterparty losses over the financial year, for an amount raising form €6 million (excess) and €150 million (cap), and within the limit of winnings payable for a unit draw set at €100 million, pursuant to Article 8 of Decree 2019-1061 of 17 October 2019 related to the supervision of the gaming offer of La Française des Jeux and Pari Mutuel Urbain. The insurance premium is disclosed in general and administrative expenses and, where applicable, claims-related payments are included in other operating income.

Unclaimed prizes are now all paid to the French State each year, before 30 June, in respect of the previous financial year, pursuant Article 2 of Decree 2019-1456 of 26 December 2019, with the exception of first-rank prizes and winnings awarded on pooled sports betting games and traditional draw games, as well as first-rank prizes and winnings from additional draw games.

Until 2019, payments to the French State were only related to unclaimed prizes on instant games, whereas unclaimed prizes related to draw games or sports betting were kept in reserve funds to finance promotional operations, such as free stakes or winnings contributions. As indicated above, these funds are now closed and will revert to the French State before 30 December 2022.

Payment to the French State to secure exclusive operating rights

Order No. 2019-15 of 2 October 2019 reforming the regulatory framework of gambling set the term of the exclusive rights secured by FDJ at 25 years. The decree of the supreme administrative court (Conseil d'Etat) dated 17 October 2019 approving the Specification Document, subsequent to approval by the French Investments and Transfers Commission (Commission des Participations et des Transferts), set the amount of the financial consideration payable by FDJ at €380 million. This financial consideration was paid to the French State on 21 April 2020.

As of 30 June 2019, these rights are recorded as intangible assets amortised over 25 years (amortisation period beginning 23 May 2019), the date on which the reform was enacted by the Pacte Act.

A syndicated loan was taken out on 1 April 2020 in the amount of the financial consideration to secure exclusive operating rights with a consortium of banks (Bred Banque Populaire, Caisse d'Epargne Ile-de-France, Caisse d'Epargne Hauts-de-France, Caisse d'Epargne Hauts-de-France, Caisse Régionale de Crédit Agricole de Paris and Ile-de-France and Crédit Lyonnais). The variable-rate loan totalled €380 million, with a term of twenty years. A 6-year hedge was taken out to cover 50% of the debt.

(1) GGR, net of public levies.

Main features of the loan are:

- repayment in quarterly instalments;
- voluntary prepayment with no penalty fees after 18 months;
- compulsory early repayment in the event of loss of exclusive rights, loss of the French State's close control or in the event of a change of control (the French State falls below 10% of the capital and/or a third party owns more than 33.33% of the capital or voting rights);
- margin based on the Group's consolidated debt ratio.

A 6-year hedge was taken out to cover 50% of the debt.

1.3.2 Covid-19 health crisis and economic consequences

2020 was dominated by the Covid-19 crisis.

FDJ SA took prompt action by launching its business continuity plan in February. The purpose of the BCP is to guarantee the best safety and working conditions for employees (the vast majority of staff switched to telework), and to keep the business running, particularly in terms of information systems and supply chain.

FDJ SA's revenue was nevertheless affected by the crisis, mainly during the first lockdown, which took place from 17 March to 11 May. Over this period, the FDJ SA's stakes fell by nearly 60%, predominantly stemming from the decline in sports betting by more than 90% after virtually all sporting events were cancelled. Meanwhile, the lottery (excluding Amigo, which was completely halted) limited its year-on-year decline to around 40%, with strong growth in digital lottery stakes only partially offsetting the decline in point-of-sale activity.

Revenue automatically fell as a result, down €200 million, with an EBITDA impact estimated at around €100 million, due to the decrease in the variable cost of sales component (mainly remuneration of sales intermediaries). In a bid to limit this impact on its results, FDJ SA quickly implemented a cost-savings plan of more than €70 million (over 10% of overheads). The savings plan was implemented in full over the year. Advertising and promotional expenses were cut, starting with the media plan in the first half, representing the lion's share of the savings generated. Operating expenses were also reduced (travel costs, fees and communication costs) and sales promotions temporarily trimmed down. The cost-savings plan did not prevent FDJ SA from taking initiatives to drive the recovery in the second half, including in particular by supporting commercial operations under way (launching and relaunching games, holding super jackpots, etc.).

By mid-June, stakes had broadly already re-aligned with June 2019 levels, thanks in large part to the gradual resumption of key sports competitions in mid-May and the reopening of bars in early June. The second lockdown in the second half-year 2020 (30 October to 15 December, with bars once again closed and yet to re-open) was very different from the first, generating a limited impact on FDJ SA results and predominantly affecting Amigo because point of sales screens were turned off. FDJ SA's business was up 3%, fuelled by persistently strong momentum in sports betting and the appeal of draw games (such as Loto and Euromillions, carried out over multiple long cycles), while instant games did stable business.

Financial strength

FDJ SA's cash position was satisfactory in 2020. Its financial position was solid year-round, with short-term cash reserve of more than €1 billion, and was bolstered by €150 million in unused confirmed credit facilities in February 2021.

FDJ SA did not apply for financial aid or the short-time working programmes set up by the State.

Solidarity and protection measures

FDJ SA showed solidarity with all stakeholders.

FDJ established support measures for its distribution network during both lockdowns, tailored to each retailer's circumstances. For example, payments were suspended for closed distribution points, and were relaxed for those able to remain open. Payments resumed at the end of the first lockdown, in accordance with the newly defined payment schedule. By end-2020, the distribution network totalled over 30,000 points of sale, reflecting only a slight year-on-year decline. Only exclusive bars are still currently closed due to the health crisis.

Prize payout deadlines were also postponed to ensure that winners would be paid at the end of lockdown.

The following solidarity, protection and awareness-raising initiatives were carried out:

- solidarity with employees: salaries were paid in full to all employees unable to continue working, without calling on the aid packages provided by the State;
- national solidarity: employees donated days of paid leave (monetised equivalent of €0.3 million paid to associations combating the virus) and corporate officers donated one month's salary;
- contribution to the national fight against Covid-19, including a donation of €1 million to the "Tous unis contre le virus" initiative conducted by Fondation de France, AP-HP and Institut Pasteur;
- FDJ donated €1.2 million to vulnerable persons and particularly young adults hit hard by the crisis, and FDJ Foundation donated €0.3 million to the FDJ SA's partner associations.

The costs directly incurred from these measures, in addition to the cost of masks purchased for employees and retailers, were recognised under current income (€4 million).

Impairment tests (see note 7)

Impairment tests carried out at the end of the year on equity investments recorded on the assets side of the balance sheet resulted in the recognition of an impairment of €32.8 million. This impairment mainly concerns the FGS Holding entity, which primarily holds Sporting Group shares. This impairment, recognised in financial profit, reflects the decline in the value in use of this entity, linked to the context of the Covid-19 health crisis.

NOTE 2

Accounting principles and framework

2.1 Basis for preparation of the financial statements

The financial statements of FDJ are established in accordance with the legal and regulatory provisions applicable in France, including ANC regulation 2016-07 of 4 November 2016 and the opinions and subsequent recommendations of the ANC.

These notes to the parent company financial statements present the accounting principles in the same note as the comments on the figures in order to facilitate the reading of the financial statements.

The Board of Directors approved the parent company financial statements for the year ended 31 December 2020 at its meeting of 11 February 2021.

2.2 Accounting principles

Unless otherwise noted, these methods have been applied consistently to all periods presented. The financial statements have been prepared on a going concern basis in accordance with the independence of financial years. They have also been prepared according to the historical cost principle.

2.3 Conversion

The financial statements are presented in euros, FDJ's functional currency. They are presented in millions of euros, unless otherwise stated.

For currency hedges, income and expenses in a foreign currency are recorded at their equivalent value in euros at the hedging rate. Excluding currency hedges, they are recognised at their equivalent value in euros at the transaction date.

Payables and receivables in foreign currency carried on the balance sheet at the year-end are converted at the exchange rate in force at the closing date. The difference resulting from the conversion is recognised in the balance sheet under "Translation adjustments". Any unrealised exchange losses are subject to a contingency provision, except in cases in which a hedging contract has been taken out.

2.4 Estimates and judgements

Preparation of financial statements requires management to make judgements to define the accounting treatment used in the financial statements.

Management of FDJ SA also makes estimates, the effect of which is material on the amounts recognised, on the following items:

- employee benefits (discount rate and starting assumptions) – see note 4;
- property, plant and equipment and intangible assets (useful life and recoverable amount) – see note 5;
- equity securities (discount rate and business plan assumptions affecting the expected cash flows) – see note 7.

Given the uncertainties inherent in all valuation processes, the Company revises its estimates based on regularly updated information. The future results of the transactions concerned may differ from these estimates.

These judgements and estimates influence the application of the accounting methods and the amount of assets and liabilities and income and expenses.

NOTE 3

Operating data

3.1 Net Gaming Revenue and revenue

Stakes are split between the players, public levies and FDJ.

Player payout

Since 1 January 2020, the player payout is governed by Article 8 of Decree No. 2019-1061 of 17 October 2019 on the supervision of the gaming offer of La Française des Jeux and Pari Mutuel Urbain. In 2019, it was set by the decree on the allocation of stakes dated 9 March 2006 by the Minister in charge of the Budget.

Share paid out to winners *(as a % of stakes)*	2020	2019
Draw games	between 50% and 72% depending on the game ranges	between 50% and 70%
All instant games	between 60% and 75% of stakes depending on the game ranges, with a maximum annual average of 70.5%	minimum annual average of 50% and maximum annual average of 70.5%
PoS sports betting	maximum annual average of 76.5%	maximum annual average of 76.5%
Online sports betting	maximum annual average of 85%	maximum annual average of 85%

Gross Gaming Revenue (GGR)

GGR corresponds to the difference between stakes and player payout.

Public levies

With effect from 1 January 2020, the Pacte Law provides that GGR will replace stakes as the tax and social security base applicable to lottery games and sports betting activities, except for the following territories, for which the applicable rates and the base remain unchanged: French Polynesia, Principality of Monaco, Saint-Barthélemy, Saint-Martin, Saint-Pierre-et-Miquelon.

Future levies paid to the General State Budget are now based on the GGR, and for each game therefore no longer correspond to the balance of stakes net of winnings, structural allocations, tax and social security deductions (excluding income tax), VAT and Net Gaming Revenue.

The VAT rate remains unchanged, at 20% of the NGR.

In 2020, the rate of public levies (excluding income tax) applicable to the various games was as follows:

2020 *(as a% of GGR)*	Loto®/Euromillions	Other lottery games
ANS	5.10%	5.10%
CSG	6.20%	6.20%
CRDS	2.20%	2.20%
General State Budget	54.50%	42.00%
TOTAL	**68.00%**	**55.50%**

2020 *(as a% of GGR)*	Offline Sports Betting	Online Sports betting
Tax deduction on sports betting	27.90%	33.70%
ANS	6.60%	10.60%
Social security deduction on sports betting	6.60%	10.60%
TOTAL	**41.10%**	**54.90%**

In 2019, the rate of public levies, as a percentage of stakes, excluding income tax, applicable to the various games was as follows:

As a % of stakes	**2019**
CSG *(as a % of lottery stakes)*	2,19%
CRDS *(as a % of lottery stakes)*	0,77%
ANS *(as a % of total stakes)*	1,80%
Tax deduction on sports betting *(as a % of sports betting stakes)*	5,70%
Social security deduction on sports betting *(as a % of sports betting stakes)*	1,80%
General State Budget *(as a % of total stakes)*	Balance*

* *Balance of stakes net of winnings, structural allocations, tax and social security deductions, VAT and NGR.*

General State Budget

From 1 January 2020, public levies intended for the General State Budget are governed by Article 138 of law No. 2019-486 of 22 May 2019 on business growth and transformation (Pacte Law). For 2019, they are governed by Article 88 of amended Finance law No. 2012-1510 of 29 December 2012 in respect of 2012.

Social-security deductions (CRDS and CSG) on lottery games

The social security deductions group the CRDS (social security debt retirement levy) and the CSG (supplementary social security levy).

CRDS: deduction defined for 2020 by Article 18 of Order No. 96-50 dated 24 January 1996 amended by Article 138 of law No. 2019-486 of 22 May 2019 on business growth and transformation, and for 2019 by Article 18 of Order No. 96-50 of 24 January 1996.

CSG: deduction defined for 2020 by Articles L.136-7-1 and L.136-8 of the French Social Security Code amended by Article 138 of law No. 2019-486 of 22 May 2019 on business growth and transformation, and for 2019 by Articles L136-7-1 and L 136-8 of the French Social Security Code.

Tax and social security deductions specific to sports betting

Tax deduction: deduction defined for 2020 by Articles 302 bis ZH, ZK and ZL of the French Tax Code amended by Article 138 of law No. 2019-486 of 22 May 2019 on business growth and transformation, and for 2019 by Articles 302 bis ZH, ZK and ZL of the French General Tax Code.

Social-security deductions: deduction defined by Article L.137-21 of the French Social Security Code amended by Article 138 of law No. 2019-486 of 22 May 2019 on business growth and transformation, and for 2019 by Article 137-21 of the French Social Security Code.

National Sports Agency (Agence Nationale du Sport – ANS) deduction defined for 2020 by Articles 1609 (29) and 1609 (30) of the French General Tax Code amended by Article 138 of law No. 2019-486 of 22 May 2019 on business growth and transformation and 46 of law No. 2011-1977 of 28 December 2011 (2012 budget), with respective limits of €72 million and €35 million (for the entire sports betting market) beyond which the payments are allocated to the General State Budget, and for 2019 by Articles 1609 (29) and 1609 (30) of the French General Tax Code and 46 of law No. 2011-1977 of 28 December 2011 (2012 budget).

VAT

VAT, governed by Chapter 1 of Title II of Book 1 of the French General Tax Code, is based on Net Gaming Revenue. The applicable rate is 20%.

Net Gaming Revenue (NGR)

FDJ is a service provider that develops and operates lottery games and sports betting, in a highly regulated environment. The NGR corresponds to FDJ's remuneration for the organisation and placement of games.

Until 2019, NGR was based on stakes and was fixed for games operated under exclusive rights and variable for online sports betting. As of 1 January 2020, following the entry into force of the Pacte Law, NGR corresponds to a balance, calculated based on GGR (itself variable depending on the game category PR) less public levies. Accordingly, the level of NGR may vary based on the PR for each game (margin effect), as well as the volume of stakes for each corresponding game category (volume and mix effect).

NGR is recognised once FDJ's obligations have been fulfilled. Performance obligations are different depending on the type of game:

- for draw games, FDJ's performance is complete when it has recorded the placing of the bets, organised the draw which determines the winning formula, calculated winnings and published the results and reports;
- for instant games, at points of sale, the recognition of stakes is effective in FDJ's accounts when a certain number of tickets have been sold, namely when those tickets are passed into the gaming terminals. Therefore, the sale is recognised before the booklet (batch of tickets), worth between €150 and €300, is completely used up. Given the speed at which the booklets are sold, revenue recognition based on unit sales would lead to revenue recognition very close to that recorded in the financial statements. Online sales are recognised as soon as the player's bet is recorded;
- for sports betting, the principles are similar to draw games. FDJ's obligations are fulfilled when, once the sporting event has taken place, the winnings have been calculated and the results and prizes have been published.

NGR is therefore net of winnings paid to players and amounts contributed to the French State.

The processing of gaming operations, their accounting and the determination of NGR are very highly automated. They call on a complex information system, which carries all game flows from the validation of stakes in points of sale and online to the recognition of NGR.

In millions of euros	31.12.2020	31.12.2019	Change %
Stakes	**15,918.8**	**17,222.2**	**(7.6%)**
Player payout	(10,813.0)	(11,682.3)	(7.4%)
Gross Gaming Revenue (GGR)	**5,105.8**	**5,539.9**	**(7.8%)**
Structural allocation to counterparty funds	-	(127.8)	(100.0%)
Public levies	(3,242.2)	(3,497.6)	(7.3%)
Net Gaming Revenue (NGR)	**1,863.6**	**1,914.5**	**(2.7%)**
Revenue from other activities	21.6	16.0	34.9%
REVENUE	**1,885.2**	**1,930.4**	**(2.3%)**

In millions of euros	31.12.2020	31.12.2019
Draw games	643.7	666.7
Instant games	847.8	907.3
Sports betting	372.1	340.5
NET GAMING REVENUE (NGR)	**1,863.6**	**1,914.5**

NGR amounted to €1,863.6 million, down 2.7%.

Income from other activities essentially corresponds to rebilling to subsidiaries, and amounted to €21.6 million, compared with €16 million in 2019.

3.2 Operating income

Operating income amounted to €344.3 million, an increase of €79.4 million compared with 2019.

In view of persistently significant investments made on the Company's digital and commercial transformation, capitalised production amounted to €32.1 million, an increase of €5.2 million compared with 2019.

Operating expenses linked to the remuneration of the offline distribution network (retailers and commercial sectors including FDP) amounted to €881.1 million, a decline of 10.5% (€103.1 million) due to the drop in stakes.

Excluding distribution channel costs, other operating expenses (€713.1 million) fell by €5.3 million compared with 2019. This decline is linked to the savings plan put in place by the Company to deal with the Covid-19 crisis.

Transfers of expenses, in the amount of €4.7 million in 2020, compared with €3.1 million in 2019, correspond to rebilling to IT service providers.

3.3 Working capital

Receivables

Receivables are recognised at their nominal value. They are impaired if the debtor's situation indicates that the amount may not be recoverable.

Every week, game retailers are debited of the amount of stakes collected, net of winnings paid out and their commissions. Stakes are recorded in assets, while winnings and commissions are recorded in liabilities.

Player funds

Decree No. 78-1067 dated 9 November 1978 provided for the creation of several funds (reserve fund, permanent fund, counterparty fund and common fund for instant games) in FDJ's accounts, as well as the means of endowing these funds. It stated that the amounts allocated to them must be used to pay out additional prizes or winnings to prize winners or for assigning benefits in cash or in kind to all or some of the game participants (reserve fund/common fund for instant games) or to cover counterparty risks (counterparty fund/permanent fund). FDJ is their custodian. As such, these funds constitute liabilities for FDJ.

In accordance with paragraph VI of Article 138 of the Pacte Law of 22 May 2019, the funds referred to in Articles 13 and 14 of Decree 78-1067 of 9 November 1978 and Article 48 of the Amending 1994 Budget, namely the permanent fund, reserve fund, common fund for instant games and counterparty fund, are closed from 1 January 2020, and must be handed over to the Government by 31 December 2022 at the latest. They are presented in financial debt.

The reserve funds included the prizes and winnings attributed to prize winners but not collected by them within the claim time limit. For draw games, this period is 60 days after the draw and for instant games, it is 30 days after the close of the issue. These prizes are now paid over to the French State in the following financial year, with the exception of pooled top prizes and winnings and stakes on pooled sports betting games and traditional draw games, as well as top prizes and winnings from additional draw games. As a result, unclaimed prizes are reclassified as public levies at year-end.

The funds intended for the organisation of games, provided for in the rules of each game concerned (for example, funds carried forward, funds for super jackpots, etc.) contain sums carried forward to subsequent draws if there is no prize winner, for certain games and certain types of winnings. These funds have not been modified by the Pacte Law.

Inventories

Inventories are valued at the lesser of the cost price (determined using the "first in, first out" method) and net realisable value (estimated selling price net of related costs). They are impaired in accordance with their technical or commercial obsolescence.

Inventories relate primarily to gaming materials, i.e. instant game tickets.

3.3.1 Trade and distribution network receivables

	31.12.2020			31.12.2019		
In millions of euros	Gross	Provisions	Net	Gross	Provisions	Net
Distribution network receivables	246.8	16.4	230.4	448.2	13.6	434.5
Trade receivables	12.1	-	12.1	8.3	0.8	7.5
Subsidiary current accounts	82.4	-	82.4	86.3	21.4	64.9
TOTAL TRADE AND DISTRIBUTION NETWORK RECEIVABLES	**341.3**	**16.4**	**324.9**	**542.8**	**35.9**	**506.9**

Every week, game retailers are debited of the amount of stakes collected, net of winnings paid out and their commissions. Stakes are recorded in assets, while winnings and commissions are recorded in liabilities.

Distribution network receivables correspond to stakes collected by the network at the end of the year and not yet deducted by FDJ. Their change in 2020 can be attributed primarily to a calendar effect and to activity.

The increase in the provision over the financial years stems from changes in the risk of payment defaults, which is linked to the current health situation.

Provisions on current accounts of subsidiaries decreased between the two financial years following the withdrawal of securities and receivables related to LB Poker. These items were fully impaired (see Note 8 Non-recurring profit (loss)).

Receivables mature chiefly within one year.

3.3.2 Other receivables

In millions of euros	31.12.2020 Gross	31.12.2020 Provisions	31.12.2020 Net	31.12.2019 Gross	31.12.2019 Provisions	31.12.2019 Net
Other operating receivables	34.9	0.1	34.8	42.7	0.1	42.6
Permanent fund advance	165.4	-	165.4	265.0	-	265.0
TOTAL OTHER RECEIVABLES	**200.3**	**0.1**	**200.2**	**307.7**	**0.1**	**307.6**

Other current receivables mainly include the advance payment for December of public levies, as provided for by the Pacte Law.

3.3.3 Trade and distribution network payables

In millions of euros	31.12.2020	31.12.2019
Trade payables	105.2	132.5
Distribution network payables	154.6	283.8
TOTAL TRADE AND DISTRIBUTION NETWORK PAYABLES	**259.7**	**416.3**

Distribution network payables correspond to winnings paid by retailers and distribution network commissions at the end of the year. Their change in 2020 is mainly due to a calendar effect and the consequences on activity of the health environment.

Trade and distribution network payables are due within one year.

3.3.4 Player funds to be returned to the French State, public levies and winnings going to players

In millions of euros	31.12.2020	31.12.2019
Player funds repaid to the French state	155.9	103.9
Public levies	411.1	414.1
Winnings payable and distributable	474.9	341.8
TOTAL	**1041.9**	**859.8**

The comparison of the amounts of public levies between the two years is impacted by the change in taxation that came into force on 1 January 2020. This change led to changes based on the calculation of these levies – Gross Gaming Revenue and no longer stakes received – as well as the frequency of their payment to the French State – monthly payment from 2020 for all levies, whereas the main levies were paid weekly in 2019.

Player funds to be returned to the French State correspond mainly to reserve funds closed as of 31 December 2019, in accordance with the Pacte Law. Reclassifications were made to this item in 2020 for a total of €52 million, mainly concerning the balance of the 2019 permanent fund surplus.

These deductions are payable to the French State, social security bodies, local authorities and other public bodies (see Note 3.1).

In millions of euros	31.12.2020	31.12.2019
Liabilities – General State budget	223.9	41.2
Liabilities – Other levies	116.8	61.8
Permanent fund surplus	-	311.1
Unclaimed winnings	70.4	-
TOTAL PUBLIC LEVIES	**411.1**	**414.1**

Winnings payable and distributable amounted to €474.9 million, compared with €341.8 million as of 31 December 2019. This increase is due to the postponement of the deadlines for the collection of players' winnings proposed by FDJ during the second lockdown.

Liabilities are due within one year.

3.3.5 Other payables

Other payables essentially include tax and social security payables.

3.3.6 Inventories

At 31 December 2020, inventories amounted to €15.8 million in gross value and consisted mainly of gaming materials for €15.3 million.

The impairment of inventories amounted to €1.3 million at 31 December 2020.

3.4 Receivables and payables with subsidiaries and equity investments

At 31 December 2020 *In millions of euros*	Receivables Advances and payments on accounts	Receivables Trade and similar receivables	Receivables Gross current account receivable	Payables Trade and similar payables	Payables Current account payable
1 – Subsidiaries (≥ 50%):	**-**	**5.8**	**72.8**	**7.4**	**23.3**
FGS (FDJ Gaming Solutions)	-	1.1	70.7	4.1	-
La Pacifique des Jeux	-	-	-	-	-
La Française d'Images	-	0.6	2.1	1.9	-
La Française de Motivation	-	0.1	-	-	1.9
FDP	-	2.2	-	-	20.0
FDJ Développement	-	0.1	-	-	1.4
NLCS	-	1.6	-	1.4	-
2 – Interests (> 10% and < 50%):	**-**	**2.9**	**-**	**1.5**	**-**
Services aux Loteries en Europe	-	1.7	-	0.7	-
Société de Gestion de L'Échappée	-	0.2	-	0.1	-
LEIA (Lotteries Entertainment Innovation Alliance)	-	1.0	-	0.7	-
TOTAL	**-**	**8.7**	**72.8**	**8.9**	**23.3**

3.5 Prepaid expenses and accrued stakes

In millions of euros	31.12.2020	31.12.2019
Prepaid expenses	18.8	26.1
Prepaid income	46.0	35.4

Prepaid income on games corresponds to player stakes collected in one year relating to draws or events taking place in the subsequent year. They are reclassified as stakes within a maximum period of five weeks. Their growth of more than €10.0 million relates mainly to EuroMillions, for which the draw on 1 January 2021 had led to the placing of bets in 2020.

Prepaid expenses relate in the amounts of €2.3 million at 31 December 2020 and €12.5 million at 31 December 2019 to expenses relating to stakes already collected as of 31 December but for which the draws take place in the following financial year.

Prepaid expenses on the game relate to the remuneration of the distribution network on these stakes received. There are no more prepaid expenses on public levies, as of 31 December 2020, unlike 31 December 2019, since the event generating the levies is no longer the collection of stakes, which explains the decrease in gaming items.

Other prepaid expenses, in the amount of €16.5 million, are mainly related to insurance premiums, rental expenses, IT maintenance and the cycling team sponsorship contract.

NOTE 4

Personnel expenses and benefits

4.1 Average workforce during the period

The full-time equivalent (FTE) workforce during the financial year, all types of contracts combined, was 1,569, compared with 1,517 in 2019, breaking down as 1,260 managers, 238 non-managers and 71 apprentices or professional training contracts. The increase in the workforce was primarily driven by the reorganisations that have taken place to support the Company in achieving its long-term strategic objectives.

4.2 Employee profit-sharing and incentives

An exceptional profit-sharing agreement was signed for 2018, 2019 and 2020 on 29 June 2018. The provision for employee profit-sharing was €16.9 million in 2020, compared with €11.5 million in 2019. The net provision for incentives totalled €6.5 million in 2020, compared with €7.3 million in 2019.

The Company decided to exceptionally allocate €1,000 per employee in respect of incentives. This amount was provisioned for a total of €1.6 million in the 2020 financial statements. It does not fall within the framework of the exceptional agreement and is included in incentive expenses for the financial year in the amount of €6.5 million.

4.3 Employee benefits

Employee benefits include short-term and long-term benefits.

Short-term benefits are composed of paid leave, sickness leave, bonuses and other benefits, recognised as expenses for the financial year and within operating liabilities.

Long-term benefits cover:

- retirement benefits (defined-benefit scheme), which are post-employment benefits determined on the basis of employees' salaries and years of service at the end of their career. The contributions paid are recognised in social security contributions for the financial year. A provision is recognised for pension obligations, which are administered under a defined benefit plan;
- health cover, also a post-employment benefit. Employees of FDJ retain their health coverage upon retirement (or in the event of disability/redundancy), in accordance with the requirements of the Évin law of 31 December 1989 and the inter-professional national agreement of 11 January 2008. The scheme for former employees and the related assets reported a shortfall and represents a liability;
- length-of-service medals. These consist of days of leave and are subject to social security contributions. The annual expense is equal to the net change in the obligation, including any actuarial differences.

To determine the present value of the obligations for the defined-benefit schemes, FDJ SA uses the projected unit credit method, a retrospective method with projection of final salary. The obligations are measured annually, taking account of seniority, life expectancy, employee turnover by category, benefits negotiated under collective bargaining agreements, as well as economic assumptions such as inflation and the discount rate. The discount rate used for most subsidiaries is determined based on the Iboxx Corporate AA+ index.

The expense recognised during the financial year incorporates:

- additional benefits acquired by employees;
- the change, during the course of the year, in the discounting of the benefits existing at the beginning of the financial year;
- the impact of any potential plan amendments during a given year, or of new plans.

Actuarial differences arising from a change in assumptions or actual differences are recognised once they exceed 10% of the value of the obligations. They are then amortised over the average remaining period of employment of the plan beneficiaries.

Expenses related to defined-benefit plans are recorded in the income statement as follows:

- the cost of services rendered, which reflects the increase in obligations stemming from the acquisition of an additional year of seniority, is recognised in "operating income";
- the net financial expense for the period is recognised in "financial expense". It is determined by applying the discount rate to the amount recognised in the statement of financial position at the beginning of the period, taking into account any variation during the period resulting from contributions paid and benefit payments.

The net obligations of FDJ are recognised in liabilities in the balance sheet under "Provisions for risks and liabilities," with the exception of actuarial gains and losses located in the 10% corridor, which represent off-balance sheet commitments.

			Reversals		
In millions of euros	**31.12.2019**	**Allowances**	**used**	**unused**	**31.12.2020**
Pension obligations	22.9	2.5	3.0	-	22.4
Health care costs	7.4	0.9	0.1	-	8.3
Service recognition awards	6.7	0.9	0.1	-	7.5
Long-term benefits	**37.1**	**4.3**	**3.2**	**-**	**38.1**
Other provisions for risks and liabilities	9.4	8.3	8.2	0.8	8.7
TOTAL	**46.4**	**12.6**	**11.4**	**0.8**	**46.8**
of which operating profit	-	*11.4*	*11.3*	-	-
of which financial result	-	*0.4*	-	-	-
of which non-recurring profit	-	*0.8*	*0.1*	*0.8*	-

The main assumptions relating to employee benefits are as follows:

	31.12.2020	31.12.2019
Discount rate	0.35%	0.70%
Salary increase rate *	3.00%	3.00%
of which inflation	*2.00%*	*2.00%*
Employee turnover rate *		
◆ management	0.95%	0.95%
◆ non-management	0.57%	0.57%
Mortality table	INSEE TH-TF 2000-2002	INSEE TH-TF 2000-2002

* *Age-adjusted.*

Changes in the liability and provision for long-term benefits, and the net cost for the period were as follows:

Change in liability	31.12.2020	31.12.2019
Actuarial obligation at the beginning of the period	**51.9**	**36.8**
Normal cost *	(1.8)	2.7
Interest on the actuarial obligation	0.4	0.6
Off-balance sheet items (actuarial gains/losses, costs for past service, etc.)	(2.3)	12.0
Transfers	0.3	-
Pensions paid	(0.6)	(0.2)
Actuarial obligation at the end of the period	**47.8**	**51.9**
Actuarial losses accrued	9.8	14.8
PROVISION AT 31 DECEMBER	**38.1**	**37.1**

* *The cost of services rendered included in 2020 a reversal of €5.5 million, offset by departure costs.*

The stock of actuarial losses is an off-balance sheet item.

The results of sensitivity testing performed show that a 25 basis point increase or reduction in the discount rate would result in a 3% increase or reduction respectively in the current provision for retirement benefits.

Change in provisions	31.12.2020	31.12.2019
Provision at opening	**37.1**	**34.0**
Normal cost *	0.5	2.7
Interest on the actuarial obligation	0.4	0.6
Amortisation of actuarial gains and losses	0.6	(0.1)
Pensions paid	(0.6)	-
Transfers	0.2	-
Net cost	**1.1**	**3.1**
Operating profit	*0.7*	*2.6*
Financial result	*0.4*	*0.6*
PROVISION AT 31 DECEMBER	**38.1**	**37.1**

* *The cost of services rendered included in 2020 a reversal of €3.2 million, offset for departure costs.*

Other provisions for risks and liabilities are primarily related to employee departures and labour disputes.

NOTE 5

Property, plant and equipment and intangible assets

5.1 Exclusive operating rights

This asset corresponds to the securing of exclusive operating rights to lottery activities sold in the offline distribution network and online, as well as sports betting games sold in the offline distribution network, entrusted to La Française des Jeux for a period of 25 years. Amounting to €380 million, it will be amortised over this term, from 23 May 2019, the date of promulgation of the Pacte Law (2019-486).

The amount of amortisation recognised in 2020 was €15.2 million.

The payment was made on 21 April 2020 and forms part of the investments for the period in the cash flow statement.

5.2 Other intangible assets

Intangible assets are measured at their cost of acquisition or production. They largely comprise software programs purchased and the development costs incurred to bring them into use.

Research and development expenditure and intangible assets in progress

Research expenditure incurred by the Company for its own account is expensed as and when incurred.

Development expenditure is capitalised, provided that it relates to projects with serious prospects for technical success and economic viability. It includes the valuation of internal person-days and subcontracting. It corresponds to projects developed internally, mainly related to the digitisation and enhancement of the offer, both online and in points of sale.

Software

Software entry costs are measured at acquisition cost (purchase cost plus incidental expenses).

Intangible assets in progress and other intangible assets

Intangible assets in progress concern development costs (see above) for assets not yet in service. The entry costs of other intangible assets correspond to their acquisition cost (purchase cost plus incidental expenses).

Amortisation

Assets are amortised over the life of the asset using the straight-line method, unless those lives are indefinite. Development costs are amortised over the expected useful life of the intangible asset using the straight-line method, from the time at which it is available for use. Development costs are amortised on a straight-line basis over periods of between one and 15 years, and an average of five years. Software is amortised over a period of five years.

These periods are reviewed at the end of each financial year. Any change in the expected useful life or the expected rate of consumption of future economic benefits representative of the asset is taken into account prospectively.

Impairment of intangible assets

When there is an indication of impairment, the Company conducts impairment testing on the relevant assets. The value in use and the net carrying amount are then compared, and the asset is impaired if the value in use falls below the net carrying amount.

	31.12.2020			31.12.2019		
In millions of euros	Gross	Amort./Dep. and provisions	Net	Gross	Amort./Dep. and provisions	Net
Exclusive operating rights	380.0	(24.5)	355.5	380.0	(9.3)	370.7
Trademarks, copyrights and similar assets	4.6	(1.7)	2.9	4.6	(1.7)	2.9
Research and development expenditure	177.1	(95.8)	81.3	132.5	(72.7)	59.8
Software	134.9	(127.1)	7.8	133.2	(121.5)	11.7
Fixed assets under construction	33.3	(2.7)	30.6	35.4	(4.7)	30.7
TOTAL EXCLUSIVE OPERATING RIGHTS AND OTHER INTANGIBLE ASSETS	**729.8**	**(251.7)**	**478.0**	**685.7**	**(209.9)**	**475.8**

In millions of euros	31.12.2019	Acquisitions Allowances	Disposals Reversals	Reclassifications	31.12.2020
Exclusive operating rights	380.0	-	-	-	380.0
Trademarks, copyrights and similar assets	4.6	-	-	-	4.6
Research and development expenditure	132.5	18.7	(1.4)	27.4	177.1
Software	133.2	0.5	-	1.2	134.9
Fixed assets under construction	35.4	26.4	-	(28.6)	33.2
Gross amounts	**685.7**	**45.5**	**(1.4)**	**-**	**729.8**
Amort./Dep. of exclusive operating rights	9.3	15.2	-	-	24.5
Amort./Dep. Trademarks, copyrights and similar assets	1.7	-	-	-	1.7
Amort./Dep. of development expenses	72.7	23.7	(0.6)	-	95.8
Amort./Dep. of software	121.5	5.6	-	-	127.1
Amort./Dep. & Imp. of other intangible assets	4.7	-	(2.0)	-	2.7
Amortisation, depreciation and provisions	**209.9**	**44.5**	**(2.6)**	**-**	**251.7**
NET INTANGIBLE ASSETS	**475.8**	**1.1**	**1.2**	**0.0**	**478.0**

Acquisitions for the period relate mainly to internal production (€32.1 million), which covers changes in support tools for the Company's gaming offer.

5.3 Property, plant and equipment

Initial measurement

Property, plant and equipment is recognised at acquisition cost (purchase price plus incidental expenses). If particular items of property, plant and equipment have different useful lives, they are recognised separately in the balance sheet.

Depreciation

It is depreciated using the straight-line method, with the exception of IT equipment, which is depreciated using the declining-balance method, over the estimated life of the assets:

- 20 to 60 years for buildings;
- 10 to 30 years for building improvements;
- 5 to 8 years for PoS terminals;
- 8 to 10 years for furniture and equipment;

Residual values and useful lives of assets are reviewed, and adjusted if necessary, at each reporting date.

Borrowing costs

Borrowing costs incurred to finance major investments during the construction period are considered to be part of the acquisition costs.

Impairment of property, plant and equipment

See principles related to intangible assets in Note 5.2.

	31.12.2020			31.12.2019		
In millions of euros	Gross	Amort./Dep. and provisions	Net	Gross	Amort./Dep. and provisions	Net
Land and improvements	98.3	(1.5)	96.8	98.2	(1.5)	96.7
Buildings	157.2	(25.0)	132.2	155.6	(18.9)	136.7
Technical installations, materials, equipment	165.7	(130.3)	35.4	165.2	(120.7)	44.5
Other property, plant and equipment	226.9	(167.4)	59.6	216.0	(151.7)	64.3
Property, plant and equipment under construction	14.4	(0.4)	14.0	10.9	(1.4)	9.5
Advances and payments on account	1.0	-	1.0	1.4	-	1.4
TOTAL PROPERTY, PLANT AND EQUIPMENT	**663.4**	**(324.6)**	**338.9**	**647.3**	**(294.2)**	**353.1**

In millions of euros	31.12.2019	Acquisitions Allowances	Disposals Reversals	Reclassifications	31.12.2020
Land and improvements	98.2	-	-	-	98.3
Buildings	155.6	1.3	-	0.3	157.2
Technical installations, materials, equipment	165.2	5.6	(6.5)	1.5	165.7
Other property, plant and equipment	216.0	12.1	(4.4)	3.2	226.9
Property, plant and equipment under construction	10.9	8.4	(1.0)	(3.9)	14.4
Advances and payments on account	1.4	0.8	(0.1)	(1.1)	1.0
Gross amounts	**647.3**	**28.2**	**(12.0)**	**-**	**663.5**
Amort./Dep. Land and improvements	1.5	-	-	-	1.5
Amort./Dep. Buildings	18.9	6.1	-	-	25.0
Amort./Dep. Technical installations, materials, equipment	120.7	17.4	(7.7)	-	130.4
Amort./Dep. Other property, plant and equipment	151.7	20.0	(4.2)	-	167.4
Amort./Dep. Property, plant and equipment under construction	1.4	-	(1.0)	-	0.4
Amort./Dep. Advances and payments on account	-	-	-	-	-
Amortisation, depreciation and provisions	**294.2**	**43.4**	**(12.9)**	**-**	**324.6**
NET PROPERTY, PLANT AND EQUIPMENT	**353.1**	**(15.1)**	**0.9**	**0.0**	**338.9**

Most acquisitions relate to equipment in points of sale.

Disposals and scrapping concern point-of-sale equipment.

NOTE 6

Other provisions and contingent liabilities

A provision is recognised if the Company has an obligation to a third party arising from a past event, the settlement of which is expected to result in an outflow of resources from the entity without at least an equivalent payment, and the amount of which can be estimated reliably. Their amount is the best estimate of the risk.

With the exception of those for employee benefits, provisions are not discounted.

A contingent liability is a potential obligation resulting from a past event for which the outcome is uncertain, or a current obligation resulting from a past event for which the amount cannot be reliably estimated.

Other provisions

				Reversals		
In millions of euros	Note	31.12.2019	Allowances	used	unused	31.12.2020
Provisions related to personnel	4.3	46.4	12.6	11.4	0.8	46.8
Other provisions for risks and liabilities		52.8	0.1	1.7	2.5	48.7
TOTAL PROVISIONS FOR RISKS AND LIABILITIES		**99.2**	**12.7**	**13.1**	**3.3**	**95.4**
of which operating profit		-	*11.5*	*11.5*	*0.6*	-
of which financial result		-	*0.4*	-	-	-
of which non-recurring profit		-	*0.9*	*1.5*	*2.7*	-

Other provisions for risks are mostly related to ongoing litigation and disputes (see note 11).

NOTE 7

Financial assets and cash

Investment securities

The gross value of equity investments is the purchase price less acquisition costs, recorded under expenses. When there is an indication of impairment, the Company carries out impairment testing. The carrying amount is compared with value in use based on the current and projected profitability of the subsidiary in question, determined on the basis of the present value of future cash flows or the share of equity held, or an analysis carried out by external experts using a multi-criteria approach to capital valuation adjusted for the Company's net debt. Impairment is recorded if the value in use falls below the carrying amount.

Transferable securities

Transferable securities are recorded on the balance sheet at historical cost. However, if at the balance sheet date their market value is less than their carrying amount, impairment is recognised (with the exception of securities with guaranteed capital and securities with a maturity of less than six months). Market value is determined (i) for listed securities, by reference to the stock market price at the year-end, and (ii) for unlisted securities, by reference to the most recent net asset value published or the estimated realisable value.

Borrowings

Borrowings are recorded at their repayment value. Bond issue costs are spread over the duration of the bond.

7.1 Equity investments and receivables related to investments

In millions of euros	31.12.2019	Increase	Decrease	31.12.2020
Equity investments	101.6	3.6	(8.1)	97.2
Receivables from equity investments	16.7	-	(16.7)	-
TOTAL	**118.3**	**3.6**	**(24.8)**	**97.2**
Impairment of equity investments	(20.6)	(32.8)	8.1	(45.3)
Impairment of receivables from equity investments	(16.7)	-	16.7	-
TOTAL	**(37.3)**	**(32.8)**	**24.8**	**(45.3)**
Net value	81.0	(29.2)	-	51.8

Investments during the period correspond to the creation of two entities (FDJ Services and DVRT 13) created at the end of the year with the aim of spinning off the new activities implemented by the Group.

The planned acquisition of Bimedia (a software publisher specialising in point-of-sale collection and payment solutions) initiated in 2019 was not finalised, as not all the conditions precedent provided for in the contract could be removed within the time limit, particularly the conditions precedent related to the approval of this operation by the French competition authority.

Impairment tests carried out at year-end on equity investments recorded on the asset side of the balance sheet resulted in the recognition of an impairment for €32.8 million. This impairment mainly concerns the FGS Holding entity, which primarily holds Sporting Group shares. This impairment reflects the decline in the value in use of this entity, linked to the context of the Covid-19 health crisis.

Furthermore, in 2020 following the liquidation of LB Poker, the securities of this company and related assets were removed from FDJ SA's balance sheet. This removal has no impact on the income statement, given the previously recognised impairments.

In millions of euros	Equity as at 31.12.2020	of which share capital	Share of capital held by FDJ	Carrying amount of shares held: Gross	Carrying amount of shares held: Net	Current account and receivables related to investments *	Revenue 2020	Profit / (Loss) 2020	Dividends collected in 2020
1 – SUBSIDIARIES (≥ 50%):	**-**	**-**	**-**	**96.9**	**51.5**	**47.8**	**104.1**	**(36.1)**	**5.5**
FDJ Gaming Solutions	16.5	71.5	100.00%	85.1	40.2	70.7	-	(42.1)	-
La Pacifique des Jeux	2.5	1.3	99.99%	1.3	1.3	-	5.8	1.1	1.5
La Française d'Images	1.1	0.2	100.00%	0.3	0.3	2.1	11.4	(0.6)	-
La Française de Motivation	1.4	0.7	100.00%	1.8	1.4	(1.9)	4.1	(0.5)	-
FDP	11.8	-	100.00%	4.4	4.4	(20.0)	67.4	5.9	4.0
FDJ Développement	2.2	0.2	100.00%	0.3	0.3	(1.4)	2.0	-	-
FDJ Services	3.5	3.5	100.00%	3.5	3.5	(1.7)	-	-	-
DVRT 13	0.1	0.1	100.00%	0.1	0.1	-	-	-	-
NLCS	0.7	0.2	50.00%	0.1	0.1	-	13.4	0.1	-
2 – Interests (> 10% and < 50%):				**0.3**	**0.3**	**-**	**26.5**	**0.2**	**-**
Services aux Loteries en Europe	1.0	0.4	26.57%	0.1	0.1	-	4.3	0.1	-
Société de Gestion de L'Échappée	0.1	0.1	50.00%	0.1	0.1	-	17.5	-	-
Lotteries Entertainment Innovation Alliance	1.3	0.5	20.00%	0.1	0.1	-	4.7	0.1	-
TOTAL	**-**	**-**	**-**	**97.2**	**51.8**	**47.8**	**130.6**	**(35.9)**	**5.5**

* *Gross amount of receivables (+) or payables (-) due/owed to La Française des Jeux by its subsidiaries.*

7.2 Loans and other financial assets

In millions of euros	Gross amount 31.12.2020	31.12.2019
Fixed assets in the portfolio activity	27.3	20.3
Deposits and guarantees	63.8	23.8
Own shares	15.6	15.6
TOTAL	**106.7**	**59.8**

Fixed assets in the portfolio activity are mainly investments in innovation funds geared towards supporting the development of start-ups in activities close to FDJ's core business.

The deposit paid under the surety trust agreement, designed to protect the assets of online players, amounted to €50 million as of 31 December 2020 (compared with €8.1 million as of 31 December 2019, an increase of €41.9 million). The increase between the two financial years is linked to the inclusion since 2019 of exclusive gambling players. Previously, only sports players (exclusive and mixed) were covered by this agreement. This trust agreement entered into in 2014 with Equitis initially had a term of five years, and is now tacitly renewable every year. Other deposits and guarantees mainly concern the EuroMillions guarantee deposit.

In 2017, FDJ purchased the shares previously held by Soficoma, which disputes the loss of its status as shareholder (see note 11). The price of the shares (€15.6 million) was paid to the Caisse des Dépôts et Consignations.

7.3 Cash and cash equivalents and financial liabilities

	31.12.2020			31.12.2019
In millions of euros	Gross	Provisions	Net	Net
Shares in UCITS and investment funds	231.8	(0.1)	231.7	153.1
Transferable debt securities	50.0	-	50.0	65.0
Total transferable securities	**281.8**	**(0.1)**	**281.7**	**218.1**
Short-term deposits, including cash intruments	1,046.3	-	1,046.3	748.3
TOTAL GROSS CASH	**1,328.0**	**(0.1)**	**1,328.0**	**966.4**

Net cash increased by €362.4 million to €1,328.0 million over the year.

Long-term debt of €521 million (vs. €254 million as of 31 December 2019) includes a loan taken out during 2020 for the payment of exclusive rights amounting to €366 million at end-2020, a loan taken out in 2019 for the acquisition of Sporting Group for a residual amount of €67 million and the debt incurred for the acquisition of the Group's headquarters amounting to €88 million. Debt maturing in less than one year amounts to €27 million.

The loan taken out for the acquisition of the new headquarters is at a fixed rate and matures on 29 November 2031, with payments due on 29 May and 29 November of each year starting in 2017.

The loan taken out for the acquisition of Sporting Group amounts to £100 million (value of €67 million as of 31 December 2020). It is at a floating rate, and is repayable on maturity on 15 May 2024. In 2020, the Company made an early repayment in the amount of €44 million.

A syndicated loan to finance the financial consideration to secure exclusive operating rights was established on 1 April 2020 with a syndicate of banks (Bred Banque Populaire, Caisse d'Epargne Ile-de-France, Caisse d'Epargne Hauts-de-France, Caisse Régionale de Crédit Agricole de Paris et d'Ile-de-France and Crédit Lyonnais).

With a nominal amount of €380 million, it is at a variable rate and has a term of twenty years. A 6-year hedge was subscribed to covering nearly 50% of the debt.

Its main characteristics are:

- a repayment in quarterly instalments;
- voluntary early repayment without penalty after 18 months;
- compulsory early repayment in the event of loss of exclusive rights, loss of the French State's close control or in the event of a change of control (the French State falls below 10% of the capital and/or a third party owns more than 33.33% of the capital or voting rights);
- a margin based on the Group's consolidated debt ratio.

In 2020, the Company repaid €14.2 million in accordance with the loan Agreement.

7.4 Financial profit

Financial profit was impacted by an impairment on securities amounting to €32.8 million, mainly related to FGS for €32.5 million.

Financial profit restated for items related to subsidiaries and investments amounted to €4.3 million compared to €14.3 million in 2019. The variation mainly reflects:

- net foreign exchange effect of -€4.9 million;
- net interest effect of -€1.7 million from loans taken out in 2019 and 2020 to finance the acquisition of Sporting Group and exclusive rights;
- the decline in income net of expenses on the sale of investment securities for -€1.9 million.

In millions of euros	31.12.2020	31.12.2019
Interest and similar income	2.3	1.6
Dividends received	5.5	4.9
Reversals of provisions	1.4	2.3
Realised exchange gains	1.5	2.5
Net proceeds from the sale of investment securities	11.0	10.8
Total financial income	**21.6**	**22.1**
Interest and similar charges	5.0	2.6
Depreciation and provisions	33.3	8.5
Realised exchange losses	3.9	-
Net expenses on the sale of investment securities	2.5	0.4
Total financial expense	**44.6**	**11.4**
FINANCIAL RESULT	**(23.0)**	**10.7**
Of which related to subsidiaries and investments	**(27.4)**	**(3.6)**

Financial risk management policy

In the management of its cash surpluses, the Company faces three main categories of risk:

- credit risk (related to the risk of failure by transaction counterparties);
- liquidity risk (related to FDJ SA's inability to meet its payment obligations);
- interest rate risk (mainly related to falls in interest rates).

The points below describe the nature of these risks and the actions taken to limit their impact.

Credit risk from investments and derivatives

The credit risk or counterparty risk of investments and derivative financial instruments is monitored by the Treasury Committee, which includes the CFO and members of the Treasury and Investments Department. This risk corresponds to the loss that the Company would bear in the event of default by a counterparty, resulting in a failure to meet its obligations towards it.

For investments and derivatives, FDJ's policy is to limit transactions, weighted by the nature of the risks, to a maximum amount per authorised counterparty. The list of authorised counterparties is established by the Treasury Committee, selected subject to a dual criterion based on their rating and the maturity of the transaction. It is reviewed periodically, at least once every six months. If a counterparty is downgraded below the minimum rating, the Treasury Committee decides whether to maintain the existing transactions to maturity.

The Company considers the risk of counterparty default with a potentially material impact on its financial position and results to be limited due to the policy in place for counterparty management, and more particularly because of the minimum long-term rating stipulated for such transactions.

As of 31 December 2020, investments consisted mainly of UCITS and similar products in the amount of €242 million (€163 million as of 31 December 2019) and investments with counterparties in the amount of €663 million (€759 million as of 31 December 2019). These include €550 million in term accounts (€667 million as of 31 December 2019), €60 million in interest-bearing demand deposits (€25 million as of 31 December 2019) and €50 million in EMTNs (€67 million as of 31 December 2019).

Credit risk analysis breaks down as follows:

Amounts outstanding *in millions of euros*	as of 31.12.2020	0-€25 million	€25-€50 million	€50-€100 million	€100-150 million
Rating					
AA/Financial institutions	285	-	-	-	2
AA/Other	-	-	-	-	-
A/Financial institutions	378	6	2	3	-

Credit risk on trade receivables

FDJ SA considers the risk of default by a retailer with a potentially material impact on its financial position and results to be limited due to its credit coverage policy: implementation of systematic guarantees from insurers for all new retailers, or bank guarantee/deposit of funds.

Liquidity risk

Liquidity risk is defined as FDJ's inability to meet its financial obligations at a reasonable cost. In particular, it includes counterparty risks on certain games, for which amounts are potentially high, and which must be able to be covered by immediately available cash. They are also hedged (see Note 1.3.1).

FDJ's exposure to liquidity risk is limited to the extent that, under the Company's cash management policy, at least 20% of amounts outstanding must be invested in money market instruments, and the total of these amounts outstanding and amounts outstanding invested in other short-term instruments represents at least 80% of total investments.

The Treasury Committee, headed by the CFO, monitors the liquidity position on a monthly basis and ensures compliance with defined limits.

Outstanding amounts invested in short-term instruments are consistent with FDJ's cash management policy.

At 31 December 2020, the average level of investments was €1,273.7 million; the amount of loans and debts with credit institutions was €520.5 million, including €88 million of financial debt related to the acquisition of the Group's headquarters, €66.7 million related to the acquisition of Sporting Group and €365.8 million corresponding to the financial consideration to secure exclusive operating rights.

Most of the short-term instruments can be recovered, without penalty or capital risk, following a notice period of 32 calendar days.

Furthermore, confirmed lines of credit are in the process of being put in place for an amount of €150 million over various time horizons of between one and five years.

Given the level of investments at 31 December 2020, and on the basis of its business and investment forecasts and the repayment of financial debts, FDJ SA believes that it has the financial capacity to meet its obligations over the next 12 months from the date of review of the annual financial statements by the Board of Directors.

Interest rate risk

The interest rate risk of a financial asset is the risk of realising a capital loss on a security or incurring an additional cost resulting from a variation in interest rates. The interest rate risk of a financial liability is the risk of incurring an additional cost resulting from changes in interest rates.

FDJ's exposure to changes in interest rates is related to its future investments and variable-rate loans. FDJ actively manages its interest rate risk under the supervision of the Treasury Committee. The objective of this policy is to ensure a minimum return on investments, with a maximum five-year investment horizon, and to cover the interest rate risk on loans at a reasonable price

Sensitivity to interest rate risk arises from fixed income investments (bonds and negotiable debt instruments), interest rate derivatives and floating rate debt.

At 31 December 2020, the share of investments exposed to this direct risk was negligible. A 0.5% increase or decline across the entire yield curve would not have a material impact on the fair value of investments.

At 31 December 2020, floating rate debt related to the debt for the acquisition of Sporting Group (€67 million) and the debt corresponding to the financial consideration to secure exclusive operating rights (€365.8 million). A 0.5% increase across the entire yield curve would be less than €1 million.

The impact on the financial result of financial transaction relating to subsidiaries and equity interests is as follows:

In millions of euros	31.12.2020	31.12.2019
Dividends received	5.5	4.9
Net provisions and reversals thereof for investments and related receivables	(32.8)	(8.5)
FINANCIAL RESULT RELATED TO SUBSIDIARIES AND INVESTMENTS	**(27.4)**	**(3.6)**

NOTE 8
Non-recurring profit (loss)

For the year ended 31 December 2020 *In millions of euros*	Expenses	Income
TOTAL	**97.0**	**99.8**
o/w non-recurring operations (expenses)/income	8.1	0.9
o/w non-recurring (expenses)/income form capital transactions	47.8	0.1
o/w depreciation, amortisation and provision and reversals	41.2	98.8
◆ impairment of assets	4.2	53.4
◆ provisions for risks and liabilities (*see Note 6.1*)	0.9	4.3
◆ regulated provisions (see Note 10)	36.1	41.2
NON-RECURRING PROFIT (LOSS)	**2.9**	

Capital transactions consisted mainly of the withdrawal of LB Poker (€7.3 million) and TPC (€1.2 million) securities and related receivables for LB Poker (€38.1 million). These asset withdrawals are offset by reversals of provisions on these items and therefore have no impact on the income statement.

NOTE 9
Income tax

9.1 Tax consolidation agreement

La Française des Jeux and certain subsidiaries (FDJ Développement, FDJ Gaming Solutions, La Française d'Images, FDP and La Française de Motivation) in which it holds direct interests of more than 95% together form a tax consolidation group as defined in Articles 223A et seq. of the French General Tax Code.

The tax position of the subsidiaries in question is not affected by the agreement: it is the same as it would be if they were taxed separately. The tax saving resulting from the difference between the tax recognised by each consolidated entity and the tax calculated on the basis of consolidated income is recognised by La Française des Jeux. The Company is liable to the French Treasury for tax calculated on the total of consolidated entities' taxable income.

9.2 Breakdown of tax expense

For the year ended 31 December 2020 *In millions of euros*	Current profit	Non-recurring profit (loss), employee profit-sharing and incentives
Accounting income before tax	346.5	(45.7)
Taxable income	380.8	(41.4)
FDJ SA tax	119.0	(13.2)
Net profit before tax consolidation	**227.6**	**(32.5)**
Impact of tax consolidation	(20.4)	
NET PROFIT	**215.4**	

The tax saving resulting from the tax consolidation recorded in 2020 stems from a tax-deductible short-term capital loss on securities linked to the termination of operational activities and the liquidation of Sporting Group companies, resulting from the strategic reorientation decided in 2019 following the acquisition of Sporting Group by the FDJ Group in 2019.

9.3 Contingent taxes

In millions of euros	31.12.2020	31.12.2019
Increase of future tax liability bases	**181.9**	**169.9**
Regulated provisions	135.8	140.9
Other items	46.1	29.0
Reduction of future tax liability bases	**76.1**	**74.9**
Employee benefits	30.6	30.3
Employee profit-sharing	15.9	11.5
Other items	23.7	25.6
Tax decrease	4.9	7.4

NOTE 10

Shareholders' equity

10.1 Share capital

As of 31 December 2020, FDJ's share capital amounted to €76,400,000, consisting of 191,000,000 fully subscribed and paid-up shares with a par value of €0.40 each. As of 31 December 2020, the share capital was held in the proportion of 21.9% by the French State (vs. 21.9% in 2019), 14.8% (vs. 14.8% in 2019) by veterans associations and 3.9% by FDJ's employees and former employees (vs. 4.4% in 2019). The balance of 59.4% is held by the Company's other legacy shareholders, and the individual and institutional shareholders who acquired shares at the time of the initial public offering; to the best of the Company's knowledge, these investors hold less than 5% of the share capital each.

10.2 Treasury shares (1)

Treasury shares are recognised at their acquisition cost on the assets side of the Company's balance sheet. Gains and losses on sales of these shares are recognised in financial profit and contribute to profit or loss for the year.

A share buyback programme authorised by the Board of Directors at its meeting of 19 December 2019 was implemented, pursuant to the authorisation granted by the General Meeting of Shareholders of 4 November 2019, for the purpose of concluding a liquidity contract to facilitate trading in the FDJ share. The Board of Directors decided to allocate the maximum authorised amount of €6 million to this liquidity contract, which took effect on 23 December 2019, for a period expiring on 31 December 2020. It has been renewed for one year.

The programme is the subject of a liquidity contract meeting the provisions laid down by the Autorité des Marchés Financiers (AMF) and bearing on 26,333 shares as of 31 December 2020.

As of 31 December 2020, the 26,333 treasury shares were valued at €0.9 million. As of 31 December 2019, treasury shares represented 12,896 shares and were valued at €0.3 million.

10.3 Payment of dividends

Dividends in respect of 2020, to be submitted to the vote of the General Meeting of Shareholders of 16 June 2021 approving the financial statements for the year ended 31 December 2020, amounted to €172 million, i.e. €0.90 per share.

Dividends in respect of 2019, submitted to the vote of the General Meeting of Shareholders of 18 June 2020, amounted to €86 million, i.e. €0.45 per share.

In millions of euros

Shareholders' equity 31 December 2019 *Before allocation of 2020 net income*	**627.1**
Income allocated to dividends	(86.0)
2020 profit (loss)	215.4
Retained earnings	-
Change in regulated provisions (accelerated depreciation and amortisation)	(5.1)
SHAREHOLDERS' EQUITY 31 DECEMBER 2020 *Allocation of 2020 net income*	**751.4**

10.3 Reserves

FDJ SA's business of organising and operating gambling activities involves specific risks and commitments of particular significance, which must be anticipated through appropriate coverage.

FDJ's Articles of Association (Article 29.A) provide for the constitution of a reserve to deal with rare risks (very low frequency of occurrence with a very high amount of several game events occurring over a given period) and extreme risks (extremely low frequency of occurrence, very high amount). This reserve can be used in the event of the occurrence of the risks described below, in particular where the counterparty risk insurance (see Note 1.3.1) is not sufficient to cover the risks of the game.

The risks covered are:

- operating risks that may arise at any time during the life cycle of the games (design, production of gaming materials, logistics, marketing, etc.). They are measured at 0.3% of stakes, or €52 million at the end of 2020 based on the 2019 financial statements (€47 million at the end of 2019 based on the 2018 financial statements);
- rare and extreme-case counterparty risks, measured as and when a major change occurs in the gaming offer and in players' behaviour. At 31 December 2020 and 2019, they were covered in the amount of €40 million.

The statutory reserve therefore amounted to €92 million as of 31 December 2020 (€87 million as of 31 December 2019).

(1) *Note that 5,730,000 of the Company's shares are the subject of litigation with Soficoma before the Aix-en-Provence Court of Appeal (see Note 11 – Ongoing legal proceedings and other disputes). FDJ considers that it purchased these shares on 18 May 2017. It is specified in this respect that the Combined General Meeting of Shareholders of 18 June 2018 resolved to cancel the shares in question subject to the conditions precedent that the request made before the Commercial Court is granted, i.e. that the Court notes that (i) Soficoma, pursuant to Article 15 (b) of its Articles of Association, was required to sell its shares within three months of the meeting of its Board of Directors that noted the non-fulfilment of the conditions governing its capacity to remain a shareholder of FDJ, (ii) FDJ has satisfied its obligation to pay the price of the shares by depositing the price with the Caisse des Dépôts et Consignations, (iii) Soficoma forfeited its status as shareholder on the date of that deposit, i.e. on 18 May 2017, and (iv) FDJ is authorised to transcribe the transfer of these shares by Soficoma to FDJ in its registers.*

10.4 Regulated provisions

Regulated provisions consist of accelerated depreciation and amortisation which were relatively stable due to persistently significant investments in 2020.

In millions of euros	31.12.2019	Allowances	Reversals	31.12.2020
Accelerated depreciation	140.9	36.1	41.2	135.8
Total regulated provisions	140.9	36.1	41.2	135.8

NOTE 11

Ongoing legal proceedings and other disputes

Members of the French lottery retailers' syndicate (UNDJ – Union Nationale des Diffuseurs de Jeux) sued Française des Jeux in May 2012 before the Commercial Court of Nanterre, requesting that the 2003 amendment to the agent-broker contract be terminated by a court decision. This procedure is currently subject to a stay of proceedings.

On 6 August 2015, 67 agent-brokers brought proceedings against Française des Jeux in the Commercial Court of Paris. They made claims for damages following the termination of their broker-agent agreements. On 3 October 2016, the Tribunal dismissed the broker-agents' claims in their entirety. They appealed this decision to the Paris Court of Appeal in November 2016. In a judgement handed down on 27 March 2019, the Paris Court of Appeal upheld the initial judgement in all its provisions. In June 2019, the agent-brokers filed an appeal against this judgement in the Court of Cassation. The case is currently pending before the Court of Cassation.

On 23 May 2017, FDJ filed a lawsuit against Soficoma, a civil company, seeking legal recognition of its loss of status as a shareholder of FDJ. In a ruling dated 23 May 2019, the Commercial Court of Marseille granted FDJ's application. Soficoma appealed against this ruling before the Court of Appeal of Aix-en-Provence on 20 June 2019. The case is currently pending before the Court of Appeal.

NOTE 12
Other information

12.1 Executive compensation

In 2020, the senior management (corporate officers) received a total of €0.7 million (vs. €0.6 million in 2019). These were only short-term benefits. For 2020, this remuneration included a donation of one month's salary made by each corporate director.

12.2 French State

The French State is no longer FDJ's majority shareholder, but nevertheless continues to exercise close control over it, with specific prerogatives including a right of veto granted to the Government commissioner over decisions taken in FDJ's governing bodies, approval by decree of the modifications of the Articles of Association of FDJ and also the obtaining of a licence from the ministers in charge of the economy and the budget, after consultation with the French gaming regulatory authority (ANJ) for the appointment of a Chairman, CEO or Deputy CEO of FDJ.

The Exclusive Rights Decree of 17 October 2019 sets ranges and/or ceilings for the PR by range of games, while Article 138 I° of the Pacte Law establishes a levy for the French State calculated on the basis of Gross Gaming Revenue, namely the difference between player stakes from 1 January 2020 and the sums to be paid out or already paid out to winners. The rate of this levy is set at 54.5% for traditional draw games whose first-ranking winnings are distributed in mutual form, and at 42% for other lottery games. The terms and conditions of the annual collection of this levy will be defined by decree.

The amounts reported in this regard on the income statement and in the statement of financial position for the last two years are as follows:

In millions of euros		31.12.2020	31.12.2019
Balance sheet - Assets	Exclusive operating rights (gross value)	380.0	380.0
Balance sheet - Assets	Advance payment on the permanent fund surplus	-	265.0
Balance sheet - Assets	Down payment on public levies	165.4	-

In millions of euros		31.12.2020	31.12.2019
Balance sheet - Liabilities	Public levies	412.0	414.8
Balance sheet - Liabilities	Player funds closed at 1 January 2020	156.0	103.8
Balance sheet - Liabilities	Debt owed to the French state	-	380.0

In millions of euros		31.12.2020	31.12.2019
Income statement	Public levies	3,242.7	3,498.0

The agreement concluded between the French State and FDJ, dated 17 October 2019, provides that, at the normal or anticipated expiry of exclusive rights, the assets strictly necessary for the operation of exclusive rights will be taken back by the French State in consideration for a corresponding compensation at the market value of the buildings and the net book value of other fixed assets.

Transactions between FDJ and other public sector entities (France Télévisions, EDF, SNCF, La Poste) are all conducted on an arm's length basis.

12.3 Transactions with other related parties

Transactions with other related parties were carried out on an arm's length basis and mainly concern transactions entered into between FDJ SA and its subsidiaries.

On 15 December 2016, the Board of Directors of Française des Jeux decided to renew the FDJ Corporate Foundation for a term of five years from 5 January 2018 to 2 January 2023. The multi-year action plan provides for a maximum amount of €18 million, with €7 million committed in 2016, €8 million in 2017, €3 million in 2019 and €4 million in 2020. The balance of La Française des Jeux's commitment is €7.5 million, covered by a guarantee.

NOTE 13

Details of charges payable and receivables

In millions of euros	31.12.2020	31.12.2019
Assets – Accrued income	**-**	**-**
TOTAL ASSETS	**0.0**	**0.0**
Liabilities – Accrued employee expenses	**18.3**	**15.7**
Time saving account	3.0	2.7
Variable share	6.5	5.5
Provision for incentives	8.8	7.5
Liabilities – Expenses due to social security agencies	**16.0**	**13.8**
Expenses due	16.0	13.8
Liabilities – Accrued expenses	**0.7**	**0.8**
Other accrued expenses – HR	0.5	0.4
Other accrued expenses – Management	0.2	0.5
Liabilities – Misc. accrued expenses	**702.3**	**445.7**
Miscellaneous accrued expenses	0.4	0.1
Permanent fund	46.9	0.9
Unclaimed winnings Draw and Sport	140.1	110.1
Booster fund	83.4	74.8
Super Cagnotte fund	78.3	46.4
Rollover fund	5.8	10.3
Prizes carried forward	24.0	18.1
Winnings payable	238.7	152.1
Unclaimed winnings Scratch	40.4	-
Other accrued winnings	1.9	1.3
Player Balances	34.3	23.8
Blocked Player Balances	8.1	8.0
TOTAL LIABILITIES	**737.3**	**476.1**

NOTE 14

Subsequent events

N/A

NOTE 15
Off-balance-sheet commitments

15.1 Commitments given

La Française des Jeux heads a tax consolidation group with the following entities in which it holds interests of more than 95%: FDP, FDJ Développement, FDJ Gaming Solutions, La Française d'Images and La Française de Motivation. The tax consolidation agreement allows for compensation in the event that a subsidiary is deconsolidated or incurs additional tax costs because of its membership of the Group. This compensation would correspond to the tax effect of losses arising during the tax consolidation period, which amounted to €2.2 million for La Française d'Images, €0.6 million for Française de Motivation and €67.7 million for FDJ Gaming Solutions at 31 December 2020.

Other commitments given are as follows:

In millions of euros	31.12.2020	31.12.2019
Mortgage on goods acquired	95.4	104.6
Performance bonds *	113.6	85.4
Sponsorship contract	30.2	7.5
Actuarial losses accrued (Note 4.3)	9.6	14.8
PARIS 2024 partnership	22.2	28.6
Investment funds	44.5	47.7
Regular lease contracts	15.5	16.8
Deposits and first-demand guarantees	1.6	1.6
OLG contract guarantee (FGS)	9.6	10.3
French Tax administration contract guarantee	4.0	-
Escrow account	1.1	1.1
Cyclists' image contracts	1.1	0.5
Other commitments given	**348.4**	**318.9**

* *Of which printing contracts: €34 million.*

Performance bonds given correspond to irrevocable purchase commitments made by FDJ to its suppliers.

FDJ SA took out a mortgage to purchase the Group's new head office. The balance due is €95.4 million (principal, interest and related amounts).

Investment funds are mainly innovation funds geared towards supporting the development of start-ups in activities close to FDJ's core business. They include Partech and Raise, as well as CVC V13 (in partnership with Séréna), Level-up (specialised in e-sport) and Trust e-sport.

15.2 Commitments received

In millions of euros	31.12.2020	31.12.2019
Performance bonds and return of payments on account	115.1	127.7
Counterparty risk insurance	150.0	150.0
Guarantees for return of stakes and payment of winnings	375.9	319.4
Commitments received	**641.0**	**597.1**

Commitments received on guarantees for the return of stakes and payment of winnings are related to the financial guarantees provided by retailers newly exercising an activity with FDJ. Newly approved retailers are required to provide a financial guarantee to cover the risk of payment defaults. The increase is related to the change in the number of retailers between the two financial years.

The €150 million commitment relates to insurance cover to cover the counterparty risk on lottery activities from 1 January 2020, following the reform of FDJ's fiscal and regulatory framework, applicable from 1 January 2020, which ended the counterparty fund system (see Note 1.3.1.).

Unused confirmed lines of credit have been in place since February 2021, for an amount of €150 million.

15.3 Reciprocal commitments

Currency hedges

In millions of euros	31.12.2020	31.12.2019
Forward purchases of US dollars with a maximum maturity at 24 October 2022 for an overall amount of:	31.0	35.1
Forward purchases of pound sterling with a maximum maturity at 09 February 2021 for an overall amount of:	0.9	8.4
Hedge forward sale sterling	6.2	-

At the end of 2020, as part of the partnership between FDJ and Groupama via Société de Gestion de l'Echappée (50% owned by each shareholder), FDJ and Groupama signed reciprocal pledges to buy and sell the remaining SGE shares.

4.5 Statutory Auditors' report on the financial statements

(For the year ended 31 December 2020)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of La Française des Jeux for the year ended 31 December 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company at 31 December 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (Code de commerce) and the French Code of ethics (Code de déontologie) for Statutory Auditors, for the period from 1 January 2020 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by Article 5(1) of regulation (EU) No. 537/2014.

Emphasis of matter

Without qualifying our opinion, we draw your attention to Notes 1.2 "Regulatory background of the Company" and 1.3.1 "New regulatory framework as of 1 January 2020" to the financial statements, which set out the specific context of the Company's regulatory framework and its changes over time.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Information systems, automated processing and controls related to the recognition of Net Gaming Revenue (see Note 3.1 to the financial statements)

Description of risk

The main activity of La Française des Jeux (FDJ) consists in developing and operating lottery games and sports betting within a highly regulated framework. This activity is characterised by a high volume of low-value individual transactions. FDJ's remuneration (Net Gaming Revenue – NGR) is based on the players' stakes placed at points of sale and online, after deducting the prize winners' share as well as public levies at variable rates depending on the games. The Company's revenue for 2020 amounted to €1.89 billion, of which €1.86 billion derived from NGR.

The processing of gaming transactions, their recognition according to the methods described in Note 3.1 to the financial statements and the determination of NGR are highly automated. They are based on a highly complex information system specific to FDJ, which covers all the steps in the processing of games from the validation of gaming transactions at points of sale and online to the recognition of the different components of NGR.

Given the high volume of transactions processed, the significance of automated processing in determining and recognising the different components of NGR and the reliability of the internal controls organised by management in a regulated environment, we deemed the information systems, automated processing and controls related to the recognition of NGR to be a key audit matter.

How our audit addressed this risk

With the assistance of our information systems specialists, we gained an understanding of the process for recognising the various stakes and components of NGR and assessed the design and effectiveness of the internal control system relating, in particular, to the information systems and automated processing underlying NGR recognition.

Our work consisted primarily in:

- familiarising ourselves with the internal control procedures, identifying the most relevant manual and automated controls for our audit and testing their design and operational efficiency;
- testing the effectiveness of the IT general controls of each application system used as part of the recognition of the components of NGR and which we deemed of key importance to our audit, notably including access management, change management and automated controls;
- evaluating the effectiveness of the interfaces linked to the transactions and relevant for recognising flows from stakes to NGR;
- analysing material changes and unexpected trends observed, if any, in the allocation of the various components of NGR.

Measuring equity investments (see Note 7.1 to the financial statements)

Description of risk

At 31 December 2020, equity investments represented a net amount of €51.8 million in the balance sheet. Equity investments are recognised at historical cost excluding transaction expenses, which are expensed in the year in which they are incurred. They are measured on the basis of their value in use, which corresponds to the price that the Company would be willing to pay if it had to acquire them. An impairment loss is recognised if the value in use is less than the acquisition cost.

As indicated in Note 7.1 to the financial statements, value in use is estimated by management based on the current and projected profitability of the subsidiary concerned, determined on the basis of discounted estimated cash flows or an analysis by external experts using a multi-criteria approach to measure the equity of the subsidiary, as adjusted for the Company's net debt or the share of net assets held by the Company.

Based on the impairment tests performed in the context of the health crisis, the Company recognised additional impairment of €32.8 million on equity investments at 31 December 2020.

Estimating the value in use of equity investments requires management to exercise judgement when selecting the inputs to be taken into account for each investment. Accordingly and due to the inherent degree of judgement required with regard to certain inputs, notably the likelihood of management's projections materialising, we deemed the measurement of equity investments to be a key audit matter, in particular given the greater uncertainty as a result of the health and economic crisis.

How our audit addressed this risk

We examined the assumptions used by management to measure equity investments, notably by:

- evaluating the relevance of the methodology used to determine the recoverable amount of equity investments;
- performing sensitivity analyses on the key assumptions;
- assessing cash flow projections, including revenue growth rates and operating margin rates, based on our knowledge of the relevant business segments and the strategic, economic and financial environment in which the subsidiaries operate, and comparing them with past performance and market data when available.

Specific verifications

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to the Shareholders with respect to the Company's financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the Shareholders with respect to the Company's financial position and the financial statements.

We attest to the fair presentation and the consistency with the financial statements of the information about payment terms referred to in Article D.441-4 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code relating to remuneration and benefits paid or awarded to corporate directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements, and, where applicable, with the information obtained by the Company from controlled companies within its scope of consolidation. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.22-10-11 of the French Commercial Code relating to those items the Company has deemed liable to have an impact in the event of a takeover bid or exchange offer, we have verified its consistency with the underlying documents that were disclosed to us. Based on this work, we have no matters to report with regard to this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the financial statements to be included in the annual financial report

Pursuant to paragraph III of Article 222-3 of the AMF's General Regulations, the Company's management informed us of its decision to postpone the application of the single electronic reporting format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018, to reporting periods beginning on or after 1 January 2021. Accordingly, this report does not contain a conclusion on the compliance of the presentation of the financial statements to be included in the annual financial report referred to in paragraph I of Article L.451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) with this format.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of La Française des Jeux by the General Meetings held on 25 May 2016 for PricewaterhouseCoopers Audit and on 3 June 2003 for Deloitte & Associés.

At 31 December 2020, PricewaterhouseCoopers Audit and Deloitte & Associés were in the fifth and eighteenth consecutive year of their engagement, respectively, thus two years each since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements giving a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for 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 it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit. They also:

- identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French code of ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, 12 February 2021

The Statutory Auditors

PricewaterhouseCoopers

Philippe Vincent   Jean-Paul Collignon

Audit Deloitte & Associés

Jean-François Viat   Nadège Pineau

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