FDJ

INTERIM FINANCIAL REPORT

30 June 2021

This is a free translation into English of FDJ Interim Financial Report as at 30 June 2021 issued in the French language

CONTENTS

STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the interim financial statements for the previous half year have been prepared in accordance with applicable accounting standards and give a true and fair picture of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the interim management report presented below accurately reflects the highlights of the first six months of 2021 financial year, their impact on the financial statements, the main related-party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year.

Boulogne-Billancourt, 30 July 2021

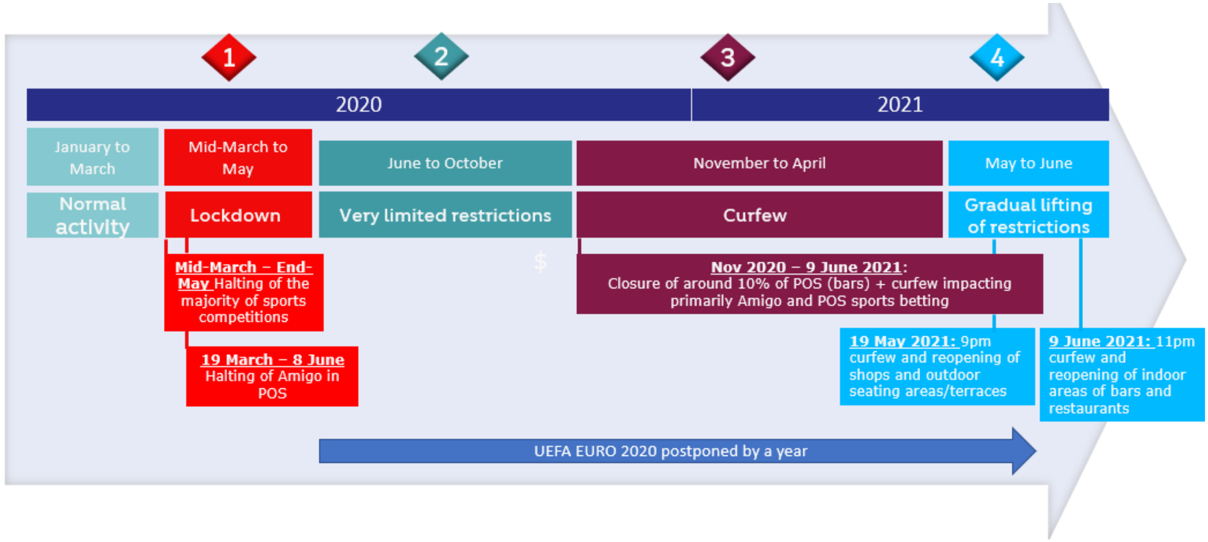
Ms. Stéphane Pallez
Chairwoman and CEO

INTERIM MANAGEMENT REPORT

30 JUNE 2021

1 Highlights

First half dominated by evolving health conditions



Despite health conditions still dictated by restrictions but making positive strides since mid-May, FDJ Group did robust business in H1 2021, benefiting from the same level of marketing and sales initiatives as before the crisis, and by the regular schedule of athletic competitions over the entire first half, not to mention the UEFA Euro 2020 football championship held from 11 June to 11 July.

As limitations (bar and restaurant closures, curfews) were gradually lifted from early May to late June, FDJ saw business at its point of sales return almost back to normal by the end of H1. As a result, the Group benefited from better visibility over its business enabling the announcement of the 2021 guidance established without new restriction measures associated with the health crisis.

Payment to the French State of closed player funds (€156m) in accordance with the Pacte Law
The Pacte Law called for player funds closed from 1 January 2020, i.e. counterparty funds, permanent funds and reserve funds, to be paid to the French State by 30 December 2022 at the latest. The Group paid these funds (€156m) in H1 2021, recorded under financial debt at 31 December 2020.

Other highlights
FDJ and the French tobacconists confederation (Confédération des buralistes) agreed to expand their existing partnership for the outsourcing of public levy collections to include other everyday bills issued by major service operators (power companies, social housing managers, etc.). This decision will broaden the portfolio of services currently available at more than 10,000 points of sales.

2 Group results

2.1 Comments on the consolidated income statement

In millions of euros	30.06.2021	30.06.2020	Change vs. N-1	
Stakes	**9,159.1**	**6,898.4**	**2,260.7**	**32.8%**
Player payout	(6,294.0)	(4,645.5)	(1,648.4)	35.5%
Gross gaming revenue (GGR)	**2,865.1**	**2,252.8**	**612.3**	**27.2%**
Public levies	(1,815.4)	(1,429.8)	(385.6)	27.0%
Other revenue from sports betting	8.1	6.0	2.1	35.7%
Net gaming revenue (NGR)	**1,057.8**	**829.0**	**228.8**	**27.6%**
Revenue from other activities	**23.9**	**19.7**	**4.3**	**21.7%**
Revenue	**1,081.8**	**848.6**	**233.1**	**27.5%**
Costs of sales	**(590.8)**	**(481.9)**	**(108.9)**	**22.6%**
Marketing and communication expenses	**(195.1)**	**(147.5)**	**(47.6)**	**32.3%**
General and administrative expenses	**(89.8)**	**(87.0)**	**(2.8)**	**3.2%**
Other operating income and expenses	**(8.3)**	**(8.5)**	**0.2**	**(2.1%)**
Recurring operating profit	**197.8**	**123.8**	**74.0**	**59.8%**
EBITDA	**261.2**	**173.9**	**87.3**	**50.2%**
Operating profit	**197.0**	**93.7**	**103.3**	**110.3%**
Financial income/(expense)	**3.8**	**(5.2)**	**9.0**	**(171.7%)**
Share of net income from joint-ventures	**1.9**	**0.5**	**1.3**	**248.3%**
Income tax expense	**(56.9)**	**(38.8)**	**(18.1)**	**46.7%**
Net profit for the period	**145.7**	**50.2**	**95.5**	**190.2%**

With the level of H1 2020 stakes hardly hit by the health crisis, the Group is also presenting below for comparison purposes the data at 30 June 2019 restated with the new fiscal framework applicable in 2020 and including Sporting Group over the full year.

Group **stakes** amounted to €9,159.1m, an increase of 32.8% year on year and 8.3% compared with 30 June 2019 as restated[1].

[1] 2019 restated to reflect the new fiscal framework and consolidating Sporting Group over the full year.

Stakes in each range recorded the following changes:

In millions of euros	30.06.2021	30.06.2020	Change vs. N-1		30.06.2019 Restated (**)	Change vs. 2019 restated	
Instant Games	4,282.5	3,558.1	724.4	20.4%	4,011.6	270.9	6.8%
Draw Games	2,594.7	2,218.6	376.1	17.0%	2,598.0	(3.3)	(0.1%)
Lottery	**6,877.2**	**5,776.7**	**1,100.5**	**19.1%**	**6,609.5**	**267.6**	**4.0%**
Sports Betting	**2,262.9**	**1,107.9**	**1,155.1**	**104.3%**	**1,810.4**	**452.5**	**25.0%**
Other*	**19.0**	**13.8**	**5.2**	**37.5%**	**33.8**	**(14.8)**	**(43.8%)**
Stakes	**9,159.1**	**6,898.4**	**2,260.7**	**32.8%**	**8,453.7**	**705.3**	**8.3%**
o/w online stakes	*1,077.3*	*629.7*	*447.6*	*71.1%*	*537.0*	*540.2*	*100.6%*
of which digitalised stakes	*2,689.6*	*1,404.4*	*1,285.2*	*91.5%*	*1,686.1*	*1,003.5*	*59.5%*

* classic sports betting services ("fixed odds") provided by Sporting Group
** restated to reflect the new fiscal framework and consolidating Sporting Group over the full year.

- **Lottery (+€1,100m: +19.1% vs. 2020)**

Lottery stakes increased by 19.1% vs. 2020, and by 4.0% vs. 2019 restated.

Instant games saw a 20.4% rise in stakes vs. 2020 to reach €4.3bn. This strong momentum can be largely attributed to the success of the new games and the performance of the top-selling games. Note: the anti-COVID measures taken in H1 2020 led to the closure of nearly 20% of point of sales during the first lockdown, triggering a steep decline in point of sales footfall.

Draw games posted a 17.0% increase in stakes vs. H1 2020 to reach €2.6bn. In 2021, despite yet another weakened performance for Amigo in the first half due to bar closures, draw games benefited from long Euromillions cycles in Q1, with the noteworthy event of the highest jackpot ever won (€210m). The stable performance of draw games compared to H1 2019 can also be attributed to the decline in Amigo stakes. At end-June, Amigo weekly stakes nevertheless returned to levels on par with end-June 2019.

Online lottery stakes continued to enjoy good momentum, with an increase of more than 50% compared with the first half of 2020 to €0.7bn, driven mainly by growth in the number of players. Online stakes accounted for nearly 11% of total lottery stakes over the first half.

- **Sports betting (+€1,155m +104.3% vs. 2020)**

Sports betting stakes were helped by the resumption of a "normal" sports schedule, plus stakes associated with the UEFA Euro 2020 which started on 11 June 2021. Stakes shot up 104.3% compared to H1 2020, during which the vast majority of national and international sports competitions were suspended from mid-March to mid-May 2020. Stakes also picked up +25% compared to H1 2019. ParionsSport En Ligne in particular enjoyed very strong momentum.

UEFA Euro 2020, despite the absence of the French team from the final phase, generated €260 million in stakes for FDJ, with average stakes of €5 million per match, comparable to those recorded during the 2018 World Cup, with UEFA Euro 2020 offering 20% fewer matches than the previous World Cup. Throughout the half-year, and particularly during UEFA Euro 2020, FDJ reaffirmed its commitment against the risks of addiction and excessive gambling. The Group systematically accompanies its advertisements with highly visible messages and devotes 10% of its overall TV advertising budget to communicating on responsible gaming, and in particular the ban on underage gambling.

- **Digitalised and online stakes**

Group online stakes totalled €1.1 billion, a year-on-year improvement of more than 70%, representing 12% of total stakes over the period. Their growth, coupled with a very high digitalisation rate for point of sales stakes, 85% for sports betting, saw digitalised stakes double year-on-year to more than 29% of total stakes (vs. 20% at end-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 revenue generated by Sporting Group's B2C[2] business (spread betting[3] and fixed odds betting).

Player payout amounted to €6,294m at end-June 2021 (+35.5% vs. 2020). The Player payout (PPO) averaged 68.7% versus 67.3% at 30 June 2020, which was low due to an unusual Lottery/Sports mix effect, and 68.6% at 30 June 2019. The PPO in sports betting was on the rise (77.5% in H1 2021 vs. 73.1% in H1 2020) thanks to favourites winning the top competitions. It stood at 77.5% in H1 2019.

Gross Gaming Revenue (GGR) is calculated as the difference between stakes and winnings. Player payout amounted to €2,865m at end-June 2021 (+27.2% vs. 2020).

Public levies came out at €1,815m, a 27% increase (+€386m) compared 30 June 2020. This trend is aligned with the change in GGR, the basis for their calculation since the Pacte Law took effect on 1 January 2020.

Net Gaming Revenue comprises FDJ Group's revenue from gaming activities and ended the first half at €1,058m, up €229m year-on-year (+27.6%).

Revenue

The Group posted **revenue** of €1,081.8m at end-June 2021, a gain of €233.1m versus 30 June 2020. This +27.5% rise was correlated to NGR evolution.

[2] B2C designates commercial and marketing activities carried out for final consumers
[3] Spread betting consists in 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.

Recurring operating profit and EBITDA

Costs of sales stood at €590.8 million and included €433 million in point of sales commissions, which automatically fluctuated in line with network stakes.

Marketing and communication expenses came to €195.1 million, consisting of advertising and communication costs, up sharply from H1 2020 (when promotional/advertising expenses were temporarily reduced), and costs associated with the ongoing development of the Group's range of games and services.

General and administrative expenses which mainly include personnel expenses and operating costs for corporate functions, as well as building costs and IT infrastructure costs, totalled €89.8 at end-June 2021, up €2.8m year-on-year (+3.2%), as a number of operating expenses (travel costs, service provider fees and internal communication) were cut under the cost savings plan launched in H1 2020.

Other operating income and expenses came to €8.3m at end-June 2021 and mainly include the amortisation expense on exclusive operating rights.

The Group's **current operating income** was €197.8m at end-June 2021, up +59.8% (€74.0m) compared to 30 June 2020.

Net **depreciation and amortisation** of intangible assets and property, plant and equipment came out at €63.3m in H1 2021 (vs. €50m in H1 2020). This increase primarily stemmed from the reduction of amortisation periods on certain development costs incurred in a fast moving technological innovation environment, and from the amortisation of the partnership agreement with the Paris 2024 Olympic and Paralympic Games.

EBITDA (current operating income less depreciation and amortisation) amounted to €261.2m, a year-on-year increase of €87.3m (+50.2%) compared. The **EBITDA margin** was 24.1% at 30 June 2021, up 3.7 points year-on-year, reflecting lower expenses due to the health crisis in H1, particularly in terms of point of sales promotions.

Operating profit

Other non-current operating income and expenses totalled -€1m at end-June 2021. Note: this line item was -€30m at 30 June 2020, mainly including asset impairments (-€26m) and restructuring expenses associated with the discontinuation of Sporting Group's proprietary trading activity (-€3.4m).

The Group posted **operating profit** of €197.0m at end-June 2021, a gain of €103.3m versus 30 June 2020 (+110.3%).

Financial income/expense

The improvement in **financial income** (income of +€3.8m at end-June 2021 versus an expense of €5.2m in H1 2020) is mainly attributable to better financial market conditions, with securities measured at fair value through profit or loss generating income of €3.3m in 2021 compared with an expense of €4.7m in 2020.

Income tax expense

The Group's **tax expense** rose €18.1m due to the increase in FDJ SA's taxable income. The effective tax rate was 28.1% in the six months to end-June 2021.

Net profit for the period

Consolidated net profit amounted to €145.7m at end-June 2021.

2.2 Segment reporting

	30.06.2021						
in millions of euros	Lottery BU	Sports Betting BU	Other segments – ABU	Holding company	**Total before amortisation**	Amort.	**Group total**
Stakes	6 877	2 263	19	0	9 159		9 159
Gross gaming revenue (GGR)	2 356	508	1	0	2 865		2 865
Net gaming revenue (NGR)	805	244	9	0	1 058		1 058
Revenue	**807**	**244**	**30**	**0**	**1 082**		**1 082**
Costs of sales	**(441)**	**(126)**	**(4)**	**0**	**(571)**	**(20)**	**(591)**
Marketing and communication expenses	**(69)**	**(57)**	**(26)**	**(17)**	**(169)**	**(26)**	**(195)**
Contribution margin	**298**	**61**	**(0)**	**(17)**	**342**	**(46)**	**296**
Administrative and general costs & Other operating income and expenses				**(81)**	**(81)**	**(17)**	**(98)**
EBITDA					**261**		
Depreciation and amortisation						**(63)**	
Recurring operating profit							**198**

	30.06.2020						
in millions of euros	Lottery BU	Sports Betting BU	Other segments – ABU	Holding company	**Total before amortisation**	Amort.	**Group total**
Stakes	5,777	1,108	14	0	6,898		6,898
Gross gaming revenue (GGR)	1,954	298	1	0	2,253		2,253
Net gaming revenue (NGR)	677	145	6	0	829		829
Revenue	**679**	**145**	**24**	**1**	**849**		**849**
Costs of sales	**(395)**	**(65)**	**(3)**	**0**	**(464)**	**(18)**	**(482)**
Marketing and communication expenses	**(65)**	**(34)**	**(21)**	**(12)**	**(133)**	**(14)**	**(147)**
Contribution margin	**219**	**45**	**(1)**	**(12)**	**251**	**(32)**	**219**
Administrative and general costs & Other operating income and expenses				**(78)**	**(78)**	**(18)**	**(95)**
EBITDA					**174**		
Depreciation and amortisation						**(50)**	
Recurring operating profit							**124**

Lottery BU:

The 19.1% increase in stakes and 18.9% in Lottery revenue compared to H1 2020 was driven by the performance of instant games (+20.4%) and draw games (+17.0%), which improved despite Amigo's persistently weak showing due to the health crisis and bar closures in the first half. Excluding Amigo, draw games were up more than 20%, fuelled by Loto and Euromillions, thanks to the continued success of their new formulas as well as extensive long cycles in Q1, with Euromillions recording the highest jackpot ever won €210 million (see note 2.1. Comments on the consolidated income statement).

Costs of sales stood at €441m at 30 June 2021, up €46m (+11.5%) year on year, consisting mainly of point of sales commissions amounting to €332m at 30 June 2021 versus €286m at 30 June 2020 (i.e. +€46m, +16.1%), a trend in line with network stakes over the period.

The 6% rise in Lottery marketing and communication expenses (€69m at end-June 2021) was largely attributable to the development of the gaming range.

The Lottery BU's contribution margin ended H1 2021 at €298m, reflecting lower business investments due to the closure of nearly 10% of point of sales over the majority of the first half, as well as a higher relative percentage of online stakes which climbed more than 50% year on year.

Sports Betting BU:

Sports Betting BU stakes recorded a 104.3% year on year increase, boosted by a positive comparison base effect given that revenue was very adversely impacted by the health crisis in H1 2020, and by the UEFA Euro 2020 held in H1 2021 (see note 2.1. Comments on the consolidated income statement). Revenue growth did not keep pace with stakes (+68.3%), due to a higher year-on-year PPO in H1 2021 (77.5% vs. 73.1% in H1 2020 and 77.7% in H1 2019).

Costs of sales stood at €126m at 30 June 2021, up €60m (+92.6%) year on year, mainly comprising point of sales commissions, which rose in line with network stakes over the period. Furthermore, the cancellation of competitions in 2020 and postponement of events such as the 2020 UEFA Euro to 2021 caused the amount of betting rights[4] to fall, along with promotion costs.

The increase in marketing costs (€57m at end-June 2021, +€23m vs. 30 June 2020, i.e. +67.6%) was mainly attributable to the downturn in promotion campaigns in Q2 2020 as the Group initiated cost savings plans to offset the virtual extinction of betting opportunities. Marketing and communication expenses also included marketing expenses associated with the UEFA Euro 2020 and responsible gaming campaigns. Bearing in mind that average monthly media expenses had been cut by nearly 80% in Q2 2020 as competitions were halted.

The Sports Betting BU's contribution margin came out at €61m at 30 June 2021, thanks to a higher average PPO coupled with higher operating costs which had been temporarily reduced in 2020.

ABU:

The ABUs or adjacent activities (International, Payment & Services and Entertainment) generated revenue of €30m, an improvement of €6m compared to 30 June 2020 attributable partly to the decimation of sports betting opportunities which hurt Sporting Group in H1 2020 and partly to the development of the point of sales payment activity set up with DGFIP.

The ABUs turned in a nil contribution margin at end-June 2021, representing a slight improvement (+€1m) compared to 30 June 2020.

[4] Since the liberalisation of the online gaming market, France has opted to specifically protect sports events by introducing the concept of "betting rights" 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 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).

Holding company:

The holding company costs amounted to €98 million, an increase of €8m year on year, reflecting increases in certain expense items (corporate image campaign, travel costs, provider fees and internal communication) addressed by the cost savings plan in 2020.

2.3 Change and balance sheet structure – Net Cash Surplus

In millions of euros	30.06.2021	31.12.2020	Chg.
Non-current assets	1,663.6	1,508.3	155.4
o/w goodwill	*28.2*	*26.9*	*1.3*
o/w exclusive operating rights	*347.9*	*355.5*	*(7.5)*
o/w intangible assets	*183.9*	*165.7*	*18.2*
o/w property, plant and equipment	*360.6*	*374.2*	*(13.6)*
o/w non-current financial assets	*725.9*	*571.4*	*154.5*
Current assets	972.1	1,389.8	(417.7)
o/w trade and distribution network receivables	*168.2*	*255.4*	*(87.1)*
o/w other current assets	*63.7*	*214.8*	*(151.1)*
o/w total current financial assets	*32.1*	*215.7*	*(183.6)*
o/w total cash and cash equivalents	*693.8*	*673.2*	*20.6*
Total assets	**2,635.7**	**2,898.0**	**(262.3)**
Shareholders' equity	678.3	698.7	(20.4)
Non-current liabilities	615.3	630.8	(15.6)
o/w total non-current financial liabilities	*497.1*	*510.0*	*(12.8)*
Current liabilities	1,342.1	1,568.5	(226.3)
o/w trade and distribution network payables	*211.6*	*249.0*	*(37.4)*
o/w current player funds	*240.6*	*192.4*	*48.1*
o/w public levies	*305.6*	*412.0*	*(106.4)*
o/w winnings payable	*318.8*	*288.8*	*30.0*
o/w other current liabilities	*181.6*	*194.4*	*(12.9)*
o/w debts to the French State in respect of exclusive operating rights	*0.0*	*0.0*	*0.0*
o/w other current financial liabilities	*59.5*	*218.2*	*(158.7)*
Total liabilities	**2,635.7**	**2,898.0**	**(262.3)**

Non-current assets and liabilities

Non-current assets increased €155m year on year, largely in terms of non-current financial assets. New term deposits were opened in the amount of €60m and, for diversification purposes, dedicated bond funds were set up for €90m under the Group's asset allocation policy.

The €16m decrease in non-current liabilities can largely be attributed to the reclassification of the current portion of borrowings (€13m) as current financial liabilities due to their short maturities.

Current assets and liabilities excluding current financial assets, cash and cash equivalents

The €238m drop in current non-financial assets resulted from:

- trade and distribution network receivables, down €87m over the first half due to a calendar effect, combined with traditionally lower business volumes at end-June compared to end-December;
- other current assets (-€151m). At end-2020, in accordance with the Pacte Law, these included an advance payment on public levies to the French State for the month of December (€165m).

Current liabilities shed €226m, largely impacted by the public levy liabilities decrease (-€106m) stemming from traditionally lower business volumes at end-June vs. end-December and from decreased current financial liabilities (-€159m) with the payment of €156m to the French State after the closure of the player funds provided for by the Pacte Law.

Current financial assets, cash and cash equivalents

Current financial assets were down €184m, primarily due to the maturity of term deposits.

Cash and cash equivalents climbed €21m, driven by cash flows from operating activities over the first half (+€361m), partially offset by a dividend payment in respect of financial year 2020 (€167m) and the repayment of current financial liabilities (€170m, including €156m to the French State and a €14m repayment on the short-term portion (< 1 year) of borrowings).

Net cash surplus

In millions of euros	30.06.2021	31.12.2020
Non-current financial assets at amortised cost	380.0	320.0
Non-current financial assets at fair value through profit or loss	266.4	182.1
Other	79.4	69.2
Total non-current financial assets	***725.9***	***571.4***
Current financial assets at amortised cost	1.4	210.0
Current financial assets at fair value through profit or loss	30.1	5.0
Current derivatives	0.0	0.5
Deposits and guarantees	0.6	0.2
Total current financial assets	***32.1***	***215.7***
Total financial assets	**758.0**	**787.1**
Investments, cash equivalents	230.3	218.5
Bank accounts and other credit balances	463.5	454.7
Total cash and cash equivalents	**693.8**	**673.2**
Financial debt, maturing in over one year	(479.8)	(490.2)
Lease liabilities, maturing in over one year	(16.8)	(19.3)
Other financial liabilities	(0.5)	(0.5)
Total non-current financial liabilities	***(497.1)***	***(510.0)***
Financial debt, maturing in less than one year	(27.0)	(26.9)
Lease liabilities, maturing in less than one year	(5.3)	(6.8)
Current derivatives	(0.6)	(1.7)
Bank overdrafts	0.0	(0.3)
Other financial liabilities	(26.7)	(182.6)
Total current financial liabilities	***(59.5)***	***(218.2)***
Total financial liabilities	**(556.7)**	**(728.2)**
Deposits & guarantees received/given (current & non-current)	(75.0)	(64.0)
Cash subject to restrictions	(3.9)	(5.0)
Amounts allocated exclusively to winners of the Euro Millions game	(104.0)	(85.8)
NET CASH SURPLUS	**712.2**	**577.3**

3 2021 Outlook

Based on stabilised environment, the Group expects momentum to stay strong in the second half and plans to ramp up marketing investments.

Accordingly, Group guidance is as follows for full year 2021:

- stakes of around €18.8 billion;
- revenue of €2.2 billion;

- an EBITDA margin of 22% or more;
- and an EBITDA to FCF[5] conversion rate of more than 80%.

These forecasts include the impact in the second half, in terms of both business and expenses, of the reopening of point of sale, which should help to boost trends on Amigo and instant games. At the same time, online Lottery stakes are expected to continue to grow to €1.5 billion in 2021 after exceeding €1.1 billion in 2020. Lastly, growth in sports betting is set to remain strong.

4 Main risks

The main risks and uncertainties that the Group could potentially face in H2 2021 are the same as those presented in Chapter 3 “Risk Factors” of the 2020 Universal Registration Document, ref. R.21-006, approved by the AMF on 8 April 2021. Changes in risks associated with financial instruments and disputes over the first half are explained in notes 3.4 “Hedging of operational risks”, 7.2 “Management of financial risks” and 14 “Ongoing legal proceedings and other disputes” to the interim consolidated financial statements in this report.

5 Related parties

The related parties at 30 June 2021 were the same as those identified at 31 December 2020, as were the related-party transactions.

6 Post-closing events

Two complaints were filed with the European Commission after the privatisation of FDJ, both of which are listed in the State Aid Case Register under numbers SA. 56399 and SA. 56634, for the alleged allocation of State aid (in the form of guarantees, preferential tax treatment and allocation of exclusive rights for insufficient consideration).

On 26 July 2021, the European Commission announced that it had launched an extensive investigation into the €380 million in remuneration paid to France “for the grant of exclusive rights” to operate point of sales sports betting and the lottery. The matter of the guarantee was closed by the Commission, which confirmed that there was no guarantee within the meaning of State aid, and the preliminary investigation into the complaints on tax treatment is in progress.

5 Free Cash Flow = cash flow generated by operations after ***capital expenditures*** relating to operations

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
30 June 2021

Consolidated income statement

The financial statements are presented in millions of euros, rounded to the nearest hundred thousand euros. The various financial statements may therefore contain rounding differences.

In millions of euros	Note	30.06.2021	30.06.2020
Stakes	*3.1*	*9,159.1*	*6,898.4*
Player payout	*3.1*	*(6,294.0)*	*(4,645.5)*
Gross Gaming Revenue	***3.1***	***2,865.1***	***2,252.8***
Public levies	*3.1*	*(1,815.4)*	*(1,429.8)*
Other revenues from sports betting	*3.1*	*8.1*	*6.0*
Net Gaming Revenue	*3.1*	***1,057.8***	***829.0***
Revenue from other activities	***3.1***	***23.9***	***19.7***
Revenue	3.1	**1,081.8**	**848.6**
Costs of sales	3.2	(590.8)	(481.9)
Marketing and communication expenses	3.2	(195.1)	(147.5)
General and administrative expenses	3.2	(89.8)	(87.0)
Other operating income	3.2	0.1	0.5
Other operating expenses	3.2	(8.4)	(9.0)
Recurring operating profit	3.2	**197.8**	**123.8**
Other non-recurring operating income	3.2	0.0	0.2
Other non-current operating expenses	3.2	(0.9)	(30.3)
Operating profit		**197.0**	**93.7**
Cost of financial debt		(2.9)	(2.1)
Other financial income		6.8	5.7
Other financial expenses		(0.2)	(8.9)
Net financial income/(expense)	7.1	**3.8**	**(5.2)**
Share of net income from joint ventures	9	1.9	0.5
Profit before tax		**202.6**	**89.0**
Income tax expense	10	(56.9)	(38.8)
Net profit for the period		**145.7**	**50.2**
Attributable to			
- Owners of the parent		145.7	50.2
- Non-controlling interests		0.0	0.0
Basic earnings (loss) per share (in euros)	11	**0.76**	**0.26**
Diluted earnings (loss) per share (in euros)	11	**0.76**	**0.26**

Consolidated statement of comprehensive income

In millions of euros	30.06.2021	30.06.2020
Net profit for the period	**145.7**	**50.2**
Cash flow hedging before tax	1.1	0.1
Net investment hedging on foreign activities before tax	(3.2)	6.6
Net change in currency translation reserves before tax	3.9	(2.4)
Tax on transferable items	0.4	(2.1)
Items subsequently transferred or transferable to profit or loss	**2.1**	**2.2**
Actuarial gains and losses	3.2	0.3
Taxes on actuarial gains(losses)	(1.3)	(0.1)
Items that may not be subsequently transferred or transferable to profit or loss	**1.9**	**0.2**
Other comprehensive income	**4.1**	**2.4**
Total comprehensive income/(expense)	**149.8**	**52.7**
Attributable to		
- Owners of the parent	149.8	52.7
- Non-controlling interests	0.0	0.0

Consolidated statement of financial position

In millions of euros ASSETS	Note	30.06.2021	31.12.2020
Goodwill	4	28.2	26.9
Exclusive operating rights	5.1	347.9	355.5
Other intangible assets	5.1	183.9	165.7
Property, plant and equipment	5.2	360.6	374.2
Non-current financial assets	7.3	725.9	571.4
Investments in joint ventures	9	17.2	14.7
Non-current assets		**1,663.6**	**1,508.3**
Inventories		13.9	14.9
Trade and distribution network receivables	3.7	168.2	255.4
Other current assets	3.7	63.7	214.8
Tax payable assets		0.3	15.8
Current financial assets	7.3	32.1	215.7
Cash and cash equivalents	7.6	693.8	673.2
Current assets		**972.1**	**1,389.8**
TOTAL ASSETS		**2,635.7**	**2,898.0**

In millions of euros LIABILITIES	Note	30.06.2021	31.12.2020
Share capital		76.4	76.4
Statutory reserves		91.7	91.7
Retained earnings (incl. profit for the year)		506.3	530.8
Reserves of other comprehensive income		3.9	-0.1
Equity attributable to owners of the parent	12	**678.3**	**698.7**
Non-controlling interests		0.0	0.0
Shareholders's equity		**678.3**	**698.7**
Provisions for pensions and similar commitments	3.5	50.8	53.2
Non-current provisions	6	48.8	47.6
Deferred tax liabilities		18.6	20.1
Non-current financial liabilities	7.3	497.1	510.0
Non-current liabilities		**615.3**	**630.8**
Current provisions	6	11.0	13.3
Trade and distribution network payables	3.8	211.6	249.0
Current tax liabilities		13.4	0.3
Current player funds	3.6	240.6	192.4
Public levies liabilities	3.8	305.6	412.0
Winnings payable - Player balances	3.8	318.8	288.8
Other current liabilities	3.8	181.6	194.4
Current financial liabilities	7.3	59.5	218.2
Current liabilities		**1,342.1**	**1,568.5**
TOTAL LIABILITIES		**2,635.7**	**2,898.0**

Consolidated statement of cash flows

In millions of euros	30.06.2021	30.06.2020
OPERATING ACTIVITIES		
Consolidated net profit for the period	**145.7**	**50.2**
Change in asset depreciation, amortisation and impairment of non-current assets	63.3	75.9
Change in provisions	5.0	4.1
Capital gain or loss on disposal	0.2	0.2
Income tax expense	56.9	38.8
Other non-cash items included in the consolidated income statement	0.0	(0.2)
Financial income/(expense)	(3.8)	5.2
Share of net income from joint ventures	(1.9)	(0.5)
Non-cash items	**119.7**	**123.5**
Use of provisions - payments	**(5.0)**	**(6.5)**
Interest received	**0.9**	**2.5**
Income tax paid	**(30.0)**	**(25.2)**
Change in trade receivables and other current assets	245.8	(19.6)
Change in inventories	0.9	(5.7)
Change in trade payables and other current liabilities	(110.3)	222.9
Change in other components of working capital	(7.1)	(1.6)
Change in operating working capital	**129.4**	**196.0**
Net cash flow from/(used in) operating activities	**360.8**	**340.6**
INVESTING ACTIVITIES		
Acquisitions of tangible and intangible assets	(32.7)	(423.2)
Disposals of property, plant and equipment and intangible assets	0.0	0.1
Change in current and non-current financial assets	44.5	145.3
Change in loans and advances granted	(9.9)	(26.9)
Dividends received from joint ventures and shareholdings	0.1	0.0
Other	0.0	0.5
Net cash flow used in investing activities	**2.1**	**(304.3)**
FINANCING ACTIVITIES		
Issue of long-term debt	0.0	380.0
Repayment of current portion of long-term debt	(169.5)	(8.8)
Repayment of lease liabilities	(3.9)	(4.0)
Dividends paid to ordinary shareholders of the parent company	(166.7)	(83.4)
Interest paid	(2.9)	(4.8)
Other	0.9	(0.6)
Net cash flow used in financing activities	**(342.1)**	**278.5**
Impact of changes in exchange rates	0.0	(0.4)
Net increase/(decrease) in net cash	**20.9**	**314.3**
Cash and cash equivalents at 1 January	673.2	201.5
Cash and cash equivalents at 30 June	693.8	475.6
Bank overdrafts at 1 January	(0.3)	(40.2)
Bank overdrafts at 30 June	0.0	0.0

Consolidated statement of changes in equity

In millions of euros	Share capital	Statutory reserves	Retained earnings (incl. profit for the year)	Cash flow hedging	Currency translation differnces (incl. net investing hedging)	Actuarial gains and losses	Reserves of other comprehensive income	Equity attributable to owners of the parent	Interest attributable to non-controlling interests	Total equity
Equity at 31.12.2019	**76.4**	**87.5**	**407.4**	**(0.1)**	**1.9**	**(3.9)**	**(1.3)**	**569.2**	**(0.0)**	**569.2**
Net iprofit 30.06.2020			***50.2***					**50.2**	***0.0***	***50.2***
Other comprehensive income				0.1	2.1	0.2	2.5	2.5		2.5
Total comprehensive income/(expense)	**0.0**	**0.0**	**50.2**	**0.1**	**2.1**	**0.2**	**2.5**	**52.7**	**0.0**	**52.7**
Allocation of net profit N-1		***4.2***	**(4.2)**							
2019 dividends paid			(86.0)					(86.0)		(86.0)
Other			(0.6)					(0.6)		(0.6)
Equity at 30.06.2020	**76.4**	**91.7**	**366.9**	**0.0**	**4.1**	**(3.7)**	**0.4**	**535.4**	**(0.0)**	**535.4**
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**
Net profit 30.06.2021			***145.7***					**145.7**	***0.0***	***145.7***
Other comprehensive income				0.7	1.4	1.9	4.1	4.1		4.1
Total comprehensive income/(expense)	**0.0**	**0.0**	**145.7**	**0.7**	**1.4**	**1.9**	**4.1**	**149.8**	**0.0**	**149.8**
Allocation of net profit N-1		***0.0***	**0.0**							
2020 dividends paid			(171.9)				0.0	(171.9)		(171.9)
Other			1.7				0.0	1.7		1.7
Equity at 30.06.2021	**76.4**	**91.7**	**506.3**	**(0.4)**	**4.6**	**(0.2)**	**3.9**	**678.3**	**0.0**	**678.3**

Income and expenses recognised directly in other comprehensive income mainly consist of actuarial gains and losses on retirement benefit commitments.

1 Overview of the Group

1.1 General information

FDJ is a French public limited company (société anonyme) governed by all the laws applicable to commercial companies in France, in particular the provisions of the French Commercial Code, subject to 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 is admitted to trading on the Euronext Paris market.
Its shareholding structure was as follows at 2 March 2021: French State (22%), war veteran associations[6] (15%) o/w 10% held by Union des Blessés de la Face et de la Tête (UBFT), Predica (5%), employee share ownership funds (4%) and individual holdings of less than 5%. In accordance with its commitments, on 25 May 2021 the French State awarded additional FDJ shares to individual shareholders holding shares tendered to the IPO (one additional share for every 10 shares held for more than 18 months). The French State subsequently owned a 20.5% stake in the Group.
The State monitors strict control over the company. As a result, the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers, and the prior approval of any threshold-crossing of 10% or a multiple of 10% of the share capital, are subject to approval by the Ministers responsible for the Budget and the Economy.

At 30 June 2021, the Group, made up of 21 consolidated entities, runs a gaming operation and distribution business in metropolitan and overseas departments, four overseas territories in France and Monaco. It operates internationally through investments in the following companies:

- FGS UK, a UK company which develops and markets a sports betting platform;
- Sporting Group, a UK group comprising four companies with two core businesses: betting and risk management services for sports betting operators, and 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 drawings for participating lotteries;
- Lotteries Entertainment Innovation Alliance AS (LEIA), a Norwegian-domiciled company which 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.

[6] The group of war veteran associations comprises: Fédération Nationale André Maginot (FNAM), Association des Mutilés de Guerre des Yeux et des Oreilles (AMGYO), Union Fédérale, CARAC, France Mutualiste, UBFT and Ailes Brisées.

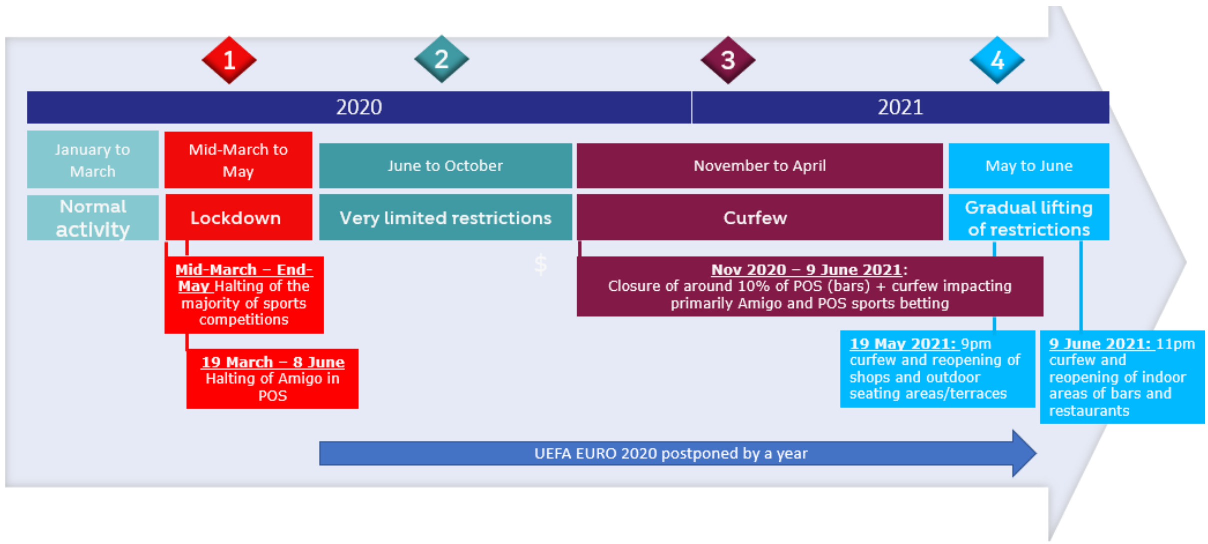
1.2 Regulatory environment of FDJ Group (the Group)

FDJ operates in the gaming sector, a highly regulated industry under strict State control. The French gaming regulatory authority (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 (until 2044), namely sports betting (conducted at points of sale) and lottery games (offered at points of sale and online). The ANJ also holds the authority to supervise the online sports betting activities conducted by FDJ in competition against rival companies, under the five-year authorisation granted in 2010, then renewed in 2015 and on 8 September 2020 by the ANJ.

Applicable regulations set goals for FDJ to prevent the development of addiction and underage gambling; 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

First half dominated by evolving health conditions



Despite health conditions still dictated by restrictions but making positive strides since mid-May, FDJ Group did robust business in H1 2021, benefiting from the same level of marketing and sales initiatives as before the crisis, and by the regular schedule of athletic competitions over the entire first half, not to mention the UEFA Euro 2020 football championship held from 11 June to 11 July.

As limitations (bar and restaurant closures, curfews) were gradually lifted from early May to late June, FDJ saw business at its point of sales return almost back to normal by the end of H1. As a result, the Group benefited from better visibility over its business enabling the announcement of the 2021 guidance established without new restriction measures associated with the health crisis.

Payment to the French State of closed player funds (€156m) in accordance with the Pacte Law
The Pacte Law called for player funds closed from 1 January 2020, i.e. counterparty funds, permanent funds and reserve funds, to be paid to the French State by 30 December 2022 at the latest. The Group paid these funds (€156m) in H1 2021, recorded under financial debt at 31 December 2020.

Other highlights
FDJ and the French tobacconists confederation (Confédération des buralistes) agreed to expand their existing partnership for the outsourcing of public levy collections to include other everyday bills issued by major service operators (power companies, social housing managers, etc.). This decision will broaden the portfolio of services currently available at more than 10,000 points of sales.

1.4 Change in the scope of consolidation

After Berjaya Ltd sold its stake in the company on 21 May 2021, Beijing Zonghcaï Printing (BZP) bought back its shares and subsequently carried out a capital reduction. The Group's stake was thus increased from 37% to 46.25%, with no impact on the valuation of BZP shares or the consolidation method (equity method).
The list of consolidated entities is presented in the Group's financial report established for the financial year ended 31 December 2020.

2 Accounting standards and principles

2.1 Basis for the preparation and presentation of the financial statements

The interim condensed consolidated financial statements of FDJ Group at 30 June 2021 (hereinafter referred to as "the condensed financial statements") were prepared in compliance with IAS 34 "Interim Financial Reporting". As a result, they do not include all the information and notes required for the preparation of annual consolidated financial statements under IFRS, but only those bearing on the significant events of the period. These financial statements should be read in conjunction with the Group's financial statements established for the financial year ended 31 December 2020, approved by the Board of Directors on 11 February 2021, in accordance with the going concern principle.

The consolidated financial statements for the financial year ended 30 June 2021 are available online at www.groupefdj.com.

The condensed financial statements at 30 June 2021 were prepared in accordance with the same accounting principles and policies as those applied and described in the notes to the consolidated financial statements for the financial year ended 31 December 2020, except for the following items:

- employee benefits: the interim period expense related to pension and other employee benefits is determined by means of an extrapolation of the actuarial valuation performed at 31 December 2020, with an update of the discount rate and outflows at 30 June 2021;
- income tax expense: the tax expense for the interim period is calculated by applying the estimated average effective rate for the year to income before tax for the interim period.

The preparation of the interim 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, such as 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 concerned 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 3.5.3.);
- Assessment and quantification of legal risks to determine provisions for risks and litigations (Note 6);
- Discount rate and business plan assumptions for the purpose of measuring the recoverable amount of goodwill (Note 4);
- Useful lives and recoverable amount for the purpose of measuring the recoverable amount of intangible and tangible fixed assets (Note 5). The amortisation period for development costs (for online lottery games only, and for sports betting in competition) was reduced from five to three years due to the shorter useful lives of these assets, which are growing obsolete at a faster rate due to the technological environment, constant innovation sought in practices and competitive intensity;
- 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 3.7.1);
- Fair value of financial assets not listed on active markets (Note 7).

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;
- Operating segment combinations for the presentation of sectors (Note 3.3).

2.2 Standards, interpretations and amendments adopted by the European Union and not early-applied by the Group

The Group had not opted for the early adoption of any standards or interpretations at 30 June 2021.

2.3 Standards, interpretations and amendments subject to mandatory application at 1 January 2021

Amendments and interpretations subject to mandatory application at 1 January 2021 (amendments to IFRS 4 “Insurance Contracts”, temporary exemption to applying IFRS 9, and amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 under the IBOR reform - Phase 2), approved by the European Union, had no impact on the Group's financial statements.

2.4 Texts not yet adopted by the European Union

- IFRS 14 – Regulatory Deferral Accounts
- Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between the Group and equity-accounted entities
- IFRS 17 and amendments to IFRS 17 - Insurance Contracts
- Amendments to IAS 1 – Classification of liabilities as current or non-current, presentation of financial statements
- Amendments to IAS 16 – Proceeds Before Intended Use
- Amendments to IFRS 3 – Updating a reference to the conceptual framework
- Amendments to IAS 37 – Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements (2018-2020 cycle)
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These texts are currently being analysed. At this stage, the Group does not anticipate a material impact.

3 Operating data

3.1 Net Gaming Revenue (NGR) and revenue

In millions of euros	30.06.2021	30.06.2020
Draw games	336.0	285.9
Instant games	469.3	391.5
Total Lottery	**805.3**	**677.5**
Sports Betting	243.9	145.0
Other	8.6	6.5
Total NGR	**1,057.8**	**829.0**
Revenue from other activities	23.9	19.7
Revenue	**1,081.8**	**848.6**

Group **stakes** amounted to €9,159.1m, up 32.8% year on year at 30 June 2021.

Player payout totalled €6,294.0m at end-June 2021 (+35.5% vs. 2020). Player payout (PPO) for the period was 68.7% versus 67.3% at 30 June 2020, an increase predominantly attributable to sports betting with a twofold impact:

- a mix effect that saw sports stakes account for a higher percentage of Group stakes in the first half (24.7% vs. 16.1% in H1 2020).

- and a higher sports betting PPO (77.5%) in H1 2021, particularly thanks to favourites winning the top competitions.

Gross Gaming Revenue (GGR) is calculated as the difference between stakes and the share attributable to winners. The player payout amounted to €2,865m at end-June 2021 (+27.2% vs. 2020).

Public levies came out at €1,815m, a 27% increase (+€386m) compared 30 June 2020. This trend is aligned with the change in GGR, which has served as the basis for their calculation since the Pacte Law took effect on 1 January 2020.

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 revenue generated by Sporting Group's B2C[7] business (spread betting[8] and fixed odds betting).

Net Gaming Revenue comprises FDJ Group's revenue from gaming activities and ended the first half at €1,058m, up €229m year-on-year (+27.6%).

The Group posted **revenue** of €1,081.8m at end-June 2021, a gain of €233.1m versus 30 June 2020. This +27.5% rise was correlated toto NGR evolution.

3.2 Operating income/expense

Recurring operating profit

Costs of sales stood at €590.8 million and included €433 million in PoS commissions, which automatically fluctuated in line with network stakes.

Marketing and communication expenses came to €195.1 million, consisting of advertising and communication costs, up sharply from H1 2020 (when promotional/advertising expenses were temporarily reduced), and costs associated with the ongoing development of the Group's range of games and services.

General and administrative expenses which mainly include personnel expenses and operating costs for corporate functions, as well as building costs and IT infrastructure costs. totalled €89.8 at end-June 2021, up €2.8m year-on-year (+3.2%), as a number of operating expenses (travel costs, service provider fees and internal communication) were cut under the cost savings plan launched in H1 2020.

Other operating income and expenses came to €8.3m at end-June 2021 and mainly include the amortisation expense on exclusive operating rights.

[7] B2C designates commercial and marketing activities carried out for final consumers
[8] Spread betting consists in 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.

Breakdown of income statement items

A breakdown of personnel expenses is given in Note 3.5.2.

Net depreciation and amortisation of intangible assets and property, plant and equipment came out at €63.3m in H1 2021 (vs. €50m in H1 2020). This increase primarily stemmed from the reduction of amortisation periods on development costs incurred in a fast moving technological innovations environment, and from the amortisation of the partnership agreement with the Paris 2024 Olympic and Paralympic Games.

Other non-recurring operating income and expenses

Other non-recurring operating income and expenses totalled -€1m at end-June 2021. Note: this line item was -€30m at 30 June 2020 and was mainly impacted by asset impairments (-€26m) and restructuring expenses associated with the discontinuation of Sporting Group's proprietary trading activity (-€3.4m).

3.3 Segment reporting

	30.06.2021						
in millions of euros	Lottery BU	Sports Betting BU	Other segments – ABU	Holding company	**Total before amortisation**	Amort.	**Group total**
Stakes	6 877	2 263	19	0	9 159		9 159
Gross gaming revenue (GGR)	2 356	508	1	0	2 865		2 865
Net gaming revenue (NGR)	805	244	9	0	1 058		1 058
Revenue	**807**	**244**	**30**	**0**	**1 082**		**1 082**
Costs of sales	**(441)**	**(126)**	**(4)**	**0**	**(571)**	**(20)**	**(591)**
Marketing and communication expenses	**(69)**	**(57)**	**(26)**	**(17)**	**(169)**	**(26)**	**(195)**
Contribution margin	**298**	**61**	**(0)**	**(17)**	**342**	**(46)**	**296**
Administrative and general costs & Other operating income and expenses				(81)	(81)	(17)	(98)
EBITDA					**261**		
Depreciation and amortisation						**(63)**	
Recurring operating profit							**198**

in millions of euros	30.06.2020						
	Lottery BU	Sports Betting BU	Other segments – ABU	Holding company	**Total before amortisation**	Amort.	**Group total**
Stakes	5,777	1,108	14	0	6,898		6,898
Gross gaming revenue (GGR)	1,954	298	1	0	2,253		2,253
Net gaming revenue (NGR)	677	145	6	0	829		829
Revenue	**679**	**145**	**24**	**1**	**849**		**849**
Costs of sales	**(395)**	**(65)**	**(3)**	**0**	**(464)**	**(18)**	**(482)**
Marketing and communication expenses	**(65)**	**(34)**	**(21)**	**(12)**	**(133)**	**(14)**	**(147)**
Contribution margin	**219**	**45**	**(1)**	**(12)**	**251**	**(32)**	**219**
Administrative and general costs & Other operating income and expenses				**(78)**	**(78)**	**(18)**	**(95)**
EBITDA					**174**		
Depreciation and amortisation						**(50)**	
Recurring operating profit							**124**

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to €261.2m, a year-on-year increase of €87.3m (+50.2%) compared. The **EBITDA margin** was 24.1% at 30 June 2021, a year-on-year increase of 3.7 points.

3.4 Operating risk hedging

Counterparty risk

Counterparty risk in lottery games is covered by an insurance policy. The policy is taken out by FDJ as part of an annual contract with multiple insurance companies to cover cumulative counterparty risks for lottery games based on counterparty mechanics. In 2021, the policy covered the cumulative net impact on NGR of any counterparty losses recorded over the financial year exceeding an exemption of €6m, with a maximum payout of €130m and within the limit of gains payable for a unit drawing set at €100 million, pursuant to Article 8 of Decree 2019-1061 of 17 October 2019 on the supervision of the gaming range of La Française des Jeux and Pari Mutuel Urbain. The insurance premium is recognised under general and administrative costs and, where applicable, claim-related payments are booked to other operating income.

Credit risk on operating receivables

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, necessary to market its games, to retailers after systematically obtaining a security deposit. The risk associated with retailers 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, taking into account extremely short settlement times and credit risk management systems in place. The Group considers the risk of retailers' default liable to have a material impact on its financial position and results to be limited. Other receivables are impaired on a case-by-case basis.

Foreign exchange risk on operating activities

In the normal course of its business, the Group is exposed to foreign exchange risk resulting from foreign trade payables and receivables denominated in foreign currencies. The risk is measured in aggregate for each currency. The Group general policy is to hedge this risk over each period. The currencies on which the Group has incurred significant exposure are the US dollar (in 2021 and 2020), for a maximum equivalent amount of $29m in 2021 ($32m in 2020) and the pound sterling, for a maximum amount of £9.1m in 2021 (£6m in 2020).

Given the annual volume of purchases in foreign currencies, the Group is exposed to limited foreign exchange risk on operational activities. The fair value of derivatives used to hedge foreign-currency purchases of gaming materials was -€0.6m at 30 June 2021 (-€0.1m at 30 June 2020). Increases or decreases in fair value would be as follows:

- -€1.5m and +€1.9m for a change in the €/$ exchange rate (+/- $0.10 for €1)
- +€1.1m and -€1.4m for a change in the €/£ exchange rate (+/- £0.10 for €1).

3.5 Personnel expenses and employee benefits

Group headcount

The weighted average headcount for FDJ and its fully-consolidated entities, all contracts combined (including temporary employment contracts) is as follows:

	30.06.2021	30.06.2020
Weighted average headcount	**2,643**	**2,610**

	30.06.2021	30.06.2020
Total year-end headcount	**2,687**	**2,622**

Personnel expenses

In millions of euros	30.06.2021	30.06.2020
Wages and salaries	76.2	72.5
Social security contributions	38.1	36.4
Employee profit-sharing and incentives	18.0	13.3
Long-term benefits	1.4	(0.5)
Other	11.8	12.0
Total personnel expenses	**145.5**	**133.7**

The rise in personnel expenses primarily resulted from the addition of new staff, coupled with the application of the wage policy and company agreements.

Employee benefits

In millions of euros	30.06.2021	31.12.2020
Pension obligations	35.9	37.7
Service recognition awards	8.4	8.3
Healthcare costs	6.4	7.1
Provisions for pensions and similar commitments	**50.8**	**53.2**

The discount rate applied at 30 June 2021 was 0.80% (vs. 0.35% at 31 December 2020).
According to sensitivity test results, a 25 basis points increase and decrease in the discount rate would have a respective impact of -4% and 4% on the provisions.

Share-based payment

In accordance with the principles set out in Note 12.3 "Share-based payment", entitlements to performance share grants were measured at fair value at the grant date, i.e. 30 June 2021. The entitlements were granted to corporate officers and some employees for 95,832 shares, subject to performance conditions, and will be irrevocably vested only after a three-year lock-in period subject to continued employment with the company.
The allocation of shares is subject to performance conditions (EBITDA, EPS, FDJ's total shareholder return, level of identified stakes and Vigeo rating). If these targets are not met, the number of shares delivered and the expense will be reduced. If they are outperformed (with a cap set at 145%), the number of shares delivered will be increased.
The assumptions used in fair value calculations were a share price at the grant date (30 June 2021) of €49.58 and a projected dividend rate of 80%. The expense, based on a 100% probability of achieving the performance targets, is estimated at €5.5m over the term of the plan and at €0.9m in H2 2021.

3.6 Player funds

In millions of euros	30.06.2021	31.12.2020
Total player funds	**240.6**	**192.4**

All player funds are classified as current player funds and contain amounts serving to organise games.

3.7 Current receivables

Trade and distribution network receivables

In millions of euros	30.06.2021	31.12.2020
Trade receivables (gross amount)	27.9	24.7
Distribution network receivables (gross amount)	159.7	249.0
Impairment	(19.4)	(18.3)
Total trade and distribution network receivables	**168.2**	**255.4**

Trade receivables are mainly associated with the business conducted by the Group 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 winnings paid out and associated fees. Stakes are booked to assets, while prizes and fees are recorded in liabilities.

Distribution network receivables consist of stakes collected by the distribution network at the end of the period and not yet debited by FDJ. They were down in the first half due to a calendar effect, combined with traditionally lower business volumes at end-June compared to end-December.

The health crisis did not significantly increase the risk of default at 30 June 2021, thanks to existing oversight, the enhancement of support measures to the distribution network implemented by the Group and solidarity fund mechanisms settled by the French State.

Other current assets

In millions of euros	30.06.2021	31.12.2020
Prepaid expenses	27.1	21.6
Other current receivables	36.6	193.2
Total Other current assets	**63.7**	**214.8**

At 31 December 2020, other current receivables included an advance payment of €165m on public levies payables, subsequent to the change in the terms of settlement provided for by the Pacte Law.

3.8 Current payables

Trade and distribution network payables

In millions of euros	30.06.2021	31.12.2020
Trade payables	121.1	105.5
Distribution network payables	90.5	143.5
Total trade and distribution network payables	**211.6**	**249.0**

Distribution network payables consist of prizes paid by retailers and network fees at the end of the period, subject to weekly payment. The change in distribution network payables over the first half can be attributed to a calendar effect.

Public levies liabilities

In millions of euros	30.06.2021	31.12.2020
General State Budget - payables	181.6	224.8
Sports Betting - payables	54.9	75.2
Other public levies - payables	33.9	41.5
Sub-total	**270.4**	**341.4**
Unclaimed prizes	35.2	70.6
Public levies liabilities	**305.6**	**412.0**

The change in public levies liabilities, excluding unclaimed winnings, was aligned with the change in GGR, which has served as the basis for their calculation since the Pacte Law took effect on 1 January 2020, and resulted from traditionally lower business volumes in June versus December.

Winnings payables – Player balances

Winnings payable - Player balances amounted to €319m in H1 2021 (€289m at 31 December 2020) and included:

- winnings payable, i.e non-expired remaining winnings to be paid to players, of €266m (€241m at 31 December 2020);
- cash balances of online players amounting to €52m (€48m at 31 December 2020), i.e. the amounts available in their fdj.fr or parionsportenligne.fr accounts.

Other current liabilities

In millions of euros	30.06.2021	31.12.2020
Prepaid income	33.9	46.7
Other payables	147.7	147.8
Other current liabilities	**181.6**	**194.4**

Prepaid income on games comprised player stakes collected in the first half for draw games or events taking place in the second half. They are converted into stakes within a maximum of five weeks. At 31 December 2020, prepaid income predominantly consists of Euromillions stakes for a draw held in early 2021.

Other payables mainly included tax and social security payables of €128m (€133m at 31 December 2020).

4 Goodwill

(in millions of euros)	31.12.2020	Acquisitions Allowances	Currency effect	30.06.2021
Goodwill (gross)	67.0	0.0	2.9	69.8
Impairment/goodwill	(40.0)	0.0	(1.6)	(41.6)
Goodwill (net)	**26.9**	**0.0**	**1.3**	**28.2**

The Covid-19 health crisis negatively impacted the activities and performance of Sporting Group during financial year 2020, mainly with most sporting events cancelled or postponed for part of the year starting in mid-March.

In the 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 £60m, with £83.5m in net assets tested, i.e. an impairment of £23.5m (€26m) charged to goodwill, giving a post-impairment residual amount of £23.6m (€26m).

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:

- forecasts lowered for all sports activities and extended to 2023 for spread bedding and B2B;
- increased costs resulting from the health 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 applied at 31 December 2020 was 14.3%, after incorporating IFRS 16 and the 2% long-term growth rate.

The CGU’s H1 2021 performance was in line with business plan forecasts, which served as the basis for the impairment test at 31 December 2020, thanks in large part to strong momentum in sports betting. Furthermore, future cash flow forecasts adopted at end-2020 were not called into question.

As there was no evidence of impairment identified at 30 June 2021, no impairment testing was conducted.

5 Tangible and intangible assets

5.1 Intangible assets

In millions of euros	30.06.2021			31.12.2020		
	Gross	Amortisation & Depreciation Provisions	Net	Gross	Amortisation & Depreciation Provisions	Net
Exclusive operating rights	380.0	(32.1)	347.9	380.0	(24.5)	355.5
Development costs	204.8	(127.4)	77.4	191.4	(104.5)	86.9
Software	139.8	(130.3)	9.6	138.8	(128.4)	10.5
Intangible assets in progress and other intangible assets	105.7	(8.8)	96.9	71.7	(3.3)	68.3
Total intangible assets	**830.4**	**(298.5)**	**531.8**	**781.9**	**(260.7)**	**521.2**

Exclusive operating rights refer to the securing of exclusive rights to operate lottery games 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. With a gross value of €380m, this asset will be amortised over a 25-year period, starting on 23 May 2019.

Major investments over the period involved the parent company and related to the development of production and back-office information systems and point of sales terminals.

Under IAS 28, an asset reflecting a partnership and licence agreement granted to FDJ for the 2024 Paris Olympic and Paralympic Games has been recognised and will be amortised on a straight-line basis over four years as from 1 January 2021.

Due to the shorter useful life of certain assets which are turning obsolete at a faster rate due to the technological environment, constant innovation sought in practices and competitive intensity, the amortisation period for development costs was reduced from five to three years. The assets in question relate to online lottery games and to sports betting in competition. The impact of the change in accounting estimate was recognised prospectively in accordance with IAS.8.36. The impact of additional amortisation recorded at 30 June 2021 was €6.2m.

5.2 Property, plant and equipment

In millions of euros	30.06.2021			31.12.2020		
	Gross	Amortisation & Depreciation Provisions	Net	Gross	Amortisation & Depreciation Provisions	Net
Land	96.6	0.0	96.6	96.6	0.0	96.6
Building facilities and amenities	238.4	(83.5)	154.9	236.2	(77.7)	158.5
IFRS 16 user rights	39.4	(18.5)	20.9	39.6	(14.8)	24.8
Furniture, technical installations & point of sale equipment	238.1	(184.5)	53.6	236.4	(175.6)	60.9
Hardware	78.5	(67.5)	10.9	74.8	(64.9)	9.9
Local services equipment	23.9	(21.3)	2.6	23.5	(20.4)	3.1
Other property, plant and equipment	44.9	(39.2)	5.7	43.7	(38.2)	5.5
Property, plant and equipment under construction	14.8	(0.4)	14.3	14.3	(0.4)	13.9
Advances and payments on account	1.0	0.0	1.0	1.0	0.0	1.0
Total property, plant and equipment	**775.4**	**(414.8)**	**360.6**	**766.1**	**(391.9)**	**374.2**

Investments in property, plant and equipment over the period mainly involved point of sales equipment.

6 Provisions

In millions of euros	31.12.2020	Allowances	Reversals		Other movements	30.06.2021
			Used	Unused		
Total non-current provisions	47.6	1.0	(0.1)	0.0	0.2	48.8
Total current provisions	13.3	3.5	(4.7)	(0.9)	(0.2)	11.0
Total Provisions	**60.9**	**4.5**	**(4.8)**	**(0.9)**	**0.0**	**59.8**

Non-current provisions cover collective and individual disputes with former agent-brokers following the termination of their contracts in 2014. The estimate comprises the difference between the amount of compensation offered by FDJ and the amount of compensation that may be imposed by a court.

Current provisions mainly cover disputes related to operations.

7 Cash and financial instruments

7.1 Financial income/expense

In millions of euros	30.06.2021	30.06.2020
Cost of financial debt	**(2,9)**	**(2,1)**
Gains on disposals	0,6	1,1
Interest on investments	1,7	3,7
Derivatives (income)	0,0	0,0
Financial income on securities valued at fair value through profit o	3,3	0,0
Foreign exchange gains	0,4	0,6
Other financial income	0,8	0,4
Financial income/(expense)	**6,8**	**5,7**
Derivatives (expenses)	(0,1)	(0,4)
Financial expenses on securities valued at fair value through profi	0,0	(4,7)
Foreign exchange losses	(0,1)	(3,5)
Other financial expenses	(0,0)	(0,2)
Financial expenses	**(0,2)**	**(8,9)**
Financial income	**3,8**	**(5,2)**

Cost of financial debt mainly comprise the interest expense on loans taken out to secure exclusive operating rights, acquire the registered office and purchase Sporting Group.

The net increase in financial income and expenses on shares measured at fair value through profit or loss (+€8m between H1 2020 and H1 2021) resulted from the shift in market performance, on the decline in H1 2020 but sharply improving in H1 2021.

FDJ is exposed to foreign exchange risks on purchases denominated in USD and GBP. Fluctuations in these currencies generate foreign exchange income or a foreign exchange expense for unhedged financial assets and liabilities. In H1 2020, this item included the ineffective portion of the revaluation of foreign debt taken out in GBP to hedge Sporting Group's net equity.

7.2 Management of financial risks

Credit risk from investments and derivatives

The credit risk or counterparty risk associated with short-term investments and derivatives is monitored by the Treasury Committee, headed by the CFO, 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 investments and derivatives, the Group'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 determined by the Treasury Committee, which examines two criteria (rating and transaction maturity) to select counterparties. It is reviewed periodically, at least once every six months. If a counterparty is downgraded below the minimum authorised rating, the Treasury Committee decides whether to hold the existing transactions to maturity.

The Group considers that the risk of counterparty default, with a potentially material impact on its financial position and results, is limited, due to the policy in place for managing counterparties and more particularly given the minimum long-term rating stipulated for these transactions.

The credit risk analysis breaks down as follows:

Amounts outstanding	Total amount outstanding in millions of euros at 30.06.2021	Number of counterparties by bracket of outstandings 0-€25 million	€25-€50 million	€50-€100 million	€100-150 million
RATING					
AAA/Financial institutions					
AA/Financial institutions	235			1	1
A/Financial institutions	271	5	2	2	-
TOTAL	**506**	**5**	**2**	**3**	**1**

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 3.4.1 - Counterparty risk).

FDJ's liquidity risk exposure 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 CFO, 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 30 June 2021, investments averaged €1,439.5m; bank borrowings and debt amounted to €510m, o/w €356m used to secure exclusive operating rights, €84m in financial debt associated with the acquisition of the Group's registered office and €70m with the acquisition of Sporting Group.

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 lines have been in place since February 2021 covering maturities ranging from one and five years.

Given the level of short-term investments at 30 June 2021, and based on business/investment/debt repayment forecasts, the Group has determined it can meet its obligations over the next 12 months as from the review date of the interim 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 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 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 30 June 2021, the percentage of investments exposed to this direct risk was low. Variable-rate debt consists of debt acquired for the acquisition of Sporting Group (€70m) and the loan taken out to secure exclusive operating rights (€356m). A 0.5% increase or decrease across the entire yield curve would have no material impact on the fair value of investments, less than €1m.

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 investment vehicles used. It implements an investment strategy aimed at mitigating risks. The main component of this strategy is the definition of an asset allocation covering investment opportunities in each major asset class.

This allocation sets a cap on risky 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 30 June 2021, investments subject to market risk amounted to €436m (€306.7m at 31 December 2020).

7.3 Financial assets and liabilities

In millions of euros	30.06.2021	31.12.2020
Non-current financial assets at amortised cost	380.0	320.0
Non-current financial assets at fair value through profit or loss	266.4	182.1
Other non-current financial assets	79.4	69.2
Total non-current financial assets	***725.9***	***571.4***
Current financial assets at amortised cost	1.4	210.0
Current financial assets at fair value through profit or loss	30.1	5.0
Current derivatives	0.0	0.5
Deposits and guarantees	0.6	0.2
Total current financial assets	***32.1***	***215.7***
Total financial assets	**758.0**	**787.1**
Long-term financial debt	479.8	490.2
Non-current lease liabilities	16.8	19.3
Other financial liabilities	0.5	0.5
Total non-current financial liabilities	***497.1***	***510.0***
Financial debt, falling due within one year	27.0	26.9
Current lease liabilities	5.3	6.8
Current derivatives	0.6	1.7
Bank overdrafts	0.0	0.3
Other financial liabilities	26.7	182.6
Total current financial liabilities	***59.5***	***218.2***
Total financial liabilities	**556.7**	**728.2**

With interest rates at an historically low or even negative level, the Group continued in H1 2021 its policy i) of investing in five-year term accounts at attractive conditions, mainly when renewing maturing investments, and ii) of diversifying its investments with the aim of improving returns, within the limit of the asset allocation policy. €60m in deposit accounts were invested and €210m in current financial assets at amortised cost matured in H1 2021. Two dedicated bond funds with a 2024 maturity, for a total amount of 90m at 30 June 2021, were also set up and offer high liquidity in the very short term. Other medium and long term UCITS investments were also initiated, often resulting from decisions to adjust allocations between existing investments.

Other non-current financial assets mainly include the deposit for the secured trust agreement (€60m at 30 June 2021 and €50m at 31 December 2020) measured at amortised cost, and the Euromillions deposit (€12.6m at 30 June 2021 and €11.4m at 31 December 2020) measured at fair value through profit or loss. The purpose of the deposit for the secured trust agreement is to protect the assets of online players (lottery and sports betting).

Current and non-current financial debt of €507m (€517m at 31 December 2020) consisted of:

- a loan taken out to secure exclusive operating rights, amounting to €353m net of issuance fees (€3m), o/w €334m in non-current debt and €19m in current debt, set up on 1 April 2020 with a nominal value of €380m, amortised over 20 years, at a variable interest rate (Euribor), and subject to an interest rate hedge of €178m through June 2026;

- an €84m fixed-rate amortising loan for the acquisition of the Group's registered office, o/w €76m in non-current debt and €8 million in current debt, with a nominal amount of €120m and a term ending 24 November 2031;
- a £60m bullet loan (€70m) consisting entirely of non-current debt, taken out in May 2019 for the acquisition of Sporting Group, with a nominal value of £100m, repayable in two instalments (2024 and 2025), at a variable interest rate (Libor GBP), and subject to an interest rate hedge through June 2022.

At 30 June 2021, other current financial liabilities mainly included bank credit balances and the amount payable associated with FDJ's share buyback commitment. They also included, at 31 December 2020, the player funds closed in accordance with the Pacte Law and returned to the French State in H1 2021.

7.4 Maturity of financial assets and liabilities

2021 - *In millions of euros*	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 at 30.06.2021
Non-current financial assets at amortised cost		50.0	190.0	20.0	100.0	20.0	**380.0**
Non-current financial assets at fair value through profit or loss		256.5	9.9	0.0	0.0	0.0	**266.4**
Other non-current financial assets		78.7	0.0	0.0	0.4	0.4	**79.5**
Total non-current financial assets	***0.0***	***385.2***	***199.9***	***20.0***	***100.4***	***20.4***	***725.9***
Current financial assets at amortised cost	1.4						**1.4**
Current financial assets at fair value through profit or loss	30.1						**30.1**
Current derivatives	0.0						**0.0**
Deposits and guarantees	0.6						**0.6**
Total current financial assets	***32.1***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***32.1***
Total financial assets	**32.1**	**385.2**	**199.9**	**20.0**	**100.4**	**20.4**	**758.0**
Long-term financial debt		26.6	49.9	26.6	73.7	303.1	**479.8**
Non-current lease liabilities		4.6	3.9	3.3	2.7	2.2	**16.8**
Other non-current financial liabilities		0.0	0.1	0.0	0.0	0.3	**0.5**
Total non-current financial liabilities	***0.0***	***31.2***	***53.9***	***29.9***	***76.4***	***305.7***	***497.1***
Financial debt, falling due within one year	27.0						**27.0**
Current lease liabilities	5.3						**5.3**
Current derivatives	0.6						**0.6**
Bank overdrafts	0.0						**0.0**
Other current financial liabilities	26.7						**26.7**
Total current financial liabilities	***59.5***	***0.0***	***0.0***	***0.0***	***0.0***	***0.0***	***59.5***
Total financial liabilities	**59.5**	**31.2**	**53.9**	**29.9**	**76.4**	**305.7**	**556.6**

2020 - In millions of euros	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 at 31.12.2020
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	0.0	0.0	0.0	**182.1**
Other non-current financial assets		68.7	0.0	0.0	0.0	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**
Non-current lease liabilities		4.7	4.3	3.8	2.9	3.6	**19.3**
Other non-current financial liabilities		0.1	0.0	0.0	0.0	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**
Current 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**

7.5 Change in financial liabilities

In millions of euros		Cash flow					Non-cash flow				
	31.12.2020	Issue of long-term financial debt	Repayment of 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	30.06.2021
Long-term financial debt	490,2					0,0	3,1	(13,5)		(10,4)	479,8
Non-current lease liabilities	19,3					0,0	0,0	(2,4)	(0,1)	(2,5)	16,8
Other financial liabilities	0,5					0,0				0,0	0,5
Long-term debt issue	**510,0**	**0,0**	**0,0**	**0,0**	**0,0**	**0,0**	**3,1**	**(15,9)**	**(0,1)**	**(12,9)**	**497,1**
Total non-current financial liabilities	***510,0***	***0,0***	***0,0***	***0,0***	***0,0***	***0,0***	***3,1***	***(15,9)***	***(0,1)***	***(12,9)***	***497,1***
Financial debt, falling due within one year	26,9		(13,5)			(13,5)	0,1	13,5		13,6	27,0
Current lease liabilities	6,8				(3,9)	(3,9)		2,4		2,4	5,3
Current derivatives	1,7					0,0			(1,1)	(1,1)	0,6
Bank overdrafts	0,3			(0,3)		(0,3)				0,0	0,0
Other financial liabilities	182,6		(156,0)			(156,0)				0,0	26,7
Total Other current financial liabilities	***218,2***	***0,0***	***(169,5)***	***(0,3)***	***(3,9)***	***(173,7)***	***0,1***	***15,9***	***(1,1)***	***14,9***	***59,5***
Total financial liabilities	**728,2**	**0,0**	**(169,5)**	**(0,3)**	**(3,9)**	**(173,7)**	**3,2**	**0,0**	**(1,2)**	**2,0**	**556,7**

7.6 Cash and cash equivalents

In millions of euros	30.06.2021	31.12.2020
Investments, cash equivalents	230.3	218.5
Bank accounts and other	463.5	454.7
Cash and cash equivalents	**693.8**	**673.2**

"Investments, cash equivalents" mainly comprise units of UCITS (€160m at 30 June 2021 and €138m at 31 December 2020) including the Euromillions fund (€104m at 30 June 2021 and €86m at 31 December 2020) and interest-bearing term or demand deposits (€70m at 30 June 2021 and €80m at 31 December 2020).

To the Group's knowledge, there are no major restrictions that would limit its access to assets belonging to its subsidiaries.

8 Cash flows

The increase in depreciation and amortisation of fixed assets can be predominantly attributed to the additional amortisation expense recorded after reducing the amortisation period for development costs, and by the amortisation of the Paris 2024 partnership agreement.

In H1 2020, the +€196 rise in working capital from operating activities was largely driven by the change in the frequency of public levy payments due to the enactment of the Pacte Law (monthly vs. weekly). In H1 2021, the +€129m rise in working capital from operating activities was predominantly generated by the €165m advance payment in December 2020 on public levies, partially offset by a decrease in public levies payable stemming from traditionally lower business volumes in June versus December.

Investments net of amounts payable on acquisitions of fixed assets and advances paid totalled €33m in H1 2021 and €423m in H1 2020. This item mainly pertained to developments in production and back office information systems, and in point of sale terminals, and in H1 2020 included €380m for exclusive operating rights.

The €169m repayment of financial debt consisted of €156m to the French State after the closure of player funds provided for by the Pacte Law and the current portion of loans taken out (€13.5m).

Participating Euromillions lotteries[9] have established a trust governed by UK law to cover counterparty and default risks. It is managed by a trustee, The Law Debenture Trust Corporation. For FDJ, amounts deposited to a fund as collateral are managed by the trustee (which is solely authorised to execute payments) and are exclusively allocated to Euromillions winners, o/w €104m at 30 June 2021 (€86m at 31 December 2020), included in cash and cash equivalents.

9 Investments in joint ventures

In millions of euros	Total
Value of shares at 31.12.2020	**14.7**
Change in scope	0.0
Share of net income for 30.06.2021	1.9
Dividends	0.0
Currency translation differences	0.7
Value of shares at 30.06.2021	**17.2**

The disposal of Berjaya Ltd.'s stake in Beijing Zonghcaï Printing (BZP) on 21 May 2021, and the subsequent capital reduction, had no impact on the valuation of equity-accounted BZP shares. The Group's stake rose from 37% to 46.25% as a result.

[9] An Post (Ireland), Camelot (United Kingdom), FDJ, Belgian National Lottery, Luxembourg National Lottery, Österreichische Lotterien (Austria), Santa Casa de Misericordia (Portugal), SELAE (Spain), Swisslos (Switzerland), Loterie Romande (Switzerland).

10 Income tax expense

In millions of euros	30.06.2021	30.06.2020
Income tax expense	(56.9)	(38.8)
Profit before tax	202.6	89.0
Effective tax rate	**(28.1%)**	**(43.6%)**

The effective tax rate was 28.1% in H1 2021 (43.6% in H1 2020, due to non-deductible impairments which were the main reason for the difference between the effective and theoretical tax rates). FDJ SA's effective tax rate was 28.5% in H1 2021 (31.6% in H1 2020).

Deferred tax assets on tax losses were recognised in the amount of €4.3m over the period, based on current projections, which should be fully collected in 2025.

11 Earnings per share

	30.06.2021	30.06.2020
Net income (in millions of euros)	145.7	50.2
Weighted average number of ordinary shares at 30 June 2021 and 30 June 2020	190,975,974	190,954,300
Basic earnings (loss) per share (in euros)	**0.76**	**0.26**
Diluted earnings (loss) per share (in euros)	**0.76**	**0.26**

FDJ considers that it has acquired 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 into account (see 14 "Ongoing legal proceedings and other disputes").

As the Group has not issued any dilutive or non-dilutive instruments over all the periods presented, diluted earnings per share are equal to basic earnings per share.

12 Shareholders' equity

12.1 Share capital

FDJ's share capital is €76,400,000 consisting of 191,000,000 shares each with a par value of €0.40.

12.2 Treasury shares

Treasury shares are recorded at their acquisition cost as a deduction from shareholder's equity.

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 4 November 2019, for the purpose of concluding a liquidity agreement to facilitate trading in the FDJ share. The maximum sum of €6m was allocated to this liquidity agreement, with a term extending through 31 December 2021.

This programme is covered by a liquidity agreement, in accordance with the provisions laid down by the *Autorité des Marchés Financiers* (AMF).

At 30 June 2021, treasury shares recorded as a deduction from consolidated shareholders' equity represented 8,050 shares with value of €0.4m (26,333 shares with a value of €0.9m at 31 December 2020).

12.3 Share-based payment

Performance shares were granted to certain Group executives and employees at 30 June 2021. Pursuant to IFRS 2 "Share-based payments", an amount representing the benefit awarded to beneficiaries, calculated at the grant date, will be recorded under personnel expenses over the term of the plan (30 June 2021 to 30 June 2024). The counterpart of this expense will be directly recognised in the net equity. The fair value of the expense was calculating using Black & Scholes models (free share grants). Model inputs included plan features (exercise price and period), market data at the grant date (risk-free rate, share price, volatility, projected dividends). The expense will be spread out over the vesting period (30 June 2021 to 30 June 2024) and, over these three years, may be adjusted for departures, strike-offs or the estimated probability of achieving the performance criteria. Subsequent changes in the share price do not, in themselves, generate a change in the expense.

12.4 Payment of dividends

Dividends in respect of the financial year ended 31 December 2020, approved by the General Meeting of 16 June 2021, amounted to €172m, i.e. €0.90 per share, and were paid on 21 June 2021.

12.5 Reserves

The Group's business of organising and operating gaming activities involves specific risks and commitments of particular significance, which must be anticipated through appropriate coverage.

FDJ s articles of association (Article 29.A,) provides 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 3.4.1 "Counterparty risk") is not sufficient to cover gaming risks.

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.). Coverage amounted to €52m at 30 June 2021, unchanged from 31 December 2020;

- 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 30 June 2021, these risks were hedged in the amount of €40m, unchanged from 2020.

The statutory reserve totalled €92m at 30 June 2021, unchanged since 31 December 2020.

13 Related-party transactions

13.1 French State

The French State is no longer a majority shareholder of FDJ, but 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 PPOs 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 player 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 reported on the income statement and in the statement of financial position for the last two financial periods are as follows:

In millions of euros		30.06.2021	31.12.2020
Consolidated statement of financial position - Assets	Exclusive operating rights (gross value)	380.0	380.0
Consolidated statement of financial position - Assets	Down payment on public levies	0.0	165.4

In millions of euros		30.06.2021	31.12.2020
Consolidated statement of financial position - Liabilities	Public levies (including unclaimed prizes)	305.6	412.0
Consolidated statement of financial position - Liabilities	Player funds closed at 1 January 2020	0.0	156.0

In millions of euros		30.06.2021	30.06.2020
Income statement	Public levies	1,815.4	1,429.8

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 sector entities (France Télévisions, EDF, SNCF, La Poste) are all conducted on an arm's length basis.

13.2 Other related parties

Transactions between FDJ and its fully consolidated subsidiaries, as related parties, are eliminated for consolidation purposes and are not described in this note.

The endowment granted to the FDJ Corporate Foundation totalled €1.5m at 30 June 2021 (nil at 30 June 2020).

No major transactions have been entered into with a member of the management bodies having a material influence on the Group.

14 Ongoing legal proceedings and other disputes

Members of the French lottery distributors' syndicate (UNDJ - *Union Nationale des Diffuseurs de Jeux*) sued La 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 court ruling. The case is currently pending before the Court.

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 ruling in November 2016 at the Paris Court of Appeal. On 27 March 2019, the Paris Court of Appeal upheld the initial ruling in its entirety. In June 2019, the agent-brokers filed an appeal against this ruling to the Court of Cassation. In a decree dated 12 May 2021, the Court of Cassation noticed suspension of the proceedings and provided a four-month deadline on the parties for the resumption of proceedings. If the necessary due diligence initiatives are not completed, the appeal will be dismissed. The case will be re-examined by the court on 21 September 2021.

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. On 23 May 2019, the Commercial Court of Marseille granted FDJ's application. Soficoma appealed against this ruling on 20 June 2019 before the Court of Appeal of Aix-en-Provence. The case is pending before the Court of Appeal.
On 27 December 2017, Soficoma filed a lawsuit against FDJ before the Commercial Court of Nanterre for the purpose of seeing its status as a shareholder of FDJ recognised and calling for FDJ to pay it the amount of its dividends. The stay of proceedings is still in effect given that the litigation is currently pending before the Court of Appeal of Aix-en-Provence.

In a letter dated 20 May 2021, the Council of State called on FDJ to present observations in a proceeding initiated in December 2019 by four claimants. The claimants in question - The Betting and Gaming Council, Betclic Enterprises Limited, European Gaming and Betting Association, and SPS Betting France Limited - filed 14 claims for misuse of authority against Order No. 2019-1015 of 2 October 2019 reforming the gaming and gambling regulation, Decree No. 2019-1060 of 17 October 2019 on the terms of application of the State's strict control over La Française des Jeux, Decree No. 2019-1061 of 17 October 2019 on supervision of the gaming range of La Française des Jeux and Pari mutuel urbain, Decree No. 2019-1105 of 30 October 2019 enacting the transfer to the private sector of the majority of the share capital of La Française des Jeux, the Decree of 6 November 2019 setting out the terms of the transfer to the private sector of the majority of the share capital of La Française des Jeux, the Decree of 20 November 2019 setting out the price and grant conditions of La Française des Jeux shares, Decree No 2019-1563 of 30 December 2019 on the approval of the by-laws of La Française des Jeux, and Decree No. 2020-494 of 28 April 2020 on the conditions of the provision of the gaming range and gaming data. These claims are currently under review by the Council of State.

15 Off-balance-sheet commitments

Off-balance-sheet commitments are detailed in the following table:

In millions of euros	30.06.2021	31.12.2020
Commitments given		
Deposits and first-demand guarantees	30.3	32.4
Sponsorship contract	26.2	30.2
Investment funds	38.9	44.5
Performance bonds*	101.6	113.6
Image rights for cyclists and commitment to the Association L'Échappée	1.8	1.2
Escrow account	0.0	1.1
Property rent	4.8	2.4
Mortgage on goods acquired	90.9	95.4
Paris 2024 partnership	0.0	22.2
Other commitments given	1.2	0.9
Total commitments given	**295.7**	**344.1**
Commitments received		
Performance bonds and return of payments on account	117.6	115.1
Guarantees for return of stakes and payment of winnings	403.6	378.4
Counterparty risk insurance	130.0	150.0
Confirmed credit lines	150.0	0.0
Total commitments received	**801.3**	**643.5**

** including printing contracts worth €31.8 million in 2021 and €33.8 million in 2020*

16 Post-closing events

Two complaints were filed with the European Commission after the privatisation of FDJ, both of which are listed in the State Aid Case Register under numbers SA. 56399 and SA. 56634, for the alleged allocation of State aid (in the form of guarantees, preferential tax treatment and allocation of exclusive rights for insufficient consideration).

On 26 July 2021, the European Commission announced that it had launched an extensive investigation on the appropriateness of the €380 million remuneration paid to France "for the grant of exclusive rights" to operate point of sale sports betting and the lottery. The matter of the guarantee was closed by the Commission, which confirmed that there was no guarantee within the meaning of State aid, and the preliminary investigation into the complaints on tax treatment is in progress.

La Française des Jeux

Statutory Auditors' review report
on the half-yearly financial information

(For the six months ended 30 June 2021)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex

Statutory Auditors' review report on the half-yearly financial information

(For the six months ended 30 June 2021)

This is a free translation into English of the Statutory Auditors' review 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 auditing standards applicable in France.

La Française des Jeux
3-7, quai du Point du Jour
92100 Boulogne Billancourt

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of La Française des Jeux for the six months ended 30 June 2021;
- the verification of the information contained in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed 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 companies' internal organisation and the performance of our work.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of half-yearly financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the European Union.

II – Specific verification

We have also verified the information given in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 30 July 2021

The Statutory Auditors

PricewaterhouseCoopers Audit

Philippe Vincent

Jean-Paul Collignon

Deloitte & Associés

Jean-François Viat

Nadège Pineau