

La Française des Jeux

INTERIM FINANCIAL REPORT

30 JUNE 2022

This is a free translation into English of FDJ Interim Financial Report at 30 June 2022 issued in the French language

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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 2022 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, 28 July 2022

Ms. Stéphane Pallez
Chairwoman and CEO

INTERIM MANAGEMENT REPORT

30 JUNE 2022

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1 Highlights

Strong growth in revenue and EBITDA in the first half of 2022

First-half revenue was €1.2 billion, up 12%.

Lottery revenue rose substantially (+17%), with all points of sale open in 2022, whereas 10% of them were closed in the first half of 2021. The change in sports betting revenue (-5%) reflected a high basis of comparison (UEFA Euro 2020), given that the FIFA World Cup will not take place until the end of the year.

Stakes were €10 billion for the half-year, a rise of almost 10%, with a strong trend in both point-of-sale stakes (+10%) and online stakes (+9%). Online stakes represented almost 12% of total stakes. The rebound in online lottery stakes in the second quarter, up 31% compared to Q2 2021 and up 14% compared to H1 2021, was driven by the growth in the number of players.

Half-year EBITDA for the Group was €308 million, up 18%, representing a margin of 25.4% compared to 24.1% in the first half of 2021.

CSR commitments strengthened

- Responsible gambling at the heart of the Group's business model

Excessive and underage gambling prevention was beefed up:

- As part of its commitment to devote 10% of its total advertising expenditure to the prevention of excessive and underage gambling, the Group launched a new information campaign entitled "Gambler's Rules" in April. In four thirty-second films, FDJ reminds people of good gambling practices: to be over 18, to set a budget, and to monitor their gambling, in particular through tools made available by FDJ.
- With regard to preventing underage gambling, FDJ is continuing to work on three main areas: informing the general public, training and sanctions for retailers, with a new "mystery visit" campaign to continue to improve the practices of points of sale in this area.

- New non-financial rating on the "carbon score"

FDJ obtained an "A" carbon score and was included in the Vérité40 index established by Axylia and composed of the 40 best carbon scores of the SBF 120 companies.

2 Group results

2.1 Comments on the consolidated income statement

The performance in H1 2022 was amplified by a basis of comparison affected by the health crisis in H1 2021, as the various restrictions introduced to contain the Covid-19 pandemic were not fully lifted until the beginning of June 2021.

In millions of euros	30.06.2022	30.06.2021	Change	
Stakes	10,045.9	9,159.1	886.9	9.7%
Player payout	-6,827.6	-6,294.0	-533.6	8.5%
Gross gaming revenue (GGR)	3,218.3	2,865.1	353.2	12.3%
Public levies	-2,042.6	-1,815.4	-227.2	12.5%
Other revenue from sports betting	6.1	8.1	-2.0	-24.8%
Net gaming revenue (NGR)	1,181.8	1,057.8	124.0	11.7%
Revenue from other activities	30.5	23.9	6.6	27.5%
Revenue	1,212.3	1,081.8	130.6	12.1%
Cost of sales	-652.1	-590.8	-61.4	10.4%
Marketing and communication expenses	-221.3	-195.1	-26.3	13.5%
General and administrative expenses	-88.2	-89.8	1.6	-1.7%
Other operating income and expenses	-5.5	-8.3	2.8	-33.6%
Recurring operating profit	245.1	197.8	47.3	23.9%
EBITDA	308.1	261.2	47.0	18.0%
Operating profit	239.2	197.0	42.2	21.4%
Net financial income/(expense)	-22.4	3.8	-26.2	-696.5%
Share of net income from joint ventures	1.0	1.9	-0.9	-49.0%
Income tax expense	-58.2	-56.9	-1.3	2.3%
Net profit	159.5	145.7	13.8	9.4%

The trend in stakes by product range is as follows:

In millions of euros	30.06.2022	30.06.2021	Change	
Instant games	4,926.8	4,282.5	644.3	15.0%
Draw games	3,088.2	2,594.7	493.5	19.0%
Lottery	8,015.0	6,877.2	1,137.8	16.5%
Sports betting	2,016.5	2,262.9	-246.4	-10.9%
Other*	14.4	19.0	-4.6	-24.1%
Stakes	10,045.9	9,159.1	886.9	9.7%
<i>online stakes</i>	<i>1,175.7</i>	<i>1,077.3</i>	<i>98.4</i>	<i>9.1%</i>

* Traditional fixed odds sports betting provided by Sporting Group

Group **stakes** amounted to €10,046 million, up 9.7% compared to 2021 (see the review by business line in section 2.2).

Point-of-sale stakes increased 10% to €8,870 million, driven by the success of the Group's marketing and sales initiatives and the return to normal footfall at points of sale, of which nearly 10% were closed in H1 2021.

The solid growth in online stakes, up 9%, was driven by the increase in the number of players. At €1,176 million, they accounted for 12% of H1 stakes.

The **player payout ratio (PPO)** for the period was 68.0%, compared to 68.7% at 30 June 2021. Its decline is solely linked to sports betting. The **player payout** thus amounted to €6,828 million.

Gross gaming revenue (GGR¹) was €3,218 million for H1 2022, a rise of 12%.

After €2,043 million in public levies, up 13% compared to H1 2021, **Net Gaming Revenue (NGR²)** was €1,182 million, up 12% compared to H1 2021.

2.1.1 Revenue

Including income from other activities, which amounted to €30 million, the Group's half-yearly **revenue** amounted to €1,212 million, an increase of 12%.

2.1.2 Recurring operating profit and EBITDA

Cost of sales was €652 million. Of this, €474 million represented PoS commissions, which increased (+10%) in line with point-of-sale stakes, and €178 million was other cost of sales, the 12% increase (+€19 million) reflects the reduced commercial support in H1 2021.

¹Gross gaming revenue (GGR) is the difference between stakes and player payout

² Net gaming revenue (NGR) is GGR less public levies. It represents FDJ's remuneration for its gaming activities.

Marketing and communication expenses include advertising and communication costs as well as those related to the development of the gaming and services offer. They amounted to €221 million, up 13% (+€26 million) compared to H1 2021, mainly due to the development of the offer.

Administrative and general expenses mainly include personnel and operating expenses for central functions, as well as building and IT infrastructure costs. They amounted to €88 million, down €2 million compared to H1 2021.

Other operating income and expenses amounted to a €6 million net expense, and mainly include the amortisation charge for exclusive operating rights.

The Group's **recurring operating profit** thus totalled €245 million, up 24% (+€47 million) compared to H1 2021.

Other non-recurring operating income and expenses amounted to a €6 million net expense, compared to a €1 million expense in H1 2021.

Operating profit for H1 2022 was €239 million, up 21% (+€42 million) compared to H1 2021.

EBITDA correspond to recurring operating profit adjusted to exclude depreciation and amortisation expenses. Based on net depreciation and amortisation charges of €63 million on tangible and intangible assets, stable compared to H1 2021, EBITDA amounted to €308 million, up 18% (+€47 million) compared to H1 2021. The **EBITDA margin** was 25.4% in H1 2022, up 1.3 percentage point compared to H1 2021.

2.1.3 Net financial income/(expense)

The change in the **net financial expense** (€22 million expense in H1 2022 compared to €4 million income in H1 2021) reflects recent developments in the highly volatile financial markets. Thus, the valuation of the Group's various financial assets at fair value generated an expense of €20 million over the half-year, compared to income of €3 million in H1 2021.

2.1.4 Income tax expense

The Group's **tax expense** was €58 million, representing an effective tax rate³ of 26.8% over H1 2022, compared to 28.3% in H1 2021.

2.1.5 Net profit

The **consolidated net profit** for H1 2022 thus amounted to €160 million, up 9.4%.

³ Before share of net income from joint ventures

2.2 Segment reporting

<i>In millions of euros</i>	30.06.2022						
	Lottery BU	Sports Betting BU	Other - ABUs	Holding	Total before dep./amort.	Dep./amort.	Group total
Stakes	8,015	2,017	14	0	10,046		10,046
Gross gaming revenue (GGR)	2,733	485	0	0	3,218		3,218
Net gaming revenue (NGR)	943	232	6	0	1,182		1,182
Revenue	946	232	34	0	1,212		1,212
Cost of sales	-514	-110	-8	0	-631	-21	-652
Marketing and communication expenses	-86	-54	-36	-19	-195	-26	-221
Contribution margin	346	69	-10	-19	386	-47	339
General and administrative expenses & Other operating income and expenses				-78	-78	-16	-94
EBITDA					308		
Depreciation and amortisation						-63	
Recurring operating profit							245

<i>In millions of euros</i>	30.06.2021						
	Lottery BU	Sports Betting BU	Other - ABUs	Holding	Total before dep./amort.	Dep./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
Cost 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
General and administrative expenses & Other operating income and expenses				-81	-81	-17	-98
EBITDA					261		
Depreciation and amortisation						-63	
Recurring operating profit							198

Lottery BU:

The Lottery BU's revenue in H1 2022 was €946 million. Its 17% increase was in line with the increase in stakes of €1,138 million. In H1 2021, the measures taken by the French authorities to contain the Covid-19 pandemic affected point-of-sale activity, particularly in bars.

- The increase in stakes for draw games, up 19% to €3,088 million, was driven by Amigo, whose stakes returned to their 2019 level, and Loto and Euromillions, which benefited from several long cycles and various events, such as the Super Loto on Friday 13 and the multiple Euromillions millionaires in January.
- Stakes in instant games were up 15% to €4,927 million, thanks in particular to the rebound in footfall at points of sale and the management of the games portfolio with launches and relaunches, including Cash, one of the most iconic games in the Illiko range.

- The increase in point-of-sale stakes of nearly 17% mainly reflects the network's return to normal, but also the good intrinsic momentum of the games.
- The rebound in online lottery stakes in Q2, up 31% compared to Q2 2021, i.e. +14% for the half-year, was entirely driven by growth in the number of players. Over a rolling 12-month period to the end of June 2022, more than 4.5 million players played one of the online games of FDJ.

Cost of sales amounted to €514 million, up 17% (+€73 million) compared to H1 2021. They mainly correspond to PoS commissions for €387 million, whose 16% increase is in line with the increase in the network's stakes over the period.

Marketing and communication expenses increased by 25% to €86 million.

The Lottery BU's contribution margin for H1 2022 was €346 million, up €48 million compared to H1 2021, representing a contribution margin rate of 36.6%.

Sports Betting BU:

In H1 2022, the player payout ratio for sports betting was 76.0%, compared to 77.5% in H1 2021, when the main competitions were won by the favourites. This decline in the PPO explains the difference between the change in revenue (-5% to €232 million) and stakes (-11%). The change in stakes mainly reflects a high basis of comparison with the UEFA Euro 2020 football tournament, which started on 11 June 2021, as well as a less busy calendar and less attractive competitions in H1 2022.

Cost of sales amounted to €110 million, down 13% (-€16 million) compared to H1 2021. They mainly correspond to PoS commissions, which changed in line with network stakes.

The decrease in marketing and communication costs, down 6% to €54 million compared to H1 2021, is mainly due to a high base of marketing and communication expenses related to UEFA Euro 2020 in H1 2021.

The Sports Betting BU's contribution margin was €69 million at 30 June 2022, up €8 million compared to H1 2021, representing a contribution margin rate of 29.5%.

ABUs:

Diversification activities recorded revenue of €34 million, up €4 million compared to H1 2021. This increase is linked to the growth in international B2B revenue and to the growth in the point-of-sale payment activity for the DGFIP. The contribution margin for diversification activities was -€10 million at end-June 2022, reflecting the investment effort undertaken to develop these activities.

Holding:

Holding company costs were €97 million, €1 million lower than in H1 2021.

2.3 Change and balance sheet structure – Net cash surplus

In millions of euros	30.06.2022	31.12.2021	Change
Non-current assets	1,869.0	1,847.2	21.8
<i>o/w exclusive operating rights</i>	332.7	340.3	-7.5
<i>o/w other intangible assets</i>	175.8	182.1	-6.3
<i>o/w property, plant and equipment</i>	352.4	359.6	-7.2
<i>o/w non-current financial assets</i>	985.8	944.7	41.2
Current assets	901.9	1,341.1	-439.2
<i>o/w trade and distribution network receivables</i>	208.0	358.5	-150.6
<i>o/w other current assets</i>	64.5	261.3	-196.9
<i>o/w current financial assets</i>	70.4	93.7	-23.3
<i>o/w cash and cash equivalents</i>	532.1	601.7	-69.6
Total Assets	2,770.9	3,188.3	-417.5
Shareholders' equity	767.5	829.1	-61.6
Non-current liabilities	516.5	567.4	-50.9
<i>o/w non-current financial liabilities</i>	442.8	486.3	-43.5
Current liabilities	1,486.9	1,791.8	-304.9
<i>o/w trade and distribution network payables</i>	285.3	385.7	-100.4
<i>o/w current player funds</i>	314.1	256.6	57.4
<i>o/w public levies liabilities</i>	360.6	501.7	-141.1
<i>o/w winnings payable</i>	250.2	370.0	-119.8
<i>o/w other current liabilities</i>	207.0	203.2	3.8
<i>o/w current financial liabilities</i>	60.9	60.6	0.2
Total Liabilities	2,770.9	3,188.3	-417.5

2.3.1 Non-current assets and liabilities

The €21 million fall in **exclusive operating rights, other intangible assets and property, plant and equipment** mainly results from capital expenditure (€38 million⁴) and depreciation and amortisation (€63 million) for the period.

Non-current financial assets increased by €41 million. This followed new investments of €60 million, mostly in bonds, which were partly offset by an €18 million fall in the fair value of assets, reflecting the net decline in the markets in H1 2022.

Non-current financial liabilities comprise the portion of the Group's borrowings due after more than one year and lease liabilities. The fall of €43 million reflects repayments of £25 million (€30 million) on the borrowing taken out for the acquisition of Sporting Group and the transfer of €13 million of the Group's other borrowings to current financial liabilities, in line with the maturity dates.

⁴ Before changes in liabilities on asset acquisitions (€9 million)

2.3.2 Current assets and liabilities; working capital items

The €346m drop in **current non-financial assets** resulted from:

- trade and distribution network receivables, which were €151 million lower. This was due to the fact that business levels are traditionally lower at the end of June than at the end of December, as well as to a calendar effect⁵;
- other current assets (-197 million), which at 31 December 2021 included a prepayment of €202 million on the public levies liabilities falling due in H1 2022.

Non-financial current liabilities decreased by €305 million, mainly due to the falls in:

- trade and distribution network payables (-€100 million). Accounts payable to the distribution networks changed for the same reason as accounts receivable from the distribution network;
- public levies liabilities (-€141 million), which were affected by the fact that business levels are traditionally lower in June than in December, and by the change in unclaimed prizes (-€85 million). Unclaimed prizes are paid once a year to the French state; a payment of €150 million was made during H1. Other public levies are settled on a monthly basis;
- Winnings payable (€-120 million). At 31 December 2021, winnings of €81 million due to online players (including a €78 million Euromillions jackpot won at the end of 2021) were in the course of payment.

2.3.3 Current financial assets, cash and cash equivalents

Current financial assets were down €23 million, primarily because €30 million of bonds matured.

Cash and cash equivalents decreased by €70 million. The net cash inflow from operating activities in the first half (€274 million) was more than offset by the payment of dividends for the 2021 financial year (€230 million), repayments of debt (€42 million) and investments (€47 million).

⁵ The calendar effect reflects the number of days between the weekday on which the period ends and the date of the last direct debit from points of sale

2.3.4 Net cash surplus

<i>In millions of euros</i>	30.06.2022	31.12.2021
Non-current financial assets at amortised cost	435.0	435.0
Non-current financial assets at fair value through profit or loss	466.2	433.2
Non-current derivatives	11.6	2.7
Other	73.0	73.8
Total non-current financial assets	985.8	944.7
Current financial assets at amortised cost	52.7	52.4
Current financial assets at fair value through profit or loss	15.1	40.0
Current derivatives	1.9	0.5
Security deposits	0.7	0.7
Total current financial assets	70.4	93.7
Total financial assets	1,056.2	1,038.3
Investments, cash equivalents	233.7	221.2
Bank accounts and other	298.4	380.4
Total cash and cash equivalents	532.1	601.7
Non-current financial debt	-418.2	-462.2
Non-current lease liabilities	-24.0	-23.6
Other financial liabilities	-0.5	-0.5
Total non-current financial liabilities	-442.8	-486.3
Current financial debt	-53.4	-53.5
Current lease liabilities	-7.0	-6.2
Current derivatives	0.0	-0.8
Bank overdrafts	-0.4	0.0
Other financial liabilities	0.0	-0.1
Total current financial liabilities	-60.9	-60.6
Total financial liabilities	-503.6	-546.9
Security deposits received/paid (current and non-current)	-69.5	-69.9
Cash subject to restrictions	-3.6	-4.2
Amounts set aside exclusively for Euromillions winners	-120.7	-102.8
NET CASH SURPLUS	890.8	916.3

Other non-current financial assets at 30 June 2022 comprised the €60 million deposit under the secured trust agreement, which serves to protect the credit balances of online players (lottery and sports betting). This agreement will be replaced by a guarantee as from September 2022. As a result, the net cash surplus will go up by €60 million during H2.

2.3.5 Reconciliation between the various cash indicators

<i>In millions of euros</i>	30.06.2022	31.12.2021
Cash and cash equivalents	532.1	601.7
Amounts set aside exclusively for Euromillions winners	-120.7	-102.8
Non-current financial assets at amortised cost	435.0	435.0
Current financial assets at amortised cost	52.7	52.4
Financial assets at amortised cost	487.7	487.4
Available cash	899.1	986.2
Innovation funds	62.7	55.7
Other non-current investments at fair value through profit or loss	403.5	377.4
Non-current financial assets at fair value through profit or loss	466.2	433.2
Current financial assets at fair value through profit or loss	15.1	40.0
Financial assets at fair value through profit or loss	481.4	473.2
Financial debt and other financial liabilities	-471.6	-515.7
Non-current derivatives (assets)	11.6	2.7
Current derivatives (assets)	1.9	0.5
Current derivatives (liabilities)	0.0	-0.8
Derivatives	13.5	2.4
Lease liabilities	-31.1	-29.8
Bank overdrafts	-0.4	0.0
Net cash surplus	890.8	916.3

3 2022 Outlook

The performance in the first half of the year was better than the Group's forecast. However, given the current uncertainties regarding the economic environment in the second half of the year, the Group is not revising its 2022 outlook at this stage.

4 Main risks

The main risks and uncertainties that the Group could potentially face in H2 2022 are the same as those presented in Chapter 3 “Risk Factors” of the 2021 Universal Registration Document, ref. D.22-0124, approved by the AMF on 18 March 2022. Changes in risks associated with financial instruments and disputes over the first half are disclosed 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 2022 were the same as those identified at 31 December 2021, as were the related-party transactions.

6 Post-closing events

On 15 July, FDJ completed the acquisition of Aleda, with which it had entered into exclusive negotiations on 7 July 2022. Aleda is a specialist in cash collection and payment equipment and services for local businesses, in particular bars, tobacconists and newsagents.

On 28 July, FDJ also announced the acquisition of L'Addition, a specialist in cash collection and payment equipment and services for cafés, bars, hotels and restaurants.

After the launch of a point-of-sale payment offer in 2020 for the DGFIP, these acquisitions are part of the development strategy of FDJ's Payment and Services business, with the aim of becoming the leading French network in point-of-sale payment and collection. In addition, they reinforce the Group's commitment to supporting and assisting local businesses by offering them value-added services to help manage and develop their points of sale.

The completion of these transactions is subject to the usual conditions precedent, in particular the authorisation of the French Antitrust Authority for Aleda.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2022

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Consolidated income statement

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

<i>In millions of euros</i>	Note	30.06.2022	30.06.2021
<i>Stakes</i>	3.1	10,045.9	9,159.1
<i>Player payout</i>	3.1	-6,827.6	-6,294.0
Gross gaming revenue	3.1	3,218.3	2,865.1
<i>Public levies</i>	3.1	-2,042.6	-1,815.4
<i>Other revenue from sports betting</i>	3.1	6.1	8.1
Net gaming revenue	3.1	1,181.8	1,057.8
Revenue from other activities	3.1	30.5	23.9
Revenue	3.1	1,212.3	1,081.8
Cost of sales	3.2	-652.1	-590.8
Marketing and communication expenses	3.2	-221.3	-195.1
General and administrative expenses	3.2	-88.2	-89.8
Other operating income	3.2	2.4	0.1
Other operating expenses	3.2	-7.9	-8.4
Recurring operating profit	3.2	245.1	197.8
Other non-recurring operating income	3.2	0.1	0.0
Other non-recurring operating expenses	3.2	-6.1	-0.9
Operating profit		239.2	197.0
Cost of debt		-2.6	-2.9
Other financial income		8.3	6.8
Other financial expenses		-28.0	-0.2
Net financial income/(expense)	6.1	-22.4	3.8
Share of net income from joint ventures	8	1.0	1.9
Profit before tax		217.7	202.6
Income tax expense	9	-58.2	-56.9
Net profit for the period		159.5	145.7
- attributable to owners of the parent		159.5	145.7
- attributable to non-controlling interests		0.0	0.0
Basic earnings per share (in euros)	10	0.835	0.763
Diluted earnings per share (in euros)	10	0.834	0.763

Consolidated statement of comprehensive income

<i>In millions of euros</i>	30.06.2022	30.06.2021
Net profit for the period	159.5	145.7
Cash flow hedging (before tax)	11.9	1.1
Net investment hedging on foreign activities (before tax)	0.5	-3.2
Net change in currency translation differences (before tax)	0.3	3.9
Tax on items subsequently transferred or transferable to profit or loss	-3.2	0.4
Items subsequently transferred or transferable to profit or loss	9.5	2.1
Actuarial gains and losses	10.7	3.2
Tax on items that may not subsequently be transferred to profit or loss	-2.8	-1.3
Items that may not subsequently be transferred to profit or loss	7.9	1.9
Other comprehensive income	17.5	4.1
Total comprehensive income for the period	177.0	149.8
- attributable to owners of the parent	177.0	149.8
- attributable to non-controlling interests	0.0	0.0

Consolidated statement of financial position

<i>In millions of euros</i>			
ASSETS	Note	30.06.2022	31.12.2021
Exclusive operating rights	4.1	332.7	340.3
Other intangible assets	4.1	175.8	182.1
Property, plant and equipment	4.2	352.4	359.6
Non-current financial assets	6.2	985.8	944.7
Investments in joint ventures	8	22.2	20.6
Non-current assets		1,869.0	1,847.2
Inventories		12.6	13.0
Trade and distribution network receivables	3.6	208.0	358.5
Other current assets	3.6	64.5	261.3
Current tax assets		14.4	13.0
Current financial assets	6.2	70.4	93.7
Cash and cash equivalents	6.5	532.1	601.7
Current assets		901.9	1,341.1
TOTAL ASSETS		2,770.9	3,188.3
<i>In millions of euros</i>			
LIABILITIES	Note	30.06.2022	31.12.2021
Share capital		76.4	76.4
Statutory reserves		0.0	91.7
Retained earnings (including profit for the period)		666.7	654.1
Reserves of other comprehensive income		24.4	6.9
Equity attributable to owners of the parent	11	767.5	829.1
Non-controlling interests		0.0	0.0
Shareholders' equity		767.5	829.1
Provisions for retirement benefits and similar commitments	3.5	36.0	47.7
Non-current provisions	5	12.0	12.5
Deferred tax liabilities		25.7	21.0
Non-current financial liabilities	6.2	442.8	486.3
Non-current liabilities		516.5	567.4
Current provisions	5	9.2	12.8
Trade and distribution network payables	3.8	285.3	385.7
Current tax liabilities		-0.4	1.1
Current player funds	3.7	314.1	256.6
Public levies liabilities	3.8	360.6	501.7
Winnings payable/Player balances	3.8	250.2	370.0
Other current liabilities	3.8	207.0	203.2
Current financial liabilities	6.2	60.9	60.6
Current liabilities		1,486.9	1,791.8
TOTAL LIABILITIES		2,770.9	3,188.3

Consolidated statement of cash flows

<i>In millions of euros</i>	Note	30.06.2022	30.06.2021
OPERATING ACTIVITIES			
Consolidated net profit for the period		159.5	145.7
Change in asset depreciation, amortisation and impairment of non-current assets		63.0	63.3
Change in provisions		-1.1	5.0
Capital gains or losses on disposal		0.7	0.2
Income tax expense		58.2	56.9
Other non-cash items included in the consolidated income statement		1.4	0.0
Net financial income/(expense)		22.4	-3.8
Share of net income from joint ventures		-1.0	-1.9
Non-cash items		143.6	119.7
Use of provisions - payments		-4.4	-5.0
Interest received		-1.2	0.9
Income taxes paid		-62.4	-30.0
Change in trade receivables and other current assets		342.9	245.8
Change in inventories		0.3	0.9
Change in trade payables and other current liabilities		-296.9	-110.3
Change in other components of working capital		-7.1	-7.1
Change in operating working capital		39.3	129.4
Net cash flow from operating activities	7	274.3	360.8
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		-47.3	-32.7
Change in current and non-current financial assets		-26.9	44.5
Change in loans and advances granted		0.1	-9.9
Dividends received from joint ventures and shareholdings		0.2	0.1
Other		10.1	0.0
Net cash flow used in investing activities	7	-63.8	2.1
FINANCING ACTIVITIES			
Issue of long-term debt		0.0	0.0
Repayment of the current portion of long-term debt		-41.8	-169.5
Payment of lease liabilities		-3.8	-3.9
Dividends paid to ordinary shareholders of the parent company		-229.5	-166.7
Interest paid		-2.6	-2.9
Other		-3.0	0.9
Net cash flow used in financing activities	7	-280.8	-342.1
Impact of changes in foreign exchange rates		0.4	0.0
Net increase/decrease in net cash		-69.9	20.9
Cash and cash equivalents at 1 January		601.7	673.2
Cash and cash equivalents at 30 June		532.1	693.8
Current bank overdrafts at 1 January		0.0	-0.3
Current bank overdrafts at 30 June		-0.4	0.0

Consolidated statement of changes in equity

<i>In millions of euros</i>	Share capital	Statutory reserves	Retained earnings (incl. profit for the period and optional reserve)	Cash flow hedging	Currency translation differences (incl. net investment hedging)	Actuarial gains and losses	Reserves of other comprehensive income	Equity attributable to owners of the parent	Non-controlling interests	Total equity
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
Effects of changes in accounting policy*			2.9			0.5	0.5	3.4		3.4
Equity at 31.12.2020 (restated)	76.4	91.7	533.7	-1.1	3.1	-1.7	0.3	702.1	0.0	702.1
Net profit 30 June 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 for the period	0.0	0.0	145.7	0.7	1.4	1.9	4.1	149.8	0.0	149.8
Allocation of prior year net profit		0.0	0.0							
2020 dividends paid			-171.9					-171.9		-171.9
Other			1.7					1.7		1.7
Equity at 30.06.2021	76.4	91.7	509.2	-0.4	4.6	0.3	4.4	681.7	0.0	681.7
Equity at 31.12.2021	76.4	91.7	654.1	-0.4	7.2	0.3	7.0	829.2	0.0	829.2
Net profit 30 June 2022			159.5					159.5	0.0	159.5
Other comprehensive income				8.9	0.7	7.9	17.5	17.5		17.5
Total comprehensive income for the period	0.0	0.0	159.5	8.9	0.7	7.9	17.5	177.0	0.0	177.0
Allocation of prior year net profit		5.2	-5.2					0.0		0.0
2021 dividends paid			-236.6				0.0	-236.6		-236.6
Other**		-96.8	94.8				0.0	-2.1		-2.1
Equity at 30.06.2022	76.4	0.0	666.6	8.4	7.9	8.2	24.5	767.5	0.0	767.5

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

* Application of the IFRS IC decision of April 2021 on apportioning the costs of lump-sum retirement benefits over time constituted a change of accounting policy in 2021. This change was applied retrospectively in accordance with IAS 8.

** A resolution was passed at the combined ordinary and extraordinary general meeting of 26 April 2022 to transfer the statutory reserve to the optional reserve. The sum transferred was €97 million (see note 11.4)

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 30 June 2022: French State (20%), veterans' associations⁶ (15%, including 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%.

The State exerts strict control over the Company. As a result, the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers is subject to approval by the Ministers for the Budget and the Economy, who must also give advance consent for any changes in shareholdings that cross the threshold of 10% or a multiple of 10% of the share capital.

As at 30 June 2022, the Group, which comprises 20 consolidated entities, runs a gaming operation and distribution business in France (metropolitan and overseas departments), four French overseas territories and Monaco. It operates internationally, notably through its equity investments in the following companies:

- Sporting Group, a UK group comprising five companies, with two core businesses: i) betting and risk management services for sports betting operators, and ii) sports betting (spread betting and fixed odds);
- Beijing ZhongCai Printing (BZP), a scratch card printer located in China;
- Services aux Loteries en Europe (SLE), a Belgian cooperative established to hold and administer draws for participating lotteries in connection with Euromillions;
- Lotteries Entertainment Innovation Alliance AS (LEIA), a Norwegian company that operates a digital gaming platform;
- FGS Canada, a Canadian 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 prepared in euros, the functional currency of the parent company.

1.2 Regulatory environment of FDJ Group (the Group)

FDJ operates in the gaming sector, a highly regulated industry under strict State control. The French 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

⁶ The group of veterans' 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.

FDJ in competition against rival companies, under the five-year authorisation granted by the ANJ in 2010 and most recently renewed on 8 September 2020.

Applicable regulations set goals for FDJ as a gaming operator 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 the manipulation of competitions or sports events in connection with betting.

1.3 Highlights

Strong growth in revenue and EBITDA in the first half of 2022

First-half revenue was €1.2 billion, up 12%.

Lottery revenue rose substantially (+17%), with all points of sale open in 2022, whereas 10% of them were closed in the first half of 2021. The change in sports betting revenue (-5%) reflected a high basis of comparison (UEFA Euro 2020), given that the FIFA World Cup will not take place until the end of the year.

Stakes were €10 billion for the half-year, a rise of almost 10%, with a strong trend in both point-of-sale stakes (+10%) and online stakes (+9%). Online stakes represented almost 12% of total stakes. The rebound in online lottery stakes in the second quarter, up 31% compared to Q2 2021 and up 14% compared to H1 2021, was driven by the growth in the number of players.

Half-year EBITDA for the Group was €308 million, up 18%, representing a margin of 25.4% compared to 24.1% in the first half of 2021.

CSR commitments strengthened

- Responsible gambling at the heart of the Group's business model

Excessive and underage gambling prevention was beefed up:

- As part of its commitment to devote 10% of its total advertising expenditure to the prevention of excessive and underage gambling, the Group launched a new information campaign entitled "Gambler's Rules" in April. In four thirty-second films, FDJ reminds people of good gambling practices: to be over 18, to set a budget, and to monitor their gambling, in particular through tools made available by FDJ.
- With regard to preventing underage gambling, FDJ is continuing to work on three main areas: informing the general public, training and sanctions for retailers, with a new "mystery visit" campaign to continue to improve the practices of points of sale in this area.

- New non-financial rating on the "carbon score"

FDJ obtained an "A" carbon score and was included in the Vérité40 index established by Axylia and composed of the 40 best carbon scores of the SBF 120 companies.

1.4 Change in the scope of consolidation

There was no change in the scope of consolidation. The list of consolidated entities is presented in the Group's financial report established for the financial year ended 31 December 2021.

2 Accounting standards and policies

2.1 Basis for the preparation and presentation of the financial statements

The condensed half-year consolidated financial statements of FDJ Group at 30 June 2022 (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 for the year ended 31 December 2021, approved by the Board of Directors on 16 February 2022 and prepared in accordance with the going concern principle.

The consolidated financial statements for the period ended 30 June 2022 are available online at www.groupefdj.com.

The condensed financial statements at 30 June 2022 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 2021, 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 2021, with an update of the discount rate and outflows at 30 June 2022;
- income tax expense: the tax expense for the interim period is calculated by applying the estimated average effective rate for the year to profit 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, financial and public health environment, 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 departure assumptions for employee benefits (Note 3.5);
- Assessment and quantification of legal risks to determine provisions for risks and litigations (Note 5);
- Useful lives and recoverable amount for the purpose of measuring the recoverable amount of intangible and tangible fixed assets (Note 4). The amortisation period for the customer

base recognised as an asset upon the acquisition of Sporting Group has been shortened to take account of attrition rates;

- Assessment of the risk associated with non-recovery of past-due payments for the purpose of measuring the recoverable value of receivables from the distribution network (Note 3.6);
- Fair value of financial assets not listed on active markets (Note 6).
- Measurement assumptions used to value performance shares (EBITDA, profit per share, probability of achieving targets, risk-free rate, share price) (Note 3.5);
- Leases (principally the maximum period of 9 years assumed for property leases of over €5,000).

In addition to estimates, the Group makes judgements to determine 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 2022.

2.3 Standards, interpretations and amendments subject to mandatory application at 1 January 2022

Amendments and interpretations approved by the European Union whose application became mandatory on 1 January 2022 (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) had no impact on the Group's financial statements.

2.4 Texts not yet adopted by the European Union

- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Amendments to IFRS 17 – Simplification of the presentation of financial assets in comparative information

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

3 Operating data

The performance in H1 2022 was amplified by a basis of comparison affected by the health crisis in H1 2021, as the various restrictions introduced to contain the Covid-19 pandemic were not fully lifted until the beginning of June 2021.

3.1 Net Gaming Revenue (NGR) and revenue

Group **stakes** totalled €10,046 million, up 9.7% compared to H1 2021. Point-of-sale stakes increased 10% to €8,870 million, driven by the success of the Group's marketing and sales initiatives and the return to normal footfall at points of sale, of which nearly 10% were closed in H1 2021. The solid growth in online stakes, up 9%, was driven by the increase in the number of players. At €1,176 million, they accounted for 12% of H1 stakes.

The **player payout ratio (PPO)** for the period was 68.0%, compared to 68.7% at 30 June 2021. Its decline is solely linked to sports betting. The player payout thus amounted to €6,828 million.

Gross gaming revenue (GGR) is the difference between stakes and player payout. The total for H1 2022 was €3,218 million, a rise of 12%.

After €2,043 million in public levies, up 13% compared to H1 2021, **Net Gaming Revenue (NGR)**⁷ was €1,182 million, up 12% compared to H1 2021.

After including income from other activities (€30 million), the Group's **revenue** for the half-year was €1,212 million, a rise of 12%.

	30.06.2022	30.06.2021
<i>In millions of euros</i>		
Draw games	400.9	336.0
Instant games	542.4	469.3
Total lottery	943.3	805.3
Sports betting	232.4	243.9
Other*	6.2	8.6
Total NGR	1,181.8	1,057.8
Revenue from other activities	30.5	23.9
Revenue	1,212.3	1,081.8

* Traditional fixed odds sports betting provided by Sporting Group

⁷ Net gaming revenue (NGR) is GGR less public levies. It represents FDJ's remuneration for its gaming activities.

3.2 Operating profit

3.2.1 Recurring operating profit

Cost of sales was €652 million. Of this, €474 million represented PoS commissions, which increased (+10%) in line with point-of-sale stakes, and €178 million was other cost of sales, the 12% increase (+€19 million) reflects the reduced commercial support in H1 2021.

Marketing and communication expenses include advertising and communication costs as well as those related to the development of the gaming and services offer. They amounted to €221 million, up 13% (+€26 million) compared to H1 2021, mainly due to the development of the offer.

Administrative and general expenses mainly include personnel and operating expenses for central functions, as well as building and IT infrastructure costs. They amounted to €88 million, down €2 million compared to H1 2021.

Other operating income and expenses amounted to a €6 million net expense, mainly comprising the amortisation charge for exclusive operating rights.

The Group's **recurring operating profit** thus totalled €245 million, up 24% (+€47 million) compared to H1 2021.

3.2.2 Breakdown of income statement items

A breakdown of personnel expenses is given in Note 3.5.

Net depreciation and amortisation of intangible assets and property, plant and equipment was €63m in H1 2022, the same as in H1 2021.

3.2.3 Other non-recurring operating income and expenses

Other non-recurring operating income and expenses amounted to a €6 million expense, compared to a €1 million expense in H1 2021.

Operating profit for H1 2022 was €239 million, up 21% (+€42 million) compared to H1 2021.

3.3 Segment reporting

30.06.2022							
<i>In millions of euros</i>	Lottery BU	Sports Betting BU	Other - ABUs	Holding	Total before dep./amort.	Dep./amort.	Group total
Stakes	8,015	2,017	14	0	10,046		10,046
Gross gaming revenue (GGR)	2,733	485	0	0	3,218		3,218
Net gaming revenue (NGR)	943	232	6	0	1,182		1,182
Revenue	946	232	34	0	1,212		1,212
Cost of sales	-514	-110	-8	0	-631	-21	-652
Marketing and communication expenses	-86	-54	-36	-19	-195	-26	-221
Contribution margin	346	69	-10	-19	386	-47	339
General and administrative expenses & Other operating income and expenses				-78	-78	-16	-94
EBITDA					308		
Depreciation and amortisation						-63	
Recurring operating profit							245

30.06.2021							
<i>In millions of euros</i>	Lottery BU	Sports Betting BU	Other - ABUs	Holding	Total before dep./amort.	Dep./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
Cost 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
General and administrative expenses & Other operating income and expenses				-81	-81	-17	-98
EBITDA					261		
Depreciation and amortisation						-63	
Recurring operating profit							198

EBITDA correspond to recurring operating profit adjusted to exclude depreciation and amortisation expenses. Based on net depreciation and amortisation charges of €63 million on tangible and intangible assets, stable compared to H1 2021, EBITDA amounted to €308 million, up 18% (+€47 million) compared to H1 2021. The **EBITDA margin** was 25.4% in H1 2022, up 1.3 percentage point compared to H1 2021.

3.4 Operating risk hedging

3.4.1 Counterparty risk

Counterparty risk in lottery games is covered by an insurance policy. The policy was taken out by FDJ within the framework of an annual policy with several insurance companies to cover the aggregate counterparty risks for lottery games based on a counterparty mechanism. In 2022, the policy covered the cumulative net impact on NGR of potential counterparty losses over the financial year in excess

of €8 million (deductible), subject to an aggregate cap of €130 million and subject to the limit of €100 million winnings per prize draw pursuant to Article D.322-14 of the French Interior Security Code. The insurance premium, together with any claims payments, is disclosed in cost of sales. No claims have been paid under this policy.

3.4.2 Credit risk on operating receivables

The Group's receivables relate mainly to its distribution network. They reflect the stakes accepted by retailers, which are collected weekly by FDJ by direct debit. Retailers require a permit from FDJ to sell its games, granting of which is systematically subject to the provision of a deposit or a guarantee by the retailer. The risk associated with retailer receivables is analysed by an oversight committee, whose meetings are regularly attended by the heads of the Sales, Financial, Legal, Security and Responsible Gaming Departments. The committee is in charge of ruling on special cases involving material past-due payments and deciding whether or not to litigate over certain receivables. The rules for the impairment of receivables are based on their amount and ageing, and are in line with the expected credit loss model, given the extremely short settlement times and the credit risk management systems in place. The Group considers the risk of retailer default with a material impact on its financial position and results to be limited. Other receivables are impaired on a case-by-case basis.

3.4.3 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's general policy is to hedge this risk over each period. The Group had a material exposure to the US dollar in both 2022 and 2021, for a maximum equivalent amount of US\$29 million in 2022 and US\$29 million in 2021. There was no operating exposure to the pound sterling in 2022 (maximum £9.1 million in 2021).

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 €1.9m at 30 June 2022 (-€0.6m at 30 June 2021). A ten-cent movement up or down in the €/US\$ exchange rate (+/- \$0.10 per €1) would lead, respectively, to a €2.1 million fall or a €2.6 million increase.

3.5 Personnel expenses and employee benefits

3.5.1 Group headcount

The Group's weighted average headcount, covering all types of employment contracts including temporary staff, was as follows:

	30.06.2022	30.06.2021
Weighted average headcount	2,755	2,643

	30.06.2022	30.06.2021
Total year-end headcount	2,785	2,687

3.5.2 Personnel expenses

<i>In millions of euros</i>	30.06.2022	30.06.2021
Wages and salaries	82.2	76.2
Social security contributions	40.8	38.1
Employee profit-sharing and incentives	17.9	18.0
Long-term benefits	-0.6	1.4
Other	13.0	11.8
Total personnel expenses	153.2	145.5

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

3.5.3 Employee benefits

<i>In millions of euros</i>	30.06.2022	31.12.2021
Retirement benefits	25.4	32.1
Long-service awards	7.1	8.7
Healthcare costs	3.4	6.8
Provisions for retirement benefits and similar commitments	36.0	47.7

The discount rate applied at 30 June 2022 was 3.2% (vs. 0.8% at 31 December 2021).

According to sensitivity test results, a 25-basis point increase or decrease in the discount rate would have a respective impact of -2.4% and +2.5% on the provisions.

3.5.4 Share-based payment

Two performance-based share schemes are in operation. Shares have been allocated to the Chairwoman and CEO, the Deputy CEO and certain Group employees. In accordance with the principles set out below, rights to performance share awards are measured at fair value on the date of allocation, based on the assumption that the target level of performance will be fully achieved. The number of shares to be awarded is shown below.

The actual award of the shares is subject to the achievement of performance targets (EBITDA, profit per share, total shareholder return for FDJ shareholders, identified stakes ratio and Moody's ESG Solutions rating). If these targets are not met, the number of shares delivered and the expense will be reduced. In the event of outperformance, the number of shares delivered will be increased, up to a maximum of 145% of the entitlements awarded.

The performance targets are assessed over three financial years, starting in the year in which the shares are awarded. The shares are delivered in the year after the three-year period, i.e. shares awarded in 2021 will be delivered in 2024 and shares awarded in 2022 will be delivered in 2025.

Plan	2021-2024	2022-2025
Allocation date	30/06/2021	26/04/2022
Number of shares	95,867	174,793
Share price	49.58	34.60
Fair value	44.20	28.65
Expected dividends during the vesting period	5.3%	10.0%
Volatility of shares	23.0%	34.4%
Weighting for non-market performance targets (base 100%)	85.0%	85.0%
Weighting for TSR performance targets (base 100%)	15.0%	15.0%
Valuation method	Monte Carlo	

The estimated expense is €14.2 million (including employer's social security contributions) over the term of the plan, of which €1.3 million was expensed in the half-year. During this period, 71,630 shares were purchased for a total of €2.5 million for distribution to the beneficiaries when the plan matures.

3.6 Current receivables

3.6.1 Trade and distribution network receivables

<i>In millions of euros</i>	30.06.2022	31.12.2021
Trade receivables (gross)	28.3	38.1
Distribution network receivables (gross)	195.8	337.1
Impairment	-16.1	-16.7
Total trade and distribution network receivables	208.0	358.5

Trade receivables are mainly associated with the business conducted by the Group with foreign lotteries for the provision of IT services.

Stakes collected from players, net of prizes paid out and commissions, are collected weekly from the distribution network by direct debit. Stakes are booked to assets, while prizes and fees are recorded in liabilities.

Distribution network receivables represent stakes paid to retailers at the end of the period but not yet debited from the retailers by FDJ. The amount varies, depending on the day of the week on which 30 June falls. The decrease is due to the fact that business levels are traditionally lower at the end of June than at the year end, as well as to a calendar effect.

3.6.2 Other current assets

<i>In millions of euros</i>	30.06.2022	31.12.2021
Prepaid expenses	28.5	21.6
Other current receivables	35.9	239.8
Total other current assets	64.5	261.3

At 31 December 2021, other current receivables included an advance payment of €202 million on public levies liabilities.

3.7 Player funds

<i>In millions of euros</i>	30.06.2022	31.12.2021
	314.1	256.6

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

3.8 Current payables

3.8.1 Trade and distribution network payables

<i>In millions of euros</i>	30.06.2022	31.12.2021
Trade payables	168.0	173.0
Distribution network payables	117.3	212.6
Total trade and distribution network payables	285.3	385.7

Distribution network payables consist of prizes paid to players by retailers and network commissions for the period-end. These amounts are paid weekly. The amount varies, depending on the day of the week on which 30 June falls. The change during the half-year is due to the fact that stakes are traditionally lower at the end of June than at the end of December, as well as to a calendar effect.

3.8.2 Public levies liabilities

<i>In millions of euros</i>	30.06.2022	31.12.2021
Liabilities – General State budget	202.6	243.2
Liabilities – Sports betting levies	54.5	63.0
Liabilities – Other public levies	38.8	45.2
Sub-total	295.9	351.5
Unclaimed prizes	64.8	150.2
Public levies liabilities	360.6	501.7

Public levies are paid over on a monthly basis, except in the case of unclaimed prizes, which are paid during the first half of the next financial period. The change in public levies liabilities, excluding unclaimed prizes, tracks the change in GGR, on which the levies have been assessed since the entry into force of the Pacte Law on 1 January 2020. The movement in the half-year is due to the fact that business levels are traditionally lower in June than in December, as well as to the payment of 2021 unclaimed prizes to the State.

3.8.3 Winnings payable – Player balances

Winnings payable – Player balances amounted to €250 million (31 December 2021: €370 million) and included:

- winnings payable, i.e. unexpired, unpaid winnings owed to players, of €191 million (31 December 2021: €229 million);

- player balances of €49 million on accounts on fdj.fr or parionssportenligne.fr (31 December 2021: €51 million);
- winnings of online players in course of payment, totalling €1 million (31 December 2021: €81 million, including a €78 million Euromillions jackpot).

3.8.4 Other current liabilities

<i>In millions of euros</i>	30.06.2022	31.12.2021
Prepaid income	50.6	38.0
Other payables	156.4	165.2
Other current liabilities	207.0	203.2

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.

Other payables mainly comprise tax and social security payables (30 June 2022: €130 million; 31 December 2021: €145 million).

4 Tangible and intangible assets

4.1 Intangible assets

<i>In millions of euros</i>	30.06.2022			31.12.2021		
	Gross	Amortisation Impairments	Net	Gross	Amortisation Impairments	Net
Exclusive operating rights	380.0	-47.3	332.7	380.0	-39.7	340.3
Development costs	232.9	-164.4	68.5	220.1	-144.4	75.7
Software	78.3	-70.9	7.4	78.4	-69.4	9.0
Intangible assets in progress and other intangible assets	121.0	-21.1	99.9	111.8	-14.4	97.3
Total intangible assets	812.3	-303.8	508.5	790.3	-267.9	522.3

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 is being amortised over a 25-year period starting on 23 May 2019.

The main investments over the period concerned the parent company and related to the development of production and back-office IT systems and point-of-sale terminals.

4.2 Property, plant and equipment

<i>In millions of euros</i>	30.06.2022			31.12.2021		
	Gross	Depreciation Impairments	Net	Gross	Depreciation Impairments	Net
Land	96.6	-	96.6	96.6	-	96.6
Building facilities and amenities	243.1	-88.9	154.2	240.0	-83.1	156.9
Rights of use (IFRS 16)	48.4	-19.2	29.3	46.4	-18.1	28.2
Furniture, technical installations & PoS equipment	237.8	-201.0	36.8	236.6	-191.8	44.7
Hardware	84.1	-73.1	11.0	81.8	-70.6	11.2
Local services equipment	24.9	-22.4	2.6	24.1	-21.7	2.4
Other property, plant and equipment	47.5	-41.2	6.4	45.5	-40.2	5.3
Property, plant and equipment in progress	13.8	-	13.8	13.3	-	13.3
Advances and payments on account	1.8	-	1.8	1.0	-	1.0
Total property, plant and equipment	798.1	-445.7	352.4	785.2	-425.5	359.6

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

5 Provisions

<i>In millions of euros</i>	31.12.2021	Increases	Reversals		30.06.2022
			Utilised	Not utilised	
Total non-current provisions	12.5	1.6	0.0	-2.1	12.0
Total current provisions	12.8	0.7	-3.9	-0.4	9.2
Total provisions	25.3	2.4	-3.9	-2.6	21.2

Non-current provisions cover the legal cases with former agent-brokers.
Current provisions mainly cover disputes related to operations.

6 Cash and financial instruments

6.1 Net financial income/(expense)

<i>In millions of euros</i>	30.06.2022	30.06.2021
Cost of financial debt	-2.6	-2.9
Gains on disposals	0.0	0.6
Interest on investments	1.4	1.7
Derivatives (income)	0.0	0.0
Gains on securities measured at fair value through profit or loss	6.4	3.3
Foreign exchange loss	0.2	0.4
Other financial income	0.3	0.8
Financial income	8.3	6.8
Derivatives (expenses)	-1.6	-0.1
Losses on securities measured at fair value through profit or loss	-25.9	0.0
Foreign exchange losses	0.0	-0.1
Other financial expenses	-0.2	-0.0
Financial expenses	-28.0	-0.2
Net financial income/(expense)	-22.4	3.8

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

The net decrease in gains and losses on securities measured at fair value through profit or loss (€23 million between H1 2021 and H1 2022) resulted from the movements in the financial markets, which fell overall in H1 2022, but which had rebounded sharply in H1 2021. This includes the €8 million drop in the value of the dedicated bond funds caused by the rise in interest rates. These funds are invested in bonds that mature in 2024. The Group intends to hold these bonds to maturity. They will be repaid at their nominal value, and the dedicated funds will thus revert to their initial valuation. The Group's venture capital investments, which are measured at fair value through profit or loss, continued to perform well in H1 2022, thus maintaining 2021's positive trend and leading to a net increase of €5 million in their valuation.

FDJ is exposed to foreign exchange risks in relation to the pound sterling. Fluctuations in the pound give rise to a foreign exchange gain or loss on unhedged financial assets and liabilities.

6.2 Financial assets and liabilities

<i>In millions of euros</i>	30.06.2022	31.12.2021
Non-current financial assets at amortised cost	435.0	435.0
Non-current financial assets at fair value through profit or loss	466.2	433.2
Non-current derivatives	11.6	2.7
Other non-current financial assets	73.0	73.8
Total non-current financial assets	985.8	944.7
Current financial assets at amortised cost	52.7	52.4
Current financial assets at fair value through profit or loss	15.1	40.0
Current derivatives	1.9	0.5
Security deposits	0.7	0.7
Total current financial assets	70.4	93.7
Total financial assets	1,056.2	1,038.3
Non-current financial debt	418.2	462.2
Non-current lease liabilities	24.0	23.6
Other non-current financial liabilities	0.5	0.5
Total non-current financial liabilities	442.8	486.3
Current financial debt	26.8	26.9
Current lease liabilities	7.0	6.2
Current derivatives	0.0	0.8
Bank overdrafts	0.4	0.0
Other financial liabilities	26.6	26.6
Total current financial liabilities	60.9	60.6
Total financial liabilities	503.6	546.9

The increase of €18 million over the half-year in current and non-current financial assets is mainly due to:

- new investments (€60 million, all non-current), mainly in assets measured at fair value through profit or loss, against a backdrop of ongoing low or negative interest rates in which term deposits had little to offer;
- maturing investments (€30 million);
- changes in the fair value of assets (-€19 million) due to falling markets during the half-year, in contrast to the marked rebound during H1 2021;
- changes in the fair value of derivatives (€9 million), concerning the interest rate hedges put in place for variable-rate borrowings. The value of the derivatives goes up as interest rates rise.

The Group maintained its investments in non-monetary financial assets, a significant portion of which comprise dedicated funds or UCITS investing in bonds with three years or less to maturity. The vast majority of the Group's financial investments remain highly liquid in the very short term.

Other non-current financial assets mainly include the deposit associated with the secured trust agreement (€60 million at 30 June 2022 and at 31 December 2021), which is measured at amortised cost, and the Euromillions deposit (€7 million at 30 June 2022 and at 31 December 2021), which is

measured at amortised cost. The secured trust agreement deposit, which serves to protect the credit balances of online lottery and sports betting players, will be replaced by a guarantee as from September 2022. This will give rise to a €60 million increase in cash and cash equivalents in H2 2022.

Current and non-current financial debt of €445 million (31 December 2021: €489 million) essentially consisted of:

- a loan of €334 million (net of €3 million issuance costs) to fund the securing of the exclusive operating rights, of which €315 million is non-current and €19 million is current. The loan was taken out on 1 April 2020 and had a nominal value of €380 million. It is repayable over 20 years and bears interest at a variable rate linked to Euribor. Interest rate hedges covering €228 million of the principal have been put in place (€176 million hedged until June 2026 and €53 million until September 2027);
- a €76 million fixed-rate loan for the acquisition of the Group's registered office, of which €68 million is non-current and €8 million is current. The nominal value was €120 million. It bears interest at a fixed rate and is repayable over the period until 24 November 2031;
- a €30 million loan (€35 million), all of which is non-current, taken out in May 2019 for the acquisition of Sporting Group. It bears interest at a floating interest (Sonia) and is repayable in two tranches in 2024 and 2025. Voluntary repayments of €25 million were made during the half-year

6.3 Maturity of financial assets and liabilities

2022 - In millions of euros	Under one year	More than one year	More than 2 years	More than 3 years	More than 4 years	More than 5 years	Total
Non-current financial assets at amortised cost		190.0	25.0	100.0	50.0	70.0	435.0
Non-current financial assets at fair value through profit or loss		416.2	50.0	0.0	0.0	0.0	466.2
Non-current derivatives		0.0	0.0	8.5	0.0	3.1	11.6
Other non-current financial assets		72.7	0.0	0.0	0.0	0.3	73.0
Total non-current financial assets	0.0	679.0	75.0	108.5	50.0	73.4	985.9
Current financial assets at amortised cost	52.7						52.7
Current financial assets at fair value through profit or loss	15.1						15.1
Current derivatives	1.9						1.9
Security deposits	0.7						0.7
Total current financial assets	70.4	0.0	0.0	0.0	0.0	-	70.4
Total financial assets	70.4	679.0	75.0	108.5	50.0	73.4	1,056.2
Non-current financial debt		38.2	26.6	50.6	26.7	276.1	418.2
Lease liabilities		6.3	5.8	4.8	3.3	3.9	24.0
Other non-current financial liabilities		0.0	0.1	0.1	0.0	0.3	0.5
Total non-current financial liabilities	0.0	44.5	32.4	55.5	30.0	280.4	442.8
Current financial debt	26.8						26.8
Lease liabilities	7.0						7.0
Current derivatives	0.0						0.0
Bank overdrafts	0.4						0.4
Other current financial liabilities	26.6						26.6
Total current financial liabilities	60.9	0.0	0.0	0.0	0.0	0.0	60.9
Total financial liabilities	60.9	44.5	32.4	55.5	30.0	280.4	503.6

2021 - In millions of euros	Under one year	More than one year	More than 2 years	More than 3 years	More than 4 years	More than 5 years	Total
Non-current financial assets at amortised cost		115.0	80.0	60.0	110.0	70.0	435.0
Non-current financial assets at fair value through profit or loss		433.2	0.0	0.0	0.0	0.0	433.2
Non-current derivatives		0.0	0.0	0.0	1.9	0.8	2.7
Other non-current financial assets		73.5	0.0	0.0	0.0	0.3	73.8
Total non-current financial assets	0.0	621.7	80.0	60.0	111.9	71.1	944.7
Current financial assets at amortised cost	52.4						52.4
Current financial assets at fair value through profit or loss	40.0						40.0
Current derivatives	0.5						0.5
Security deposits	0.7						0.7
Total current financial assets	93.7	0.0	0.0	0.0	0.0	-	93.7
Total financial assets	93.7	621.7	80.0	60.0	111.9	71.1	1,038.4
Non-current financial debt		26.5	48.4	26.6	71.1	289.6	462.2
Non-current lease liabilities		5.5	5.0	4.1	3.9	5.1	23.6
Other non-current financial liabilities		0.0	0.1	0.0	0.0	0.3	0.5
Total non-current financial liabilities	0.0	32.0	53.5	30.7	75.0	295.0	486.3
Current financial debt	26.9						26.9
Current lease liabilities	6.2						6.2
Current derivatives	0.8						0.8
Bank overdrafts	0.0						0.0
Other current financial liabilities	26.6						26.6
Total current financial liabilities	60.6	0.0	0.0	0.0	0.0	0.0	60.6
Total financial liabilities	60.6	32.0	53.5	30.7	75.0	295.0	546.8

6.4 Change in financial liabilities

In millions of euros	31.12.2021	Cash flows					Non-cash flows				30.06.2022
		Issue of long-term debt	Repayment of financial debt	Change in overdrafts	Lease payments (IFRS 16)	Total cash flows	Currency translation differences	Reclassification current/non-current financial debt	Other	Total non-cash flows	
Non-current financial debt	462.2		-28.3			-28.3	-2.2	-13.5	0.0	-15.7	418.2
Non-current lease liabilities	23.6					0.0	-0.1	-4.6	5.1	0.4	24.0
Other financial liabilities	0.5					0.0				0.0	0.5
Non-current financial debt	486.3	0.0	-28.3	0.0	0.0	-28.3	-2.2	-18.1	5.1	-15.3	442.8
Total non-current financial liabilities	486.3	0.0	-28.3	0.0	0.0	-28.3	-2.2	-18.1	5.1	-15.3	442.8
Current financial debt	26.9		-13.5			-13.5		13.5		13.5	26.8
Current lease liabilities	6.2				-3.8	-3.8		4.6		4.6	7.0
Current derivatives	0.8					0.0			-0.8	-0.8	0.0
Bank overdrafts	0.0			0.4		0.4				0.0	0.4
Other financial liabilities	26.6		0.0			0.0				0.0	26.6
Total other current financial liabilities	60.6	0.0	-13.5	0.4	-3.8	-16.9	0.0	18.1	-0.8	17.4	60.9
Total financial liabilities	546.9	0.0	-41.8	0.4	-3.8	-45.3	-2.2	0.0	4.3	2.1	503.6

6.5 Cash and cash equivalents

In millions of euros	30.06.2022	31.12.2021
Investments, cash equivalents	233.7	221.2
Bank accounts and other	298.4	380.4
Cash and cash equivalents	532.1	601.7

Investments classified as cash equivalents include interest-bearing term or sight deposits (30 June 2020: €60 million; 31 December 2021: €65 million) and UCITS fund units (30 June 2022: €233 million;

31 December 2021: €156 million). The latter mainly include the Euromillions fund (30 June 2022: €121 million; 31 December 2021: €103 million).

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

6.6 Management of financial risks

6.6.1 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 Finance Director, and members of the finance 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 breaks down as follows:

	Investments with counterparties at 30.06.2022	Number of counterparties by size of exposure			
		€0-€25 million	€25-€50 million	€50-€100 million	€100-€150 million
AA/Financial institutions	250			1	1
A/Financial institutions	369	5	4	2	
TOTAL	619				

6.6.2 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 - Counterparty risk).

FDJ's exposure to liquidity risk is limited, since under the Group's cash management policy at least 20% of financial investments must be held in money market instruments and at least 80% of financial investments must be invested in money market instruments or in bonds maturing within three years.

The Treasury Committee, headed by the Finance Director, monitors the liquidity position on a monthly basis and ensures compliance with established limits.

Investments in short-term vehicles are aligned with FDJ's cash management policy.

At 30 June 2022, investments averaged €1,609 million. Bank borrowings and debt amounted to €448 million, of which €337 million was related to the securing of the exclusive operating rights, €76 million was financial debt associated with the acquisition of the Group's registered office and €35 million was debt related to the purchase of Sporting Group.

Most of the short-term instruments can be recovered, without penalty or capital risk, following a notice period of 32 calendar days.

Furthermore, €150 million in unused confirmed credit lines has been in place since February 2021, repayable variously between February 2024 and December 2025.

Given the level of short-term investments at 30 June 2022, 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.

6.6.3 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 2022, the percentage of investments exposed to this direct risk was low. The borrowings incurred in connection with the acquisition of Sporting Group (€35 million) and the exclusive operating rights payment (€337 million) bear interest at variable rates. A 0.5% increase or decrease across the entire yield curve would have an effect of around €1 million on the annual cost of the debt.

6.6.4 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 this risk. The main component of this strategy is the definition of an asset allocation regulating the amounts that may be invested in each major asset class.

This allocation sets upper limits on assets exposed to risk:

- No more than 4% of total assets may be invested in equities or 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 bonds with a time to maturity in excess of three years.

At least 80% of assets must be invested in money-market and bond investments with a time to maturity of three years or less.

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 2022, investments subject to market risk amounted to €602 million (31 December 2021: €574 million).

7 Cash flows

The settlement terms for working capital items in H1 2022 were comparable to H2 2022:

- weekly settlement of distribution network receivables and payables;
- monthly payment of public levies, except unclaimed prizes;
- annual payment of advances on public levies (in December) and unclaimed prizes (paid to the State in the first half of the next year).

The €90 million decrease in the change in operating working capital was mainly due to winnings payable to players: prizes of €81 million in the course of payment at the end of 2021 (including a €78 million Euromillions jackpot won at the year-end) were paid during the first half, pushing up working capital; by contrast, in H1 2021, the Covid-related extension to the deadlines for claiming prizes was still in force, which led to lower working capital.

Capital expenditure, net of debt taken out to acquire fixed assets and advances paid, totalled €47 million⁸ in H1 2022 (€33 million in H1 2021). It mainly related to development of the production back-office IT systems and to point-of-sale gaming terminals.

A payment of €10 million was received following the final liquidation of the Sporting Group companies, which had ceased operations. It is disclosed in cash flows from investing.

A guarantee will be put in place in September 2022 to cover the credit balances of online lottery and sports betting players, replacing the deposit under the secured trust agreement. Repayment of the deposit will have a positive impact on cash flows from investing activities in H2 2022, increasing cash and cash equivalents by €60 million.

Repayments of current financial debt totalled €42 million. This included a voluntary repayment of £25 million (€30 million) on the loan taken out for the acquisition of Sporting Group and €13 million in repayments on the Group's other borrowings.

The participating Euromillions lotteries⁹ have established a trust governed by English law to cover counterparty and default risks. It is managed by a trustee, The Law Debenture Trust Corporation. FDJ deposits collateral in a fund, which is managed by the trustee (which has sole authority to execute payments). FDJ's share of these amounts, which are held exclusively for the benefit of Euromillions

⁸ €38 million before changes in debt taken out to acquire fixed assets

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

winners, was €121 million at 30 June 2022 (31 December 2021: €103 million). This sum is presented in cash and cash equivalents.

8 Investments in joint ventures

<i>In millions of euros</i>	Total
Value of securities at 31.12.2021	20.6
Change in scope	0.0
Share of net income to 30 June 2022	1.0
Dividends	0.0
Translation differences	0.7
Value of securities at 30.06.2022	22.2

The Group's holdings in joint ventures comprise SGE (Société de Gestion de l'Echappée), LEIA (Lotteries Entertainment Innovation Alliance), BZP (Beijing Zhongcai Printing), SLE (Services aux Loteries en Europe) and NLCS (National Lotteries Common Services).

9 Income tax expense

<i>In millions of euros</i>	30.06.2022	30.06.2021
Total income tax expense	-58.2	-56.9
Profit before tax	216.7	200.7
Effective tax rate	26.8%	28.3%

The effective tax rate was 26.8% (H1 2021: 28.3%). The decrease in the effective tax rate is mainly due to the decrease in the tax rate on FDJ SA.

10 Earnings per share

	30.06.2022	30.06.2021
Net profit attributable to owners of the parent (in millions of euros)	159.5	145.7
Weighted average number of ordinary shares (*) over the period	190,849,590	190,975,974
Effect of dilutive instruments (performance shares)	298,174	0
Weighted average number of ordinary shares (diluted) over the period	191,147,764	190,975,974
Basic earnings per share (in euros)	0.836	0.763
Diluted earnings per share (in euros)	0.834	0.763

* net of treasury shares.

FDJ considers that it has acquired the shares previously held by Soficoma. However, in view of the ongoing litigation with Soficoma, the weighted average number of ordinary shares does not take this transaction into account (see Note 13 “Ongoing legal proceedings and other disputes”).

11 Shareholders' equity

11.1 Share capital

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

11.2 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 FDJ shares. The maximum amount of €6 million has been allocated to the liquidity agreement, which runs until 31 December 2022.

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 2022, there were 198,696 treasury shares, representing a deduction of €7.1 million from consolidated equity (31 December 2021: 112,063 shares representing a deduction of €4.5 million).

11.3 Payment of dividends

Dividends in respect of the year ended 31 December 2021, as approved by the General Meeting of 26 April 2022, amounted to €237 million, i.e. €1.24 per share. They were paid on 4 May 2022.

11.4 Reserves

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

Until early 2022, rare risks (very low frequency of occurrence with a very high amount – multiple game events occurring over a given period) and extreme risks (extremely low frequency of occurrence, very high amount) were covered by a statutory reserve. Following an updated evaluation of these risks and the associated insurance cover, the shareholders of FDJ resolved at the Combined Ordinary and Extraordinary General Meeting of 26 April 2022 to abolish the statutory reserve and cover the residual risks via the optional reserve. The €97 million balance of the statutory reserve was therefore transferred to the optional reserve.

12 Related-party transactions

12.1 French State

The State exercises strict control over FDJ. It has a right of veto (granted to the Government Commissioner) over decisions taken by FDJ's decision-making bodies. Amendments to FDJ's Articles of Association require State approval (by decree). Appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers is subject to prior approval by Ministers of the Economy and the Budget, following consultation of the national gaming regulatory authority (ANJ).

The Exclusive Rights Decree of 17 October 2019 set ranges and/or caps on payout ratios by type of game, while Article 138 I° of the Pacte Law established a levy in favour of the French State, applicable from 1 January 2020 and calculated on the basis of gross gaming revenue, i.e. stakes wagered less the 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:

<i>In millions of euros</i>		30.06.2022	31.12.2021
Statement of financial position – Assets	Exclusive operating rights (gross value)	380.0	380.0
Statement of financial position – Assets	Advance payment of public levies	0.0	202.1
<i>In millions of euros</i>		30.06.2022	31.12.2021
Statement of financial position – Liabilities	Public levies (including unclaimed prizes)	360.6	501.7
<i>In millions of euros</i>		30.06.2022	30.06.2021
Income statement	Public levies	2,042.6	1,815.4

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.

12.2 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.

A donation of €1.5 million was made to the endowment of the FDJ Corporate Foundation during H1 2021 (no donation in H1 2022).

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

13 Ongoing legal proceedings and other disputes

Legal proceedings brought by 85 agent-brokers

Members of the French lottery retailers' 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 a court decision. The case is currently pending before the Court.

Soficoma proceedings

On 23 May 2017, FDJ filed a lawsuit against Soficoma, a non-trading company, requesting a finding that Soficoma had lost its status as a shareholder of FDJ. On 23 May 2019, the Commercial Court of Marseille granted FDJ's application. Soficoma appealed this ruling on 20 June 2019 to the Court of Appeal of Aix-en-Provence. The case is pending before the Court of Appeal.

Concurrently, Soficoma filed a lawsuit against FDJ on 27 December 2017 in the Commercial Court of Nanterre, requesting confirmation of its status as a shareholder in FDJ and an order against FDJ for the payment of its dividends. Proceedings are stayed due to the case currently pending before the Court of Appeal of Aix-en-Provence. Soficoma has applied for the case to be resumed and FDJ has applied for proceedings to be stayed pending resolution of the primary proceedings currently before the Court of Appeal of Aix-en-Provence. On 23 May 2022, the Commercial Court of Nanterre again stayed the proceedings. Soficoma applied to the First President of the Court of Appeal of Versailles for permission to appeal this decision to stay proceedings. By a summary order on 9 June 2022, the First President of the Court of Appeal of Versailles rejected Soficoma's application.

Proceedings before the Council of State

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. These applicants – The Betting and Gaming Council, Betclix Enterprises Limited, the European Gaming and Betting Association and SPS Betting France Limited – have brought fourteen actions for ultra vires against Ordinance no. 2019-1015 of 2 October 2019 reforming the regulation of games of gambling and chance, Decree no. 2019-1060 of 17 October 2019 on the terms of application of strict State control over the company La Française des Jeux, Decree no. 2019-1061 of 17 October 2019 on the framework for the gaming offer of La Française des Jeux and Pari Mutuel Urbain, Decree no. 2019-1105 of 30 October 2019 on the transfer to the private sector of the majority of the share capital of the société anonyme La Française des Jeux, the Order of 6 November 2019 setting the terms of the transfer to the private sector of the majority of the share capital of the company La Française des jeux, the Order of 20 November 2019 setting the price and terms of allocation for shares in the company La Française des Jeux, Decree no. 2019-1563 of 30 December 2019 on the approval of the articles of association of the company La Française des Jeux and Decree no. 2020-494 of 28 April 2020 on the terms of provision of the gaming offer and gaming data. The applicants seek the annulment of the statutory instruments reforming the regulation of gambling games. These actions are pending before the Council of State. FDJ filed a statement on 6 August 2021 and the applicants submitted new statements on 11 October 2021 and 24 June 2022. The case is currently being considered.

Proceedings before the European Commission

Following the privatisation of FDJ, two complaints were lodged with the European Commission, recorded as State aid cases SA. 56399 and SA. 56634, for the alleged granting of State aid (in the form of guarantees, preferential tax treatment, and the granting of exclusive rights for insufficient remuneration). The complainants were the Association française des jeux en ligne (AFJEL), in a complaint dated 31 January 2020, and The Betting and Gaming Council (BGC), in a complaint dated 5 March 2020.

On 26 July 2021, the European Commission announced that it would conduct a detailed investigation of France regarding the adequacy of the €380 million payment made in “remuneration of the exclusive rights awarded” for point-of-sale sports betting and for lottery. The European Commission’s decision to open the investigation was published on 3 December 2021 in the list of State aid cases on its website and in the Official Journal of the European Union. The decision sets out the grounds that led it to query the arrangements from the perspective of the law on State aid. The case is ongoing and the parties are exchanging statements of position. FDJ submitted its observations to the European Commission on 3 January 2022. No timetable has yet been announced by the Commission.

The Commission has closed the matter of the guarantee, confirming that there was no guarantee in the sense of State aid. With respect to the matter of preferential tax treatment, the preliminary inquiry in response to the complaints remains ongoing.

14 Off-balance-sheet commitments

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

<i>In millions of euros</i>	30.06.2022	31.12.2021
Commitments given		
Deposits and first-demand guarantees	37.8	40.9
Sponsorship agreement	19.1	22.6
Investment funds	46.4	45.7
Performance bonds*	88.6	102.8
Image rights for cyclists and commitment to the Association L'Échappée	0.4	0.8
Escrow account	-	-
Property rent	4.1	4.9
Mortgage on goods acquired	81.9	86.4
Paris 2024 partnership	-	-
Other commitments given	1.3	0.8
Total commitments given	279.5	305.0
Commitments received		
Performance bonds and commitments to return advance payments	195.2	140.4
Guarantees for remittance of stakes and payment of winnings	482.6	459.6
Counterparty risk insurance	130.0	130.0
Confirmed credit facilities	150.0	150.0
Total commitments received	957.8	880.0

* Includes printing contracts worth €10.1 million in 2022 (2021: €23.6 million)

15 Post-closing events

On 15 July, FDJ completed the acquisition of Aleda, with which it had entered into exclusive negotiations on 7 July 2022. Aleda is a specialist in cash collection and payment equipment and services for local businesses, in particular bars, tobacconists and newsagents.

On 28 July, FDJ also announced the acquisition of L'Addition, a specialist in cash collection and payment equipment and services for cafés, bars, hotels and restaurants.

After the launch of a point-of-sale payment offer in 2020 for the DGFIP, these acquisitions are part of the development strategy of FDJ's Payment and Services business, with the aim of becoming the leading French network in point-of-sale payment and collection. In addition, they reinforce the Group's commitment to supporting and assisting local businesses by offering them value-added services to help manage and develop their points of sale.

The completion of these transactions is subject to the usual conditions precedent, in particular the authorisation of the French Antitrust Authority for Aleda.