CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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	**31.12.2022**	**31.12.2021**
Stakes	*4.1*	*20,618.0*	*18,975.6*
Player payout	*4.1*	*-14,093.9*	*-12,971.1*
Gross gaming revenue from other activities	*4.1*	*1.5*	*0.0*
Gross gaming revenue	***4.1***	***6,525.6***	***6,004.5***
Public levies	*4.1*	*-4,147.4*	*-3,816.0*
Other revenue from sports betting	*4.1*	*10.2*	*13.7*
Net gaming revenue	*4.1*	***2,388.4***	***2,202.1***
Revenue from other activities	***4.1***	***72.7***	***53.5***
Revenue	4.1	**2,461.1**	**2,255.7**
Costs of sales	4.2	-1,329.6	-1,232.8
Marketing and communication expenses	4.2	-460.9	-414.7
General and administrative expenses	4.2	-200.0	-199.4
Other operating income	4.2	4.0	0.6
Other operating expenses	4.2	-15.4	-16.3
Recurring operating profit	4.2	**459.2**	**393.2**
Other non-recurring operating income	4.2	0.2	35.3
Other non-recurring operating expenses	4.2	-10.6	-36.8
Operating profit		**448.8**	**391.8**
Cost of financial debt		-6.6	-5.8
Other financial income		15.8	27.9
Other financial expenses		-38.0	-1.3
Net financial income/(expense)	9.4	**-28.7**	**20.8**
Share of net income from joint ventures	10	1.1	4.1
Profit before tax		**421.2**	**416.6**
Income tax expense	12	-113.3	-122.5
Net profit for the period		**307.9**	**294.2**
- attributable to owners of the parent		307.9	294.2
- attributable to non-controlling interests		0.0	0.0
Basic earnings per share (in euros)	13	**1.61**	**1.54**
Diluted earnings per share (in euros)	13	**1.61**	**1.54**

Consolidated statement of comprehensive income

In millions of euros	31.12.2022	31.12.2021
Net profit for the period	**307.9**	**294.2**
Cash flow hedging (before tax)	18.2	2.2
Net investment hedging on foreign activities (before tax)	1.3	-4.6
Net change in currency translation differences (before tax)	-0.4	6.5
Tax on items subsequently transferable to profit or loss	-5.0	0.5
Items subsequently transferred or transferable to profit or loss	**14.1**	**4.5**
Actuarial gains and losses	14.5	3.4
Tax on items that may not subsequently transferable to profit or loss	-3.7	-1.3
Items that may not subsequently transferable to profit or loss	**10.7**	**2.1**
Other comprehensive income	**24.8**	**6.6**
Total comprehensive income for the period	**332.7**	**300.8**

- attributable to owners of the parent	332.7	300.8
- attributable to non-controlling interests	0.0	0.0

Consolidated statement of financial position

In millions of euros ASSETS	Note	31.12.2022	31.12.2021
Goodwill	5	56.6	0.0
Exclusive operating rights	6.1	325.1	340.3
Other intangible assets	6.1	182.6	182.1
Property, plant and equipment	6.2	353.1	359.6
Non-current financial assets	9.1	866.9	944.7
Investments in joint ventures	10	18.3	20.6
Non-current assets		**1,802.6**	**1,847.2**
Inventories		18.5	13.0
Trade and distribution network receivables	4.5	465.8	358.5
Other current assets	4.5	256.6	261.3
Current tax assets	12.2	27.0	13.0
Current financial assets	9.1	207.7	93.7
Cash and cash equivalents	9.2	513.4	601.7
Current assets		**1,489.0**	**1,341.1**
Assets held for sale	11	**24.2**	**0.0**
TOTAL ASSETS		**3,315.7**	**3,188.3**

In millions of euros LIABILITIES	Note	31.12.2022	31.12.2021
Share capital		76.4	76.4
Statutory reserves		0.0	91.7
Retained earnings (including profit for the period)		817.3	654.1
Reserves of other comprehensive income		31.7	6.9
Equity attributable to owners of the parent	14	**925.4**	**829.1**
Non-controlling interests		0.0	0.0
Shareholders' equity		**925.4**	**829.1**
Provisions for retirement benefits and similar commitments	4.7.3	44.1	47.7
Non-current provisions	7	11.1	12.5
Deferred tax liabilities	12.3	34.9	21.0
Non-current financial liabilities	9.1	431.1	486.3
Non-current liabilities		**521.2**	**567.4**
Current provisions	7	11.4	12.8
Trade and distribution network payables	4.6.1	465.7	385.7
Current tax liabilities	12.2	1.3	1.1
Current player funds	4.6	304.6	256.6
Public levies liabilities	4.6.3	459.0	501.7
Winnings payable/Player balances	4.6.4	319.8	370.0
Other current liabilities	4.6.5	222.1	203.2
Current financial liabilities	9.1	74.4	60.6
Current liabilities		**1,858.3**	**1,791.8**
Liabilities held for sale	11	**10.7**	**0.0**
TOTAL LIABILITIES		**3,315.7**	**3,188.3**

Consolidated statement of cash flows

In millions of euros	Note	31.12.2022	31.12.2021
OPERATING ACTIVITIES			
Consolidated net profit for the period		**307.9**	**294.2**
Change in depreciation, amortisation and impairment of non-current assets		130.8	157.6
Change in provisions		16.3	-23.4
Capital gains or losses on disposal		0.1	1.3
Income tax expense		113.3	122.5
Other non-cash items included in the consolidated income statement		3.5	1.1
Net financial income/expense		28.7	-20.8
Share of net income from joint ventures		-1.1	-4.1
Non-cash items		**291.7**	**234.2**
Use of provisions - payments		**-8.4**	**-10.0**
Interest received		**2.2**	**3.1**
Income taxes paid		**-123.3**	**-119.7**
Change in trade receivables and other current assets		-101.3	-146.6
Change in inventories		-2.3	1.9
Change in trade payables and other current liabilities		46.0	346.6
Change in other components of working capital		-6.3	-0.9
Change in operating working capital		**-63.9**	**201.1**
Net cash flow from operating activities	**9.3**	**406.1**	**602.9**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		-104.1	-75.5
Acquisitions of shares		-42.9	0.0
Disposals of property, plant and equipment and intangible assets		0.0	0.1
Change in current and non-current financial assets		-104.8	-216.0
Change in loans and advances granted		60.2	-9.9
Dividends received from joint ventures and shareholdings		3.0	0.1
Other		9.8	-0.2
Net cash flow used in investing activities	**9.3**	**-178.7**	**-301.4**
FINANCING ACTIVITIES			
Repayment of the current portion of long-term debt		-71.8	-188.9
Payment of lease liabilities		-7.6	-7.6
Dividends paid to ordinary shareholders of the parent company		-229.5	-166.7
Interest paid		-5.3	-5.5
Other		-6.2	-3.6
Net cash flow used in financing activities	**9.3**	**-320.5**	**-372.3**
Impact of changes in foreign exchange rates		2.3	-0.6
Net increase/decrease in net cash		**-90.7**	**-71.3**
Current bank overdrafts at 1 January		0.0	-0.3
Current bank overdrafts at 31 December		-2.5	0.0
Cash and cash equivalents at 1 January		601.7	673.2
Cash and cash equivalents at 31 December		513.4	601.7

Consolidated statement of changes in equity

In millions of euros	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**	**533.7**	**-1.1**	**3.1**	**-1.7**	**0.3**	**702.1**	**0.0**	**702.1**
Net profit for the period			***294.2***					**294.2**	***0.0***	***294.2***
Other comprehensive income				1.5	3.0	2.1	6.6	6.6		6.6
Total comprehensive income for the period	**0.0**	**0.0**	**294.2**	**1.5**	**3.0**	**2.1**	**6.6**	**300.8**	**0.0**	**300.8**
Allocation of prior year net profit		***0.0***	**0.0**							
2020 dividends paid			-171.9					-171.9		-171.9
Other			-1.9					-1.9		-1.9
Equity at 31.12.2021	**76.4**	**91.7**	**654.1**	**0.4**	**6.2**	**0.4**	**6.9**	**829.1**	**0.0**	**829.1**
Net profit for the period			***307.9***					**307.9**	***0.0***	***307.9***
Other comprehensive income				13.5	0.6	10.7	24.8	24.8		24.8
Total comprehensive income for the period	**0.0**	**0.0**	**307.9**	**13.5**	**0.6**	**10.7**	**24.8**	**332.7**	**0.0**	**332.7**
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	97.1				0.0	0.3		0.3
Equity at 31.12.2022	**76.4**	**0.0**	**817.3**	**13.9**	**6.7**	**11.1**	**31.7**	**925.4**	**0.0**	**925.4**

Income and expenses recognised in other comprehensive income mainly consist of actuarial gains and losses on retirement benefit obligations (2022 and 2021). The other changes relate mainly to treasury shares held in relation to a liquidity agreement or the performance share scheme, which are treated as deductions from equity.

1 Overview of the Group

1.1 General information

La Française des Jeux (FDJ) is a public limited company (*société anonyme*) governed by French law, subject to all regulations on commercial companies in France, and in particular the provisions of the French Commercial Code, in accordance with the provisions of the legal framework as described in Note 1.2. Its registered office is located at 3/7, quai du Point du Jour, 92650 Boulogne-Billancourt. It has been admitted to trading on the Euronext Paris market since 21 November 2019. As at 31 December 2022, its share ownership structure can be broken down as follows: the French State (20%), veterans' associations[1] (15%), employee share investment funds (4%), Predica (5%) and other holdings of less than 5%, including French and international institutional investors and private shareholders. The State exerts strict control over the Company. As a result, the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers, as well as any threshold-crossing of 10% or a multiple of 10% of the share capital, are subject to approval by the Ministers for the Budget and the Economy.

As at 31 December 2022, the Group runs a gaming operation and distribution business in France (metropolitan and overseas departments), four French overseas territories and Monaco. It operates internationally, mainly 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 Chinese company that prints lottery tickets;
- 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 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

FDJ operates in the gaming sector, a highly regulated industry under strict State control. Gaming in France is generally prohibited, subject to restricted exemptions.

The online sports betting and online poker businesses, which are open to competition, are governed notably by Law no. 2010-476 of 12 May 2010 and conducted within the framework of a five-year agreement. FDJ's licence for sports betting was last renewed by the ANJ in 2020, while its licence for online poker was granted by the ANJ in October 2022.

The Pacte Law of 23 May 2019 confirmed FDJ's exclusive rights to operate online and point-of-sale lottery games (draw games and instant games) and point-of-sale sports betting activities for a period of 25 years. It also defines the basis, rates and territorial scope of the public levies on all lottery games and sports betting, regulates the payout ratios for lottery games and sets upper limits on payouts for online and point-of-sale sports betting.

[1] Union des blessés de la face et de la tête (UBFT) and Fédération nationale André Maginot (FNAM)

1.3 Highlights

Very strong results – recurring EBITDA margin of 24%

In 2022 FDJ Group recorded solid performance, with revenue up 9% to €2,461 million, in line with the growth in stakes. After a first half of the year that continued to benefit from the post-Covid recovery, revenue grew 6% in the second half of the year, a level close to the Group's historical growth trajectory.

Recurring EBITDA was €590 million, up by 13%, thanks to strong increase in point-of-sale activity and dynamic online growth. The recurring EBITDA margin was 24% of revenue, up 90 basis points.

Growth in all business lines

In lottery, revenue grew by 11% to €1,916 million, reflecting the strong intrinsic momentum of the games and the return to normal in the point-of-sale network. Positive performance in draw games was due notably to the attractiveness of Loto and Euromillions, with a high number of large jackpots. In instant games, performance was driven by promotional activities, especially the successful launches and relaunches of individual games such as Cash, x10 and x20, and As de Cœur.

Revenue from sports betting and online gaming open to competition came in at €467 million, a rise of 1%. Although the first half fared less well than the same period in 2021, when the UEFA Euro 2020 championships were held, business bounced back in August and September as the European football leagues restarted and climbed further at the end of the year with the FIFA World Cup. The good run enjoyed by the French team led to a very high player payout, with the competition accounting for 6% of the annual revenue for this activity.

Significant growth in point-of-sale stakes and continued momentum of online stakes

Stakes via the distribution network, comprising around 30,000 points of sale in both years, were up by 8% at €18.1 billion.

The momentum was driven by high traffic, reflecting both the attachment of consumers to this local network, which the Group is helping to transform and diversify, and the attractiveness of FDJ's gaming offering, which is a major driver of traffic.

After two years of very strong growth, with digital stakes doubling between 2019 and 2021, accelerated by changes in behaviour caused by the health crisis, the growth in digital stakes is normalising. In 2022, they exceeded €2.5 billion, up 16% from 2021, representing more than 12% of total stakes. In the fourth quarter alone, the Group's digital business set a new record with a strong increase compared with the same period in 2021. In addition, FDJ's share of the online sports betting market, cumulatively at the end of September and during the FIFA Football World Cup, increased.

The rise in online stakes continues to be essentially driven by the increase in the number of players. There are now nearly 5 million online lottery players, twice as many as in 2019, two-thirds of whom also play at points of sale. The share of gross revenue from online lottery games derived from high-risk players was 2.3%.

Strengthening of the sports betting and online gaming open to competition

FDJ Group is continuing to implement its strategy of strengthening its position in the French market of online gaming open to competition. In November, it consequently:

- Launched a poker offering on the ParionsSport en ligne app.
- Entered into an agreement to acquire the ZEturf Group, the second largest online horse racing betting operator in France, which also offers online sports betting under the Zebet

brand. This Group generated revenue of almost €50 million in 2021. This transaction is expected to complete in the second half of 2023, once the conditions precedent are satisfied, in particular approval from the French competition authorities.

Development of the Payment & Services business

With the aim of becoming one of the leading local payment and collection networks in France, in 2022 the Group:

- Recorded a 46% increase in the number of payments collected on behalf of DGFiP (the French treasury department), a service now available at more than 14,000 points of sale;
- Launched the Nirio brand for routine bill payment services (landlords, energy companies, etc.) in the FDJ network;
- Acquired two companies with a view to expanding into the field of point-of-sale management and payment solutions: Aleda, a specialist in point-of-sale payment solutions for local shops, and L'Addition, a specialist in payment equipment and services for cafés, bars, hotels and restaurants.

International strategic partnership

In late 2022, FDJ and Scientific Games, a leading provider of lottery products, technology and services, announced partnership to market a range of phygital instant games. FDJ is a pioneer in these innovative games, which offer point-of-sale scratch card players the option to continue their play experience and potentially expand their winnings in a digital game . FDJ has already launched three phygital games since 2019 and a fourth is set to be introduced in 2023.

Consolidated social commitments

In 2022, Moody's ESG Solutions awarded FDJ Group an A1+ rating for the fourth consecutive year, with a score of 72/100, up 2 points from 2021.

The Group also maintained, for the third time, its 100/100 rating on the "Pennicaud" gender equality index. It is also one of the 5% best rated companies rated by Ecovadis, with its score rising to 71/100, and retaining its Gold medal.

The Group continues in particular to:

- **constantly strengthen its actions to prevent excessive and underage gambling**, to which it devoted nearly €15 million in 2022:
    - more than 10% of the overall advertising budget was dedicated to responsible gaming, with new preventive information campaigns and an enhanced action plan before and during the football World Cup. In January 2023, the Group has also launched a new campaign with Paris Saint-Germain (PSG) football club, aimed at broadening the reach of its prevention messaging and to promote recreational sports betting.
    - Point-of-sale audits were performed, notably through mystery visits linked to a range of sanctions in the event of non-compliance with the prohibition on sales to minors, which is unique in France. In 2022, nearly 2,700 mystery visits were carried out, with around a hundred retailers receiving sanctions in the form of licence suspensions.
    - As of 2023, a further €10 million has been committed over a five-year period to support initiatives to prevent underage gambling led by non-profit organisations.

- **be commited to reduce its environmental impact and contribute to the conservation of biodiversity,** through:
    - Implementing a new energy use savings plan (buildings, IT, travel).
    - Partnering with the Gestes Propres association aimed at broadcasting an awareness campaign on screens in points of sale encouraging customers to throw scratch cards and gaming receipts into recycling bins.
    - Relocating a significant portion of the Group's instant game printing within Europe.
    - Donating €200,000 to the French Office national des forêts (ONF - National Forests Office) via its "ONF–Act for the Forest" fund to help restore forests destroyed by the wildfires that affected French forests last summer.

Growth benefiting all stakeholders

For the seventh successive year, advisory firm *Bureau d'information et de prévision économique* BDO-Bipe assessed the FDJ Group's contribution to the economy and society in France.

- In 2022, FDJ's contribution to national wealth amounted to €6.5 billion, or 0.25% of France's gross domestic product (GDP).
- In terms of employment, the FDJ Group's business created or sustained 55,300 jobs in France, including 22,000 in the network of bars, tobacconists and newsagents.

FDJ's growth benefits the national collectivity, in particular the **public finances**, with an overall contribution of over €4.4 billion, including €4.1 billion in gaming levies, benefiting:

- France's vulnerable heritage sites: thanks to the 2022 edition of the Mission Patrimoine lottery games, over €26 million was paid out to the Fondation du Patrimoine (French national Heritage Foundation);
- French sport at both the amateur and professional level, via the action of the Agence nationale du sport (ANS).

The value created by FDJ Group is shared **between employees and shareholders**:

- Personnel cost of €327 million, including profit-sharing and incentive schemes equal to 24% of payroll[2]; and
- €237 million in dividends in respect of the 2021 financial year, which benefit veterans' associations, who are long-standing shareholders, to finance their social initiatives, and nearly 400,000 individual shareholders.

The Group has an economic impact nationwide, benefiting:

- **Local retail trade**, with fees of €965 million paid to its 30,000 retailers; and
- **French suppliers**, with €684 million in purchases, largely from SMEs and intermediate-sized enterprises, i.e. almost 90% of the total volume of purchases.

The **FDJ Corporate Foundation**, which celebrates its 30th anniversary in 2023, is also committed to promoting equal opportunities by supporting a hundred or so projects per year throughout France, with a budget of €25 million over five years (2023-2027).

2 Before social security (URSSAF) contributions

2 Accounting standards and policies

2.1 Basis for preparation of the financial statements

The consolidated financial statements of FDJ and its subsidiaries ("the Group"), published for the 2022 financial year, were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union at 31 December 2022.

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2022 on 14 February 2023.

The notes to the consolidated financial statements describe the accounting policies in the same sections as the comments on the figures themselves, to make them easier to understand for the reader.

The consolidated financial statements for the financial year ended 31 December 2022 are available on the website groupefdj.com (under Finance/Financial Publications).

2.1.1 New standards, interpretations and amendments applicable in 2022

The amendments and interpretations approved by the European Union whose application was mandatory as of 1 January 2022 (amendments to IAS 16: Property, plant and equipment – Proceeds before Intended Use, amendments to IAS 37: Onerous contracts – Cost of fulfilling a contract, amendments to IFRS 3: Reference to the conceptual framework, forming part of the IFRS improvements cycle 2018-2020) had no material impact on the Group's financial statements.

2.1.2 Standards, interpretations and amendments not yet adopted by the European Union

- Amendments to IAS 1 – Classification of liabilities as current or non-current, presentation of financial statements
- Amendment to IFRS 16 – Lease liability in a sale-and-leaseback

These standards, interpretations and amendments are currently under review. At this stage, the Group does not anticipate a material impact.

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

The Group has not applied any standards or interpretations early as at 31 December 2022. The Group does not anticipate any material future impact.

2.2 Accounting policies

The main accounting policies applied in preparing the consolidated financial statements are set out below. Unless otherwise noted, these policies have been applied consistently to all periods presented.

The consolidated financial statements have been prepared on a going concern basis in accordance with the independence of financial periods. They have been prepared on a historical cost basis, except in the case of financial assets and liabilities (see Notes 4.5, 4.6, 9.1 and 9.2 below).

Assets and liabilities are presented in the statement of financial position, broken down between current and non-current items.

In accordance with IAS 1, an asset is classified as current if it meets one of the following criteria:

- the entity expects to realise the asset in its normal operating cycle (inventories, trade receivables) or in the 12 months following the reporting date;
- the entity holds the asset primarily for the purpose of trading (financial assets at fair value through profit or loss); or
- the asset is cash or a cash equivalent.

All other assets are classified as non-current.

A liability is classified as current if it meets one of the following criteria:
- the entity expects to settle the liability within the current operating cycle (trade payables) or in the 12 months following the reporting date;
- the entity holds the liability primarily for the purpose of trading (financial liabilities at fair value through profit or loss).

All other liabilities are classified as non-current.

2.2.1 Consolidation

The consolidated financial statements for the year ended 31 December 2022 include the financial statements of the parent company, FDJ, controlled subsidiaries and joint ventures (see Note 19).

Control is determined by the practical ability to exercise a right to direct key activities (activities that significantly affect returns), exposure to variable returns (dividends, changes in fair value, tax savings), and the ability to affect those returns.

Subsidiaries, which are entities in which the Group holds an equity interest representing more than half of the voting rights or over which it directly or indirectly exercises control, are fully consolidated.

Joint ventures, where the Group exercises joint control and has direct or indirect rights to the net assets of the arrangement, are accounted for using the equity method.

All companies prepare their accounts as at 31 December.

Transactions between consolidated companies are eliminated, along with any internally generated profits.

2.2.2 Foreign currency translation

The consolidated financial statements are presented in millions of euros, unless otherwise stated.

Transactions denominated in foreign currency are translated at the exchange rate applicable at the time of the transaction. Receivables and payables denominated in foreign currency are translated at the exchange rate applicable at the reporting date. Translation differences are taken to the income statement.

The financial statements of foreign entities with a different functional currency to FDJ are translated into euros at the exchange rates applicable at the reporting date for assets and liabilities, and at the average exchange rate over the period for income and expense items.

Currency translation differences are recognised directly in other comprehensive income under "currency translation differences" and are recognised in the income statement at the date on which the business is sold.

The acquisition of Sporting Group in the UK was carried out in pounds sterling. An external debt denominated in pounds sterling was contracted to hedge the net equity of Sporting Group against foreign exchange risk. In accordance with IAS 39.102 and IAS 21.8, foreign exchange differences on the part of the external debt considered to be the effective portion of the hedge are recognised in other comprehensive income until the date of deconsolidation, offsetting the currency translation differences recognised on the consolidation of entities using the pound sterling as their functional currency. The ineffective portion of the hedge is recognised immediately as financial income or a financial expense.

2.2.3 Use of judgements and estimates

The preparation of 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 and the Covid-19 health crisis, the Group has strengthened its risk management procedures. The Group has incorporated these factors into 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 leave assumptions for employee benefits (Note 4.7.3.);
- Assessment and quantification of legal risks to determine provisions for risks and litigations (Note 7);
- Useful lives and recoverable amounts for the purpose of measuring the recoverable amount of intangible assets and property, plant & equipment. Both the amortisation period and method of amortisation for the customer base recognised as an asset upon the acquisition of Sporting Group have been revised to take account of churn rates (Note 6);
- 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 4.5);
- Discount rate and business plan assumptions for the purpose of measuring the recoverable amount of goodwill (Note 5);
- Fair value of financial assets not listed on active markets (Note 9);
- Measurement assumptions used to value performance shares (recurring EBITDA, profit per share, probability of achieving targets, risk-free rate, share price) (Note 4.7.4)
- 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 (Note 2.2.4 “IFRS 16”);
- operating segment combinations for the presentation of sectors (Note 4.3).

3 Main changes in consolidation scope

3.1 Main changes in the consolidation scope in 2022

In 2022, the Group finalised the acquisition of 95% of Adstellam (L'Addition), a specialist in payment equipment and services for cafés, bars, hotels and restaurants. A 90% interest was acquired on 28 July, followed by 5% on 27 December. The price paid was €32 million including an additional consideration. L'Addition is controlled and is fully consolidated. Of the purchase price, €11 million was allocated to intangible assets (mainly €6 million for the customer base and €4 million for technology) and the associated deferred tax liabilities (€2 million). Provisional goodwill, as determined in accordance with the full goodwill method, was €30 million. FDJ and the vendor have signed mutual undertakings to buy and sell the remaining 5% of L'Addition shares still held by the vendor.

L'Addition recorded revenue of €9 million for 2021.

The 100% acquisition of Aleda was finalised on 17 November 2022, after conditional approval for the transaction was granted by the French competition authority. Aleda specialises in point-of-sale bill payment and cash collection solutions for neighbourhood retailers. Aleda is controlled and has been fully consolidated since that date. The purchase price of €25 million includes a price uplift mechanism estimated at €1.5 million based on recurring EBITDA. Of the total purchase price, €8 million was allocated to intangible assets (mainly €4 million for the customer base and €2 million for agents' contracts) and the associated deferred tax liabilities (€2 million). Provisional goodwill was €27 million.

Aleda recorded revenue of €50 million in 2021.

The two companies contributed €9 million to Group revenue. If L'Addition and Aleda had been consolidated for the whole of 2022, FDJ Group would have recorded revenue of €2,514 million.

3.2 Changes in the consolidation scope in 2021

On 21 May 2021, Beijing ZhongCai Printing (BZP) repurchased the shares previously held by Berjaya Ltd and reduced its share capital. FDJ's equity interest in BZP thereby rose from 37% to 46.25%. This had no effect on the valuation of the BZP shares or the consolidation method (equity method).

La Française de Motivation was deconsolidated as at 31 December 2021, having ceased operations on that date. This had no impact on the Group's financial statements.

4 Operating data

4.1 Net Gaming Revenue (NGR) and revenue

Stakes are divided up between players, public levies and FDJ.

<u>Player payout (see Note 4.7.3 for the corresponding liability)</u>

The payout ratio is subject to a cap set by current regulations (Article 8, Decree no. 2019-1061 of 17 October 2019).

Player payout (as a % of stakes)	
Draw games	50%-72% depending on the game range
All instant games	60%-75% depending on the game range, with a maximum annual average of 70.5% for certain games
PoS sports betting	maximum annual average of 76.5%
Online sports betting	maximum annual average of 85%

Gross gaming revenue (GGR)

GGR is the difference between stakes and player payout. For poker, the GGR takes the form of a commission levied on stakes.

Public levies (see Note 4.6.3 for the corresponding liability)

Under the Pacte Law, the tax and social charges applicable to lottery games and sports betting are levied on the basis of the GGR, except in locations where local tax regulations apply (French overseas territories and the Principality of Monaco).

Public levies on gaming (excluding corporation tax) are charged at the following rates:

(as % of GGR)	Loto/Euromillions	Other lottery games
ANS	5.1%	5.1%
CSG	6.2%	6.2%
CRDS	2.2%	2.2%
General State Budget	54.5%	42.0%
Total	**68.0%**	**55.5%**

(as % of GGR)	PoS sports betting	Online sports betting
Tax levies on sports betting	27.9%	33.7%
ANS	6.6%	10.6%
Social security levies on sports betting	6.6%	10.6%
Total	**41.1%**	**54.9%**

Online poker is taxed on the basis of stakes. The overall charge comprises a tax levy of 1.8% of stakes (capped at €0.90 per deal for cash games)[3] and a social security levy of 0.2% of stakes (capped at €0.10 per deal for cash games).

[3] A cash game is a hand of poker played with real money, as opposed to a tournament game, where players join by paying an entry fee and play with chips that have no monetary value.

General State Budget

Public levies intended for the General State Budget are governed by Article 138 of **Law no. 2019-486 of 22 May 2019 on business growth and transformation (Pacte Law)**.

Social security levies on lottery games (CRDS and CSG)

The social security levies are the CRDS (Contribution au remboursement de la dette sociale – social security debt repayment contribution) and the CSG (Contribution sociale généralisée – general social contribution).

CRDS: imposed by Article 18 of Order no. 96-50 of 24 January 1996, as amended by Article 138 of **Law no. 2019-486 of 22 May 2019 on business growth and transformation**.

CSG: imposed by Articles L.136-7-1 and L.136-8 of the French Social Security Code, as amended by Article 138 of **Law no. 2019-486 of 22 May 2019 on business growth and transformation.**

Tax and social security levies specific to sports betting

Tax levy: imposed by Articles 302 bis ZH, ZK and ZL of the French General Tax Code, as amended by Article 138 of **Law no. 2019-486 of 22 May 2019 on business growth and transformation**.

Social security levy: imposed by Article L. 137-21 of the French Social Security Code, as amended by Article 138 of **Law No. 2019-486 of 22 May 2019 on business growth and transformation**.

Agence nationale du sport (ANS): Levies imposed by Articles 1609 (29) and 1609 (30) of the French General Tax Code, as amended by Article 138 of **Law no. 2019-486 of 22 May 2019 on business growth and transformation** and Article 46 of Law no. 2011-1977 of 28 December 2011 (2012 Budget Law), subject respectively to upper limits of €72 million and €35 million (for the entire sports betting market) above which the payments are allocated to the General State Budget.

VAT

VAT, as governed by Chapter 1 of Title II of Book 1 of the French General Tax Code, is charged on net gaming revenue. The applicable rate is 20%.

Net gaming revenue (NGR)

FDJ is a service provider that develops and operates lottery games and sports betting in a highly regulated environment. The revenue earned by FDJ for the organisation and placement of games is called net gaming revenue or NGR.

NGR is gross gaming revenue less public levies. It thus varies according to the payout ratio for each game (margin effect) and according to the volume of stakes wagered in each game category (volume and mix effects).

NGR is recognised once FDJ has met all its obligations. Performance obligations vary by type of game:

- for ***draw games***, FDJ’s service is completed when it has recorded the placing of the stakes, held the draw that determines the winning numbers, calculated the winnings and published the results and prizes;

- for ***instant games*** sold at points of sale, FDJ recognises stakes as income when a given number of tickets has been sold, i.e. when said tickets are placed in the gaming terminals. Accordingly, the sale is recognised before the booklet (batch of tickets), which has a value of between €150 and €300, is completely used up. Given how fast the booklets are sold, revenue recognised on a per-unit basis would be very close to the amount of revenue recorded in the financial statements. Online sales are recognised as soon as the player's stake is recorded;

- for ***sports betting***, the principles are similar to draw games. FDJ has met its obligations when, once the sporting event has taken place, the winnings have been calculated and the results and prizes have been published.

- for ***poker***, FDJ has met its obligations when the tournament or the hand ends.

NGR is thus gaming revenue net of the winnings paid or payable to players and net of the levies collected on behalf of the French State.

The processing of gaming operations, their accounting and the determination of NGR are very highly automated. They rely on a complex IT system, which handles all game operations from the validation of stakes at points of sale and online to the recognition of NGR.

NGR also includes the revenue generated by Sporting Group's B2C[4] business (spread betting[5] and fixed odds betting).

In millions of euros	**31.12.2022**	**31.12.2021**
Draw games	823.6	740.1
Instant games	1,088.0	983.6
Total lottery	**1,911.6**	**1,723.7**
Sports betting and online gaming open to competition	466.8	464.0
Other*	10.0	14.4
Total NGR	**2,388.4**	**2,202.1**
Revenue from other activities	72.7	53.5
Revenue	**2,461.1**	**2,255.7**

* Traditional fixed odds sports betting provided by Sporting Group

Net gaming revenue represents FDJ Group's remuneration on its gaming activities. It is monitored by product range. NGR for 2022 was €2,388.4 million, a rise of €186.2 million relative to 2021 (+8.5%). Revenue from other activities, predominantly consisting of international services and the payment & services business, was €72.7 million in 2022, a rise of €19.2 million relative to 2021 (+35.8%). Total Group revenue was thus €2,461.1 million in 2022, a rise of €205.4 million relative to 2021 (+9.1%).

[4] B2C: commercial and marketing activities aimed at end consumers.
[5] 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.

4.2 Operating profit

4.2.1 Recurring operating profit

Cost of sales was €1,330 million (+7.9%). This includes €965 million (+7.0%) of commissions paid to retailers, which are correlated with the increase in PoS stakes. The increase of €33 million in other costs (+10.1%) reflects the resumption of promotional activities following the temporary reduction in 2021.

Marketing and communication costs include advertising and product development costs, as well as IT development and operating costs for games and services. The total of €461 million was up by 11.2%, owing to strategic spending on the development the product offering, particularly for online products (game design and IT, customer service etc.), whereas the Group's advertising spend remained steady at 1.5% of gross gaming revenue.

Administrative and general expenses mainly include personnel and operating expenses for central functions, as well as building and IT infrastructure costs. The total remained steady at €200 million.

The Group's *recurring operating profit* accordingly amounted to €459 million, an increase of 16.8%.

Recurring EBITDA was €590 million, up by 13.1%. The recurring EBITDA margin was 24.0%, higher than the figure of 23.1% for 2021.

4.2.2 Income statement items by nature of costs

In millions of euros	2022	2021
Personnel expenses	326.9	293.2
Net depreciation and amortisation	130.9	128.6
IT outsourcing expenses	75.0	53.5

See Note 4.7.2 for comments on the change in personnel expenses.

Net depreciation and amortisation are linked to the non-current assets, which are presented in 6.1 and 6.2.

4.2.3 Other non-recurring operating income and expenses

Material non-recurring items are recognised in operating profit under "Other non-recurring operating income" and "Other non-recurring operating expenses", in accordance with ANC Recommendation 2013-03 of 7 November 2013. These items mainly include restructuring costs, proceeds from disposals of fixed assets, impairment of fixed assets and other non-recurring costs.

In 2022, non-recurring income and expenses produced a net expense of €10.4 million, the majority of which comprised costs in relation to mergers & acquisitions.

In 2021, non-recurring income and expenses produced a net expense of €1.5 million, the main components of which were:

- asset impairments in relation to the Sporting Group CGU (€29 million expense; see Note 5);
- the reversal of an unutilised provision (€34 million income) following the dismissal by the Court of Cassation of the lawsuit brought by the agent-brokers.

4.3 Segment reporting

Segment reporting is presented in accordance with IFRS 8 "Operating Segments". The operating segments used by the Group are those regularly reviewed by the Corporate Directors and primary operational decision-makers.

The operating segments used are based on internal reporting, as follows:

- Lottery, which includes activities related to instant games and draw games;
- Sports betting and online gaming open to competition [6], comprising online and PoS sports betting activities and online poker;
- Adjacent activities (International, Payments & Services, and Entertainment).

The "Holding" column, which combines central and brand-related costs (corporate campaigns), reconciles the data with the consolidated income statement.

The contribution margin measures the profitability (excluding central costs) generated by a given segment, regardless of the capital investment cycle, financing conditions and taxation.

Recurring EBITDA (earnings before interest, tax, depreciation and amortisation) is equal to recurring operating profit before depreciation and amortisation. It reflects the Group's profit, excluding the capital investment cycle, financing costs and taxation. Recurring EBITDA is not monitored by operating segment.

The data below are presented in accordance with the same accounting principles as those used to prepare the Group's consolidated financial statements.

	31.12.2022						
In millions of euros	Lottery BU	Sports betting and online gaming open to competition BU	Adjacent activities*	Holding	**Total before dep./amort.**	Dep./amort.	**Group total**
Stakes	16,219	4,373	26		20,618		20,618
Gross gaming revenue (GGR)	5,551	973	0		6,524		6,524
Net gaming revenue (NGR)	1,912	467	10		2,388		2,388
Revenue	**1,916**	**467**	**78**		**2,461**		**2,461**
Cost of sales	**-1,033**	**-235**	**-21**		**-1,289**	**-41**	**-1,330**
Marketing and communication expenses	**-174**	**-115**	**-77**	**-37**	**-403**	**-58**	**-461**
Contribution margin	**709**	**117**	**-20**	**-37**	**770**	**-99**	**671**
General and administrative expenses & Other operating income and expenses				**-180**	**-180**	**-32**	**-211**
Recurring EBITDA					**590**		
Depreciation and amortisation						**-131**	
Recurring operating profit							**459**

*Formerly ABU (Acceleration Business Unit)

[6] Online gaming, excluding lottery. In France, a competitive online market is permitted for sports betting, horse-race betting and poker.

In millions of euros	31.12.2021						
	Lottery BU	Sports betting and online gaming open to competition BU	Adjacent activities*	Holding	**Total before dep./amort.**	Dep./amort.	**Group total**
Stakes	14,726	4,216	33		18,976		18,976
Gross gaming revenue (GGR)	5,037	966	1		6,004		6,004
Net gaming revenue (NGR)	1,724	464	14		2,202		2,202
Revenue	**1,728**	**464**	**63**		**2,256**		**2,256**
Cost of sales	**-949**	**-234**	**-9**		**-1,192**	**-41**	**-1,233**
Marketing and communication expenses	**-159**	**-109**	**-56**	**-35**	**-360**	**-55**	**-415**
Contribution margin	**621**	**121**	**-2**	**-35**	**704**	**-96**	**608**
General and administrative expenses & Other operating income and expenses				**-182**	**-182**	**-33**	**-215**
Recurring EBITDA					**522**		
Depreciation and amortisation						**-129**	
Recurring operating profit							**393**

*Formerly ABU (Acceleration Business Unit)

The proportion of Group revenue generated outside the Group's home country (France) was marginal and remained steady (2022: 1.5%; 2021: 1.7%).

Given the nature of its business, the Group does not have key accounts.

Recurring EBITDA is an alternative performance indicator used by the Group. It is equal to recurring operating profit excluding depreciation and amortisation.

In millions of euros	**31.12.2022**	**31.12.2021**
Recurring operating profit	459	393
Net depreciation and amortisation	-131	-129
Recurring EBITDA	**590**	**522**

At €131 million, net depreciation and amortisation was comparable to 2021.

4.4 Operating risk hedging

4.4.1 Management of counterparty risk on games

Counterparty risk on games is:

- for lottery games: the difference between the theoretical proportion of stakes paid out to winners and the total amount of the prizes actually awarded; and
- for sports betting: repeated winnings over extensive periods on competitions won by the favourite athletes.

The counterparty risk on 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.

4.4.2 Management of receivables risk

The Group's receivables relate mainly to its network of retailers. 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 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.

The schedules of receivables not yet paid and not impaired, excluding receivables from entities accounted for using the equity method and prepaid expenses (see Note 4.5.2), are as follows:

In millions of euros	31.12.2022								
	Gross amount		Provisions for overdue amounts	Net amount	Net amount overdue	Net amount overdue by			
	Non-overdue	Overdue				0-3 months	3-6 months	6-12 months	> 1 year
Trade and distribution network receivables	443.6	40.1	-17.9	465.8	22.2	15.0	4.2	2.1	0.9
Other current receivables	226.5	6.1	0.0	232.6	6.1	5.9	0.0	0.0	0.1
Current receivables	**670.1**	**46.1**	**-17.9**	**698.4**	**28.2**	**20.9**	**4.2**	**2.1**	**1.0**

In millions of euros	31.12.2021								
	Gross amount		Provisions for overdue amounts	Net amount	Net amount overdue	Net amount overdue by			
	Non-overdue	Overdue				0-3 months	3-6 months	6-12 months	> 1 year
Trade and distribution network receivables	338.7	36.6	-16.7	358.5	19.8	15.6	2.1	1.7	0.4
Other current receivables	236.1	3.7	0.0	239.8	3.7	2.7	0.0	0.2	0.8
Current receivables	**574.8**	**40.3**	**-16.8**	**598.3**	**23.5**	**18.3**	**2.1**	**1.9**	**1.2**

4.4.3 Management of foreign exchange risk

In the normal course of its business, the Group is exposed to foreign exchange risk resulting from invoices from foreign suppliers denominated in foreign currencies. This risk is measured in aggregate for each currency. The general Group policy is to hedge this risk over each financial year.

Foreign currencies to which the Group was significantly exposed were the US dollar, for a maximum amount of $28.6 million in 2022 ($29.1 million in 2021) and the pound sterling in 2021, for a maximum amount of £9.1 million.

The fair value of USD hedging derivatives was €0.6 million at the end of December 2022 (2021: €0.5 million). This exposure mainly arose from foreign-currency purchases of gaming materials.

In 2022, an increase of $0.10 per €1 in the EUR/USD exchange rate on derivatives held and classified as hedging derivatives would have reduced the valuation of the instruments by €3.2 million. A decrease of $0.10 would have increased their valuation by €4.3 million.

In 2021, an increase of $0.10 per €1 in the EUR/USD exchange rate on derivatives held and classified as hedging derivatives would have reduced the valuation of the instruments by €2.6 million. A decrease of $0.10 would have increased their valuation by €3.4 million.

In 2021, an increase of £0.10 per €1 in the EUR/GBP exchange rate on derivatives held and classified as hedging derivatives would have reduced the valuation of the instruments by €1.1 million. A decrease of £0.10 would have increased their valuation by €1.5 million.

The acquisition of Sporting Group in the UK was carried out in pounds sterling. An external debt denominated in pounds sterling was contracted to hedge the net equity of Sporting Group against foreign exchange risk.

4.5 Current receivables

Upon initial recognition, current receivables are recorded at their fair value, taking payment due dates into account.

Receivables are subsequently recognised at amortised cost, which in practice is equal to their nominal value. They are tested with regard to credit risk and the probability of loss.

4.5.1 Trade and distribution network receivables

In millions of euros	**31.12.2022**	**31.12.2021**
Trade receivables (gross)	72.7	38.1
Distribution network receivables (gross)	411.0	337.1
Impairment	-17.9	-16.7
Total trade and distribution network receivables	**465.8**	**358.5**

Trade receivables relate to the Group’s business with foreign lotteries for the provision of IT services.

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

Distribution network receivables represent stakes accepted by retailers at the end of the year but not yet debited from the retailers by FDJ. The year-end amount varies, depending on the day of the week on which 31 December falls. The growth in the amount in 2022 is due to a calendar effect and to an increase in stakes wagered during the final few days of the year.

4.5.2 Other current assets

In millions of euros	31.12.2022	31.12.2021
Prepaid expenses	24.0	21.6
Other current receivables	232.6	239.8
Total other current assets	**256.6**	**261.3**

Other current receivables at 31 December 2022 include an advance payment of €202 million on public levies liabilities. This amount is identical to the prepayment at 31 December 2021.

4.6 Current payables

Upon initial recognition, current payables are recorded at their fair value; this is equal to their nominal value, as adjusted to take account of the payment due dates.

Current payables are subsequently recognised at amortised cost.

4.6.1 Trade and distribution network payables

In millions of euros	31.12.2022	31.12.2021
Trade payables	201.9	173.0
Distribution network payables	263.8	212.6
Total trade and distribution network payables	**465.7**	**385.7**

Amounts payable to the distribution network consist of prizes paid to players by retailers and network commissions for the year-end period. These amounts are paid weekly. The year-end amount varies, depending on the day of the week on which 31 December falls. This calendar effect, together with an increase in stakes wagered during the final few days of the year, is the main reason for the change in 2022.

4.6.2 Player funds

Player funds include pooled top prizes and winnings on pooled sports betting and traditional pooled draw games, as well as top prizes and winnings from additional games.

Other game organisation funds (e.g. rollover funds or super jackpot funds) contain sums that are carried forward to subsequent draws if there is no prize winner for certain classes of prize, as provided for in the rules of the games concerned.

Player funds mainly comprise funds intended for the organisation of games. They amounted to €305 million at 31 December 2022 (2021: €257 million). Changes in player funds are driven by the lifecycle of draw games.

4.6.3 Public levies liabilities

In millions of euros	31.12.2022	31.12.2021
Liabilities – General State budget	235.1	243.2
Liabilities – Sports betting levies	62.0	63.0
Liabilities – Other public levies	44.7	45.2
Sub-total	**341.8**	**351.5**
Unclaimed prizes	117.2	150.2
Public levies liabilities	**459.0**	**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. At 31 December 2021, the level of unclaimed prizes was affected by the extension of claim periods granted by FDJ following the closure of points of sale during the health crisis.

4.6.4 Winnings payable – Player balances

Winnings payable and player balances totalled €320 million at 31 December 2022 (2021: €370 million). They mainly comprise:

- winnings payable, i.e. unexpired, unpaid winnings owed to players (2022: €237 million; 2021: €229 million);
- available funds in player balances held in accounts on fdj.fr or parionssportenligne.fr (2022: €54 million; 2021: €51 million);
- winnings due to online players in course of payment (2022: €12 million; 2021: €81 million); the change is due to large prizes won at the end of 2021 that had not yet been cashed out.

4.6.5 Other current liabilities

In millions of euros	31.12.2022	31.12.2021
Prepaid income	37.1	38.0
Other payables	185.0	165.2
Other current liabilities	**222.1**	**203.2**

Deferred gaming income comprises stakes wagered in one year for draws or events taking place in the subsequent year. The amount at 31 December 2022 was €37 million (2021: €38 million). They are recognised as stakes within a maximum period of five weeks.

Other payables (2022: €185 million; 2021: €165 million) mainly comprise tax and social security payables.

4.7 Personnel expenses and employee benefits

4.7.1 Group headcount

Group weighted average headcount, covering all types of employment contracts including temporary staff, was as follows in 2022 and 2021:

	31.12.2022	31.12.2021
Weighted average headcount	2,848	2,697

Year-end headcount was as follows:

	31.12.2022	**31.12.2021**
Total year-end headcount	3,082	2,732

4.7.2 Personnel expenses

In addition to salaries and the corresponding social security charges, personnel expenses include the current service cost of retirement benefits as well as temporary staff, training and other related employee-related expenses.

In millions of euros	**31.12.2022**	**31.12.2021**
Payroll and social security contributions	247.9	230.2
Employee profit-sharing and incentives	37.2	34.6
Long-term benefits	10.5	2.8
Other	31.3	25.5
Total personnel expenses	**326.9**	**293.2**

The rise in personnel expenses was largely due to the increase in the weighted average headcount and the introduction of early retirement leave.

Personnel expenses include the valuation of a portion of the share purchase undertaking giving in respect of L'Addition shares, based on continued service requirements.

4.7.3 Employee benefits

Employee benefits include short-term and long-term benefits. Short-term benefits consist of paid leave, sick leave, bonuses and other benefits recognised as expenses for the year and as current payables.

Post-retirement benefits include lump-sum retirement benefits (defined benefit plans) which are based on end-of-career salaries and years of seniority. Amounts paid in respect of defined contribution plans are recognised as social security charges for the year. A provision is recognised for retirement benefit obligations that are administered under a defined-benefit plan. Benefits also include healthcare coverage. FDJ employees continue to receive healthcare coverage when they retire (or in the event of disability/redundancy), in accordance with the requirements of the Evin Law of 31 December 1989 and the national inter-occupational collective bargaining agreement of 11 January 2008. The scheme for current and former employees is in deficit and represents a liability. Lastly, benefits also include early retirement leave, which enables staff members who wish to do so to retire up to three years early as from 1 September 2022.

Long-term benefits also include long-service awards, which consist of days of paid leave and are subject to social security charges. The annual expense is equal to the net change in the obligation.

To determine the present value of the defined benefit plan obligation, the Group uses the projected unit credit method, a retrospective method involving projections of final salaries on retirement. The obligations are measured annually, taking account of seniority, life expectancy, employee turnover by category, benefits negotiated under collective bargaining agreements, and economic assumptions such as inflation and the discount rate. The discount rate used is determined based on the iBoxx € Corporate AA 10+ index.

The expense recognised in the income statement for the year incorporates:

- additional benefits earned by employees;
- the change in the discounted value of benefits existing at the start of the year, taking account of the passage of time;
- the impact of any plan amendments or new plans over the year.

In application of the amendment to IAS 19, actuarial gains and losses are recognised directly in other comprehensive income, and the impact of any plan amendments or new plans is included in the expense recognised in the income statement.

Expenses related to defined benefit plans are recorded in the income statement as follows:

- current service cost, which reflects the increase in obligations stemming from the acquisition of an additional year of seniority, is recognised in operating profit;
- the net financial expense for the period is recognised under "financial expenses". It is determined by applying the discount rate to the amount recognised in the statement of financial position at the beginning of the period, taking into account any variation during the period resulting from contributions paid and benefit payments.

In millions of euros	**31.12.2022**	**31.12.2021**
Retirement benefits	23.3	32.1
Long-service awards	7.0	8.7
Healthcare costs	3.6	6.8
Early retirement leave	10.1	0.0
Liabilities for retirement benefits and similar commitments	**44.1**	**47.7**

The inputs used to determine the provision for retirement benefit obligations are as follows:

		31.12.2022	**31.12.2021**
Discount rate		3.70%	0.80%
Wage growth *		3.00%	3.00%
long-term inflation included in the above		*2.20%*	*2.00%*
Employee turnover rate *	management	0.95%	0.95%
	non-management	0.57%	0.57%
Mortality table		INSEE TH-TF 2000-2002	INSEE TH-TF 2000-2002

** Age-adjusted*

In millions of euros	31.12.2022	31.12.2021
Actuarial obligation at the beginning of the period	**47.7**	**48.6**
Current service cost	10.5	2.8
Interest on the actuarial obligation	0.7	0.2
Actuarial gains and losses	-14.5	-3.4
Benefits paid	-0.8	-0.5
Change in scope	0.5	-
Actuarial obligation* at the end of the period	**44.1**	**47.7**

* *Actuarial obligation relating to retirement benefits, long-service awards, healthcare costs and early retirement leave.*

Under IAS 19 as revised, actuarial gains or losses that result from changes in actuarial assumptions and experience adjustments are recognised in full in other comprehensive income as they occur.

Sensitivity tests indicate that a 100 bp increase or decrease in the discount rate would lead respectively to a decrease or to an increase of 8% in the current provision for retirement benefits.

The average duration of commitments was 9 years at 31 December 2022 (2021: 13 years).

In April 2022, the Group signed an Early Retirement Leave agreement for a three-year period starting 1 September 2022, under which staff members who wish to do so can take early retirement. This led to the recognition of a liability of €10.1 million. The agreement applies to employees aged 57 or older of FDJ and the French subsidiaries of the Group, provided that they have worked for the Group for at least five years and are entitled to claim their retirement benefit at the end of the plan. The plan enables them to receive between 60% and 90% of their salary for a period of up to three years.

It is assumed that 25% of those eligible will accept the offer. The discount rate is 3.70%. A change in the discount rate of 100 basis point would lead to a 1% change in the liability.

4.7.4 Share-based payment

Awards of performance shares are recognised in accordance with IFRS 2 Share-based Payment. An amount representative of the benefit granted to the beneficiaries is calculated as at the award date and recognised in personnel expenses over the term of the plan. The corresponding credit entry is recorded directly in equity. The fair value of the expense is calculated using Black & Scholes-type models, which take account of the features of the plan (price and exercise period) and market information as at the date of the award (risk-free rate, share price, volatility, expected dividends). The expense is spread across the vesting period of the rights and may be corrected to reflect staff departures or dismissals or changes in the estimated probability that the performance criteria will be met. Subsequent changes in the share price do not affect the amount of the expense.

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 above, 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 entitlements have a vesting period of three years and are conditional on continued service.

The actual award of the shares is subject to the achievement of performance targets (recurring 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	174,764
Share price	49.58	34.6
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 over the term of the plans is €14.2 million (including employer's social security contributions), of which €3.4 million was expensed in the period. During the year, 150,000 shares were purchased for a total of €5.5 million for distribution to the beneficiaries when the plans mature.

4.8 Inventories

Inventories are valued at the lower of cost (determined using the "first in, first out" method) and net realisable value (estimated selling price net of associated selling costs). They are impaired in line with their technical or commercial obsolescence.

Inventories predominantly comprise gaming materials, such as scratch cards for instant games. The total at 31 December 2022 was €18 million (2021: €13 million).

5 Goodwill

Goodwill is the difference between the acquisition price and the fair value of the identifiable assets acquired and the liabilities assumed. It is assigned to the cash-generating unit (CGU) or group of CGUs liable to benefit from the synergies of the business combination, where that CGU or group of CGUs represents the lowest operating level at which the Group monitors the return on investment for this asset. A CGU is defined as the smallest identifiable group of assets generating cash inflows that are largely independent of the cash from other assets or groups of assets.

In accordance with IAS 36, goodwill is not amortised but is tested for impairment at each year-end, or more frequently if evidence of impairment is identified. The purpose of impairment testing is to ensure that the net carrying amount does not exceed the recoverable amount.

The recoverable amount is the higher of fair value (less costs to sell) and value in use.

The value in use of a CGU is determined with reference to the value of the discounted future cash flows expected from these assets, within the framework of the economic assumptions and operating conditions expected by the Company's management. An impairment loss is recorded when the value in use or the fair value less costs to sell is less than the carrying amount of the CGU. It is allocated in priority to goodwill. Any additional amounts are then allocated to property, plant and equipment and intangible assets.

(in millions of euros)	31.12.2021	Acquisitions Impairment	Disposals	31.12.2022
Goodwill (gross)	71.1	56.6	-71.1	56.6
Impairments	-71.1	-	71.1	-
Goodwill (net)	**-**	**56.6**	**-**	**56.6**

(in millions of euros)	31.12.2020	Acquisitions Impairment	Currency translation differences	31.12.2021
Goodwill (gross)	67.0	-	4.2	71.1
Impairments	-40.0	-28.8	-2.3	-71.1
Goodwill (net)	**26.9**	**-28.8**	**1.9**	**-**

The finalisation of the l'Addition and Aleda acquisitions in 2022 led to the recognition of two new provisional goodwill items totalling €57 million (€30 million for l'Addition and €27 million for Aleda). Goodwill mainly reflect the prospects for future business growth and the value of human capital.

In 2021, the strategic update of the Sporting Group business plan led to a downward revision of forecast cash flows, resulting in the write-off of the remaining goodwill of £24.2 million (€28.8 million).

6 Property, plant and equipment and intangible assets

6.1 Exclusive operating rights and other intangible assets

Exclusive operating rights

FDJ secured exclusive rights to operate lottery activities both online and in the offline distribution network, and to operate sports betting activities in the offline distribution network, for a period of 25 years. Amounting to €380 million, this asset is being amortised over this term from 23 May 2019, the date of enactment of the Pacte Law (Law no. 2019-486).

Research and development costs and intangible assets in progress

Research expenses incurred by the Group for proprietary activities are recognised as expenses as and when incurred.

Development costs are capitalised, provided they relate to projects with serious prospects for technical success and economic viability. These include the value of internal man-days and subcontracting. They cover internally developed projects aimed mainly at digitising and expanding the product and service range, both online and in points of sale.

Software

Software is initially recognised at acquisition cost, comprising the purchase price and incidental costs.

Intangible assets in progress and other intangible assets

Intangible assets in progress represent the development costs (see above) of assets not yet commissioned. With the exception of goodwill, other intangible assets are measured at their acquisition cost (purchase price and incidental costs).

Amortisation
Intangible assets are amortised on a straight-line basis over their estimated useful lives, unless those lives are indefinite. Development costs are amortised on a straight-line basis over the expected useful life of the asset, starting at the commissioning date. Development costs are amortised on a straight-line basis over a period of between three and 15 years, with an average of five years. Assets relating to online-only lottery games and to sports betting open to competition are amortised over a 3-year period. Software is amortised over a period of five years.
Analysis of the churn rates for Sporting Group customers showed that player numbers tended to diminish at a faster rate than originally expected, leading to a change in the amortisation method from linear amortisation to a charge based on units of production.

These periods are reviewed at the end of each financial year. Any change in the expected useful life or the expected rate of consumption of the future economic benefits embodied in the asset is taken into account prospectively.

Impairment of intangible assets
In accordance with IAS 36, where events or changes in the market environment or internal sources of information provide evidence of impairment of intangible assets, these assets are tested for impairment.

The main indications of impairment used by the Group are achievement of five-year business plan targets, regulatory changes, market trends, game and equipment performance, tech developments liable to make certain equipment prematurely obsolete and changes in the product/service range.

An impairment loss is recognised if the net carrying amount of an asset is greater than its recoverable amount. The recoverable amount of an asset is the greater of value in use, based on the discounted future cash flows generated by the asset, and market value, determined by reference to recent transactions in similar assets or valuations performed by independent experts with a view to disposal, less costs to sell.

In millions of euros	31.12.2022			31.12.2021		
	Gross	Amortisation Impairments	Net	Gross	Amortisation Impairments	Net
Exclusive operating rights	380.0	-54.9	325.1	380.0	-39.7	340.3
Development costs	232.9	-170.2	62.6	220.1	-144.4	75.7
Software	87.8	-72.2	15.6	78.4	-69.4	9.0
Intangible assets in progress and other intangible assets	127.9	-23.6	104.3	111.8	-14.4	97.3
Total intangible assets	**828.5**	**-320.9**	**507.6**	**790.3**	**-267.9**	**522.3**

(in millions of euros)	31.12.2021	Acquisitions Allowances	Disposals Reversals	Reclassi-fications*	Changes in cons. scope	Other movements**	31.12.2022
Exclusive operating rights	380.0	-	-	-	-	-	380.0
Development costs	220.1	11.9	-5.9	5.1	3.2	-1.6	232.9
Software	78.4	1.9	-	-	7.8	-0.3	87.8
Intangible assets in progress and other intangible assets	111.8	47.7	-0.9	-42.3	13.5	-1.8	127.9
Gross amounts	**790.3**	**61.4**	**-6.9**	**-37.2**	**24.5**	**-3.6**	**828.5**
Amort. / Impairment – Exclusive operating rights	-39.7	-15.2	-	-	-	-	-54.9
Amort. / Impairment – Development expenses	-144.4	-39.2	5.9	8.7	-2.3	1.1	-170.2
Amort. / Impairment – Software	-69.4	-3.0	-	-	-	0.2	-72.2
Amort. / Impairment – Other intangible assets	-14.4	-19.9	0.0	12.3	-2.2	0.7	-23.6
Amortisation and impairments	**-267.9**	**-77.4**	**5.9**	**21.0**	**-4.4**	**2.0**	**-320.9**
Net intangible assets	**522.3**		**-0.9**	**-16.3**	**20.1**	**-1.7**	**507.6**

** Reclassifications from "assets in progress" to "available for use" and reclassification of assets held for sale (IFRS 5)*
*** Mainly currency translation effect*

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.

(in millions of euros)	31.12.2020	Acquisitions Allowances	Disposals Reversals	Reclassi-fications*	Other movements (**)	31.12.2021
Exclusive operating rights	380.0	0.0	0.0	0.0	0.0	380.0
Development costs	191.4	15.3	-6.4	18.3	1.6	220.1
Software	138.8	1.6	-62.6	0.2	0.3	78.4
Advances and payments on account	12.8	0.0	0.0	-12.8	0.0	0.0
Intangible assets in progress and other intangible assets	58.9	56.6	-0.2	-5.7	2.2	111.8
Gross amounts	**781.9**	**73.5**	**-69.2**	**0.0**	**4.1**	**790.3**
Amort. / Impairment – Exclusive operating rights	-24.5	-15.2	0.0	0.0	0.0	-39.7
Amort. / Impairment – Development expenses	-104.5	-45.7	6.4	0.0	-0.6	-144.4
Amort. / Impairment – Software	-128.4	-3.3	62.6	0.0	-0.3	-69.4
Amort. / Impairment – Other intangible assets	-3.3	-10.8	0.0	0.0	-0.2	-14.4
Amortisation and impairments	**-260.7**	**-75.1**	**69.0**	**0.0**	**-1.2**	**-267.9**
Net intangible assets	**521.2**		**-0.2**	**0.0**	**3.0**	**522.3**

** Reclassifications from "in progress" to "available for use".*
*** Mainly currency translation effect*

6.2 Property, plant and equipment

Initial measurement

Property, plant and equipment are measured at acquisition cost (purchase price plus incidental costs). Where individual components of property, plant and equipment have different useful lives, they are recognised as separate assets.

Depreciation

Land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis as follows:

- Buildings	between 20 and 60 years
- Fixtures and fittings	between 10 and 30 years
- Point-of-sale terminals	between 5 and 8 years
- Equipment and furniture	between 5 and 10 years

The residual values and useful lives of the assets are reviewed, and modified if necessary, at the end of each financial year.

Borrowing costs

Borrowing costs incurred to finance major investments during the construction period are considered part of the acquisition cost. Assets are capitalised at the effective interest rate of the specific loan taken out to finance the asset.

Impairment of property, plant and equipment

See accounting policies for intangible assets, Note 6.1.

Leases

IFRS 16 “Leases” requires lessees to recognise:

- a right-of-use asset;
- a lease liability representing the present value of the future lease payments.

The Group has elected to apply the exemptions relating to short-term leases and leases of low-value items (less than €5,000). The discount rate used is the incremental borrowing rate, i.e. that which the Group would be required to pay for borrowings over a similar term with similar collateral.

In millions of euros	31.12.2022			31.12.2021		
	Gross	**Depreciation Impairments**	**Net**	**Gross**	**Depreciation Impairments**	**Net**
Land	96.6	-	96.6	96.6	-	96.6
Building facilities and amenities	242.0	-89.9	152.1	240.0	-83.1	156.9
Rights of use (IFRS 16)	50.8	-22.1	28.7	46.4	-18.1	28.2
Furniture, technical installations & point-of-sale equipment	229.0	-197.1	32.0	236.6	-191.8	44.7
Hardware	94.0	-77.4	16.6	81.8	-70.6	11.2
Local services equipment	18.2	-15.9	2.4	24.1	-21.7	2.4
Other property, plant and equipment	36.1	-28.2	7.9	45.5	-40.2	5.3
Property, plant and equipment in progress	13.7	-	13.7	13.3	-	13.3
Advances and payments on account	3.1	-	3.1	1.0	-	1.0
Total property, plant and equipment	**783.6**	**-430.5**	**353.1**	**785.2**	**-425.5**	**359.6**

(in millions of euros)	31.12.2021	Acquisitions Allowances	Disposals Reversals	Reclassi-fications*	Changes in cons. scope	Other movement **	31.12.2022
Land	96.6	-	-	-	-	0.0	96.6
Building facilities and amenities	240.0	5.7	-3.2	0.8	1.9	-3.2	242.0
Rights of use (IFRS 16)	46.4	-	-4.0	-2.9	0.4	11.0	50.8
Furniture, technical installations & point-of-sale equipment	236.6	6.0	-16.5	2.8	0.2	-0.0	229.0
Hardware	81.8	7.6	-0.0	4.6	-	-0.0	94.0
Local services equipment	24.1	2.2	-0.1	-7.5	-	-0.5	18.2
Other property, plant and equipment	45.5	4.1	-13.4	-	-	0.0	36.1
Property, plant and equipment in progress	13.3	9.5	-	-9.1	-	-0.0	13.7
Advances and payments on account	1.0	2,1	-	0.0	0.0	-	3.1
Gross amounts	**785.2**	**37.2**	**-37.2**	**-11.3**	**2.5**	**7.2**	**783.6**
Dep. / Impairment – Building facilities and amenities	-83.1	-12.2	2.5	0.8	-1.2	3.2	-89.9
Dep. / Impairment – Rights of use (IFRS 16)	-18.1	-8.0	4.0	2.9	-	-2.9	-22.1
Dep. / Impairment – Furniture, technical installations & point-of-sale equipment	-191.8	-21.7	16.5	-	-0.0	0.0	-197.1
Dep. / Impairment – Hardware	-70.6	-6.8	0.0	-	-	0.0	-77.4
Dep. / Impairment – Local services equipment	-21.7	-1.8	0.1	7.1	-	0.5	-15.9
Dep. / Impairment – Other property, plant and equipment	-40.2	-2.1	14.1	-	-	-0.0	-28.2
Impairment – Property, plant and equipment in progress	-	-	-	-	-	-	-
Depreciation and impairments	**-425.5**	**-52.6**	**37.2**	**10.8**	**-1.2**	**0.8**	**-430.5**
Net property, plant and equipment	**359.6**		**-0.0**	**-0.4**	**1.3**	**8.0**	**353.1**

** Reclassifications from "assets in progress" to "available for use" and reclassification of assets held for sale (IFRS 5)*
*** Currency translation effects and new leases (IFRS 16)*

(in millions of euros)	31.12.2020	Acquisitions Allowances	Disposals Reversals	Reclassi-fications*	Other movements **	31.12.2021
Land	96.6	-	-	-	-	96.6
Building facilities and amenities	236.2	6.6	-6.5	3.4	0.3	240.0
Rights of use (IFRS 16)	39.6	-	-4.6	-	11.4	46.4
Furniture, technical installations & PoS equipment	236.4	5.3	-8.5	3.4	-0.0	236.6
Hardware	74.8	5.3	-0.0	1.7	0.0	81.8
Local services equipment	23.5	1.4	-1.4	-	0.6	24.1
Other property, plant and equipment	43.7	1.8	-0.1	0.0	-0.0	45.5
Property, plant and equipment in progress	14.3	8.5	-1.1	-8.5	-0.0	13.3
Advances and payments on account	1.0	-	-	-	0.1	1.0
Gross amounts	**766.1**	**29.0**	**-22.3**	**-**	**12.4**	**785.2**
Dep. / Impairment – Building facilities and amenities	-77.7	-11.6	6.5	-	-0.3	-83.1
Dep. / Impairment – Rights of use (IFRS 16)	-14.8	-7.8	4.6	-	-0.1	-18.1
Dep. / Impairment – Furniture, technical installations & PoS equipment	-175.6	-24.8	8.5	-	0.0	-191.8
Dep. / Impairment – Hardware	-64.9	-5.7	0.0	-	-0.0	-70.6
Dep. / Impairment – Local services equipment	-20.4	-2.2	1.4	-	-0.6	-21.7
Dep. / Impairment – Other property, plant and equipment	-38.2	-2.0	0.1	-	-0.0	-40.2
Impairment – Property, plant and equipment in progress	-0.4	0.4	-	-	-0.0	-
Depreciation and impairments	**-391.9**	**-53.7**	**21.1**	**-**	**-1.0**	**-425.5**
Net property, plant and equipment	**374.2**		**-1.2**	**-**	**11.4**	**359.6**

** Reclassifications from "assets in progress" to "available for use"*
*** Currency translation effects and new leases (IFRS 16)*

In 2022, as in 2021, investments in property, plant and equipment mainly concerned point of sale equipment.

7 Provisions and contingent liabilities

A provision is recognised if, at the close of the financial year, the Group has an obligation to a third party arising from a past event, the settlement of which is expected to result in an outflow of resources from the entity without receiving equivalent or greater resources in return, and the amount of which can be estimated reliably. This obligation may be legal, regulatory, contractual or implied. The estimated amount of provisions, determined individually, corresponds to the outflow of resources that the Group considers probable. These provisions are not discounted, with the exception of provisions for employee benefits. The amount given is the best estimate of the risk.

Provisions estimated by the Group to be settled within 12 months after the reporting date, and provisions related to the normal operating cycle, are presented as current liabilities. Other provisions are presented as non-current liabilities.

Non-current and current provisions mainly cover litigation risks, operating risks and restructuring costs.

A **contingent liability** is a possible obligation resulting from a past event for which the outcome is uncertain, or a present obligation resulting from a past event for which the amount cannot be reliably estimated.

In millions of euros	31.12.2021	Increases	Reversals		Other movements	31.12.2022
			Utilised	Not utilised		
Total non-current provisions	12.5	1.6	-0.3	-2.5	-0.2	11.1
Total current provisions	12.8	5.2	-7.6	-0.9	1.8	11.4
Total provisions	**25.3**	**6.8**	**-7.8**	**-3.4**	**1.7**	**22.5**

Non-current provisions cover the legal cases with former agent-brokers.

Current provisions mainly cover disputes related to operations.

8 Climate change

The Group is engaged in measures to reduce its carbon emissions and considers that climate change effects will have limited impact on its financial statements.

A mapping of climate-related financial risks has been initiated in 2020 and is ongoing, aimed at aligning with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). FDJ Group has taken risk management actions to mitigate the potential impact or prevent the occurrence of the main climate change-related risks.

Risk type	Risk	Group actions
Physical risks	Disruption of the distribution network due to an extreme event	Introduction of a business continuity plan to address issues such as the impact of extreme weather events (e.g. provisions for buffer stock serving the network to overcome any disruptions)
	Interruption of IT services due to an extreme weather event	– The ability to withstand extreme weather events is taken into account in the design stage for FDJ's data centres – Prevention plan and IT continuity plan to address issues such as the risk of an extreme weather event
	Supply chain breakdown due to an extreme weather event	Dialogue regarding operational risk matters (including physical risks) with the suppliers of gaming materials, and audit of their business continuity plans
Transition risks	Taxation of greenhouse gas emissions	The Group has set targets to reduce greenhouse gas emissions by 2025 and contributes to carbon neutrality by offsetting its residual emissions
	Investor expectations	The Group regularly implements new action plans pertaining to environmental issues identified in non-financial rating frameworks. In 2021, FDJ incorporated 2025 CSR objectives into the annual compensation packages of the executive directors. One specific environmental objective was set: a 50% reduction in Scope 1 and 2 carbon emissions relative to 2017 (see section 4.1.d "CSR targets for 2025").

9 Cash and financial instruments

9.1 Financial assets and liabilities

Financial assets include long-term investments, term deposits, security deposits paid, and derivatives. In accordance with IFRS 9, they are classified and measured according to three main categories:

- amortised cost;
- fair value through profit or loss;
- fair value through other comprehensive income.

The classification of each financial asset is determined according to the management model defined by the Group and the characteristics of its cash flows.

Financial assets maturing in more than 12 months from the reporting date are classified as non-current. Those maturing in less than 12 months from the reporting date are classified as current.

An impairment model based on expected credit losses is applied to financial assets measured at amortised cost.

Financial liabilities include financial debt, security deposits received, and derivatives.

Investment securities

On initial recognition and on subsequent measurement, securities measured at fair value through profit or loss are marked to market using prices quoted on organised markets at the reporting date. For securities not traded on an active market, fair value is determined using measurement techniques (recent arm's length transactions, reference to the current market value of an equivalent instrument, discounted cash flow method or other valuation models).

Equity investments are measured on a line-by-line basis at fair value through profit or loss or, where they are not held for trading, at fair value through other comprehensive income that will not be reclassified to profit or loss. They are classified as non-current financial assets, current financial assets or cash equivalents (see Note 9.2) based on their liquidity, maturity and risk of changes in value.

Term deposits

Term deposits are measured at amortised cost and subject to analysis based on their expected credit losses. They are classified as non-current financial assets, current financial assets or cash equivalents (see Note 9.2) based on their liquidity, maturity and risk of changes in value.

Euromillions "My Million" deposit and security deposits

The deposit in relation to the Euromillions "My Million" game, along with other security deposits, is recorded under non–current financial assets. They are measured at amortised cost and disclosed under other non-current financial assets.

Financial debt

Financial debt is measured at amortised cost.

Derivative financial instruments

The FDJ Group still applies IAS 39 on hedging transactions.
It is the Group's policy to use the financial markets solely for the hedging of obligations associated with its business, never for speculative purposes. The Group therefore uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks. Derivative financial instruments are designated by the Group as hedges if the following conditions are met:

- formal documentation from the inception of the hedging relationship;
- hedge effectiveness between 80% and 125% throughout the transaction, based on testing;
- where hedging a future event, occurrence of the event must be highly probable.

Derivative instruments are measured at fair value when initially recognised, and remeasured at each reporting date until settled. Changes in fair value are recognised in other comprehensive income.

Fair value is determined using measurement techniques involving mathematical methods based on recognised financial theories and parameters whose value is determined based on the prices of instruments traded on asset markets.

In millions of euros	**31.12.2022**	**31.12.2021**
Non-current financial assets at amortised cost	395.0	435.0
Non-current financial assets at fair value through profit or loss	443.0	433.2
Non-current derivatives	19.0	2.7
Other non-current financial assets	9.8	73.8
Total non-current financial assets	***866.9***	***944.7***
Current financial assets at amortised cost	192.2	52.4
Current financial assets at fair value through profit or loss	14.1	40.0
Current derivatives	0.7	0.5
Security deposits	0.7	0.7
Total current financial assets	***207.7***	***93.7***
Total financial assets	**1,074.6**	**1,038.3**
Non-current financial debt	400.3	462.2
Non-current lease liabilities	28.4	23.6
Other non-current financial liabilities	2.4	0.5
Total non-current financial liabilities	***431.1***	***486.3***
Current financial debt	27.7	26.9
Current lease liabilities	9.3	6.2
Current derivatives	0.3	0.8
Bank overdrafts	2.5	0.0
Other current financial liabilities	34.6	26.6
Total current financial liabilities	***74.4***	***60.6***
Total financial liabilities	**505.5**	**546.9**

Interest rates rose substantially in 2022. In this context, the Group renewed term deposits in order to benefit from this increase and improve investments performance. Term deposits of €425 million recorded in the financial assets were replaced, and new term deposits totalling €525 million were settled.

Financial assets at fair value through profit or loss mainly comprise bonds with a time to maturity of three years or less, among which dedicated bond funds (€191 million), which the Group intends to hold 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 Euromillions deposit (2022: €7 million; 2021: €7 million), which is measured at fair value through profit or loss. At 31 December 2021 they also included the €60 million deposit paid under the secured trust agreement, which was valued at amortised cost. This deposit, which was intended to protect the credit-balance of sports betting and lottery players, was replaced in September 2022 by a guarantee provided by three leading European insurance companies.

In millions of euros	31.12.2021	Cash flows					Non-cash flows					31.12.2022
		Issue of long-term debt	Repayment of financial debt	Change in overdrafts	Lease payments (IFRS 16)	Total cash flows	Change in scope	Currency translation differences	Reclassification current/non-current financial debt	Other	Total non-cash flows	
Non-current financial debt	462.2		-43.0			-43.0	9.4	-1.5	-27.0	0.2	-18.8	400.3
Non-current lease liabilities	23.6					0.0	4.9	-0.1	-8.4	8.4	4.8	28.4
Other financial liabilities	0.5					0.0	1.8				1.8	2.4
Total non-current financial liabilities	***486.3***	***0.0***	***-43.0***	***0.0***	***0.0***	***-43.0***	***16.1***	***-1.6***	***-35.4***	***8.7***	***-12.2***	***431.1***
Current financial debt	26.9		-27.0			-27.0	0.9		27.0		27.9	27.7
Current lease liabilities	6.2				-7.6	-7.6	2.4		8.4		10.8	9.3
Current derivatives	0.8					0.0				-0.5	-0.5	0.3
Bank overdrafts	0.0			2.5		2.5					0.0	2.5
Other financial liabilities	26.6		-1.8			-1.8	9.8				9.8	34.6
Total other current financial liabilities	***60.6***	***0.0***	***-28.8***	***2.5***	***-7.6***	***-33.9***	***13.1***	***0.0***	***35.4***	***-0.5***	***47.9***	***74.4***
Total financial liabilities	**546.9**	**0.0**	**-71.8**	**2.5**	**-7.6**	**-77.0**	**29.2**	**-1.6**	**0.0**	**8.2**	**35.7**	**505.5**

Current and non-current financial debt of €463 million (2021: €489 million) consisted of:

- a loan of €325 million (net of €3 million issuance costs) to fund the securing of the exclusive operating rights, of which €305 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 have been put in place, covering €166 million until June 2026 and €49 million until September 2027;
- a €72 million loan for the acquisition of the Group's head office, of which €64 million is non-current and €8 million is current. The nominal value of the loan was €120 million. It bears interest at a fixed rate and is repayable over the period until 24 November 2031;
- a £24 million loan (€27 million), all of which is non-current, taken out in May 2019 in connection with the acquisition of Sporting Group, with an original nominal value of £100 million. The loan is repayable in two tranches in 2024 and 2025. It bears interest at a variable rate (Sonia). A voluntary repayment of £31 million was made during the period.

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		225.0	25.0	35.0	110.0	0.0	**395.0**
Non-current financial assets at fair value through profit or loss		396.9	46.1	0.0	0.0	0.0	**443.0**
Non-current derivatives		0.2	0.0	13.9	4.9	0.0	**19.0**
Other non-current financial assets		9.5	0.0	0.0	0.0	0.3	**9.8**
Total non-current financial assets	***0.0***	***631.5***	***71.1***	***48.9***	***114.9***	***0.3***	***866.9***
Current financial assets at amortised cost	192.2						**192.2**
Current financial assets at fair value through profit or loss	14.1						**14.1**
Current derivatives	0.7						**0.7**
Security deposits	0.7						**0.7**
Total current financial assets	***207.7***	***0.0***	***0.0***	***0.0***	***0.0***	***-***	***207.7***
Total financial assets	**207.7**	**631.5**	**71.1**	**48.9**	**114.9**	**0.3**	**1,074.6**
Non-current financial debt		36.4	27.1	46.9	27.2	262.6	**400.3**
Lease liabilities		8.8	8.0	4.5	2.1	5.0	**28.4**
Other non-current financial liabilities		0.7	0.6	0.2	0.1	0.8	**2.4**
Total non-current financial liabilities	***0.0***	***46.0***	***35.7***	***51.6***	***29.4***	***268.4***	***431.1***
Current financial debt	27.7						**27.7**
Lease liabilities	9.3						**9.3**
Current derivatives	0.3						**0.3**
Bank overdrafts	2.5						**2.5**
Other current financial liabilities	34.6						**34.6**
Total current financial liabilities	*74.4*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*74.4*
Total financial liabilities	**74.4**	**46.0**	**35.7**	**51.6**	**29.4**	**268.4**	**505.5**

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**

9.2 Cash and cash equivalents

Cash and cash equivalents consist of sight deposits and short-term money-market investments that are fully liquid, have a maturity of three months or less on the acquisition date, and have a negligible risk of change in value, in accordance with the criteria set out in IAS 7.

Term deposits are measured at amortised cost and subject to analysis based on their expected credit losses.
On initial recognition and on subsequent measurement, securities measured at fair value through profit or loss are marked to market using prices quoted on organised markets at the reporting date.

Overdrafts are recognised as current financial liabilities.

In millions of euros	31.12.2022	31.12.2021
Investments, cash equivalents	353.0	221.2
Bank accounts and other	160.4	380.4
Cash and cash equivalents	**513.4**	**601.7**

Investments classified as cash equivalents include interest-bearing term or sight deposits (2022: €42 million; 2021: €65 million) and UCITS fund units (2022: €311 million; 2021: €156 million). The latter include the Euromillions fund (2022: €105 million; 2021: €103 million).

The change in cash and cash equivalents is detailed in Note 9.3.

The Group is not aware of any major restrictions that would limit its access to the assets of any of the subsidiaries it controls.

9.3 Cash flows

Depreciation, amortisation and impairment costs included asset impairments in 2021.

The change in provisions in 2021 included the reversal of a €34 million provision following the final ruling in favour of FDJ by the Court of Cassation in the proceedings brought by former agent-brokers.

The settlement terms for working capital items in 2022 were comparable to 2021:

- 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).

In 2022, the €64 million decrease in operating working capital was mainly due to the increase in net receivables from the distribution network, following a negative calendar effect and a higher level of stakes at the period end, and the fact that some large prizes won by players at the end of 2021 were cashed out in 2022.

In 2021, the €201 million increase in operating working capital was mainly driven by an increase in public levies due to unclaimed prizes and to large prizes won by players at the year-end that had not yet been cashed out.

Acquisitions of property, plant and equipment and intangible assets, net of corresponding payables and advances, amounted to €104 million[7] in 2022 (2021: €76 million).[8] They mainly concerned IT and back office developments and PoS gaming terminals.

Acquisitions of €43 million in investments in 2022 represent the price paid for L'Addition and Aleda (including cash).

The change in current and non-current financial assets (2022: €105 million outflow; 2021: €216 million outflow) is due to the significant rise in interest rates in 2022, which led the Group to renew its stock of term deposits in order to improve the performance of its investments. New term deposits of €525 million were set up, while previous deposits of €425 million were closed. The movement in 2021 resulted from the settlement of dedicated bond funds (€200 million outflow) and the maturity (€210 million inflow) followed by the renewal (€165 million outflow) of term deposits.

The €60 million deposit paid under the secured trust agreement, which was intended to protect the credit-balance of online players, was repaid in September 2022 and replaced by a bank guarantee.

A payment of €10 million was received following the final liquidation in 2022 of the Sporting Group companies, which had ceased operations. It is disclosed in cash flows from investing.

The repayment of €72 million of financial debt in 2022 mainly concerns the current portion of borrowings (€27 million) and the voluntary early repayment of £31 million (€37 million) of the borrowings taken out in connection with the Sporting Group acquisition. In 2021, the repayment of €189 million of financial debt included the payment of €156 million to the State following the closure of

[7] €97 million before liabilities relating to non-current assets and payments in advance

[8] €102 million before liabilities relating to non-current assets and payments in advance

player funds in application of the Pacte Law, €27 million in current borrowings and the early repayment of £5 million (€6 million) of the borrowings taken out in connection with the acquisition of Sporting Group.

Other cash flows from financing activities mainly relate to treasury shares held in connection with a liquidity agreement and the performance share scheme.

The participating Euromillions lotteries[9] 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 winners, was €105 million at 31 December 2022 (2021: €103 million). This sum is presented in cash and cash equivalents.

9.4 Net financial income/(expense)

Net financial income includes:
- borrowing costs;
- income from financial investments;
- change in the value of derivatives;
- foreign exchange gains or losses.

In millions of euros	31.12.2022	31.12.2021
Cost of financial debt	**-6.6**	**-5.8**
Gains on disposals	0.0	2.3
Interest on investments	4.0	2.9
Derivatives (income)	0.0	0.0
Financial income on securities valued at fair value through profit or loss	8.4	19.7
Foreign exchange gains	2.6	0.6
Other financial income	0.9	2.3
Financial income	**15.8**	**27.9**
Derivatives (expenses)	-2.1	-0.4
Financial expenses on securities valued at fair value through profit or loss	-28.5	0.0
Foreign exchange losses	-4.1	-0.7
Other financial expenses	-0.8	-0.2
Financial expenses	**-38.0**	**-1.3**
Net financial income/(expense)	**-28.7**	**20.8**

The cost of financial debt mainly comprises the interest expense on the loans taken out to secure the exclusive operating rights and to acquire the registered office and Sporting Group.

The changes in gains and losses on securities valued at fair value through profit or loss (2022: €20 million decrease; 2021: €20 million increase) resulted from the movements in the financial markets, which fell overall in 2022 but which had rebounded in 2021. This includes the €8.4 million fall in the value of the dedicated bond funds maturing in 2024, as well as the fall of €5.2 million in the structured bonds maturing in 2024 and 2025. These decreases were caused by the rise in interest rates. The Group intends to hold these assets to maturity. They will be repaid at their nominal value, and will thus revert to their initial valuation. Despite a difficult global environment for tech, with declining investments in

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

start-ups and diminished valuations, the financial performance of the Group's investments in venture capital funds remained positive (€6 million increase).

FDJ is exposed to foreign exchange risks, mainly on the US dollar and the pound sterling. Foreign exchange gains and losses result from currency translation differences on unhedged financial assets and liabilities.

9.5 Financial risk management policy

In the management of its cash surplus, the Group faces four main categories of risk:

- credit risk (related to counterparty default risk);
- liquidity risk (in the event the Group is unable to meet its payment obligations);
- interest rate risk (mainly related to rises in interest rates);
- market risk.

A description of these risks is provided below, along with the initiatives taken by the Group to limit their impact.

9.5.1 Credit risk on investments and derivatives

The credit risk or counterparty risk on investments and derivatives is monitored by the Treasury Committee, which includes the Finance Director and members of the Treasury and Investments Department. This risk can be defined as the loss that the Group would bear in the event of default by a counterparty, resulting in a failure to meet its obligations to the Group.

For 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 established by the Treasury Committee. Their selection is based on their rating and the maturity of the transaction. It is reviewed periodically, at least once every six months. If a counterparty is downgraded below the minimum rating, the Treasury Committee decides whether to maintain the existing transactions to maturity.

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

In millions of euros	**31.12.2022**	**31.12.2021**
Non-current financial assets at amortised cost	395.0	435.0
Non-current assets at fair value through profit or loss (excluding innovation funds)	374.3	377.4
Non-current derivatives	19.0	2.7
Total non-current financial assets (excluding innovation funds)	788.3	*815.1*
Current financial assets at amortised cost	192.2	52.4
Current financial assets valued at fair value through profit or loss	14.1	40.0
Current derivatives	0.7	0.5
Total current investment securities	207.0	93.0
Investments, cash equivalents	353.0	221.2
Total investments (excluding innovation funds)	**1,348.3**	**1,129.3**

As at 31 December 2022, investments principally comprised:

- UCITS and similar assets of €615 million (2021: €518 million),
- investments with counterparties of €712 million (2021: €606 million). These comprise €607 million in term deposits (2021: €505 million), €20 million in interest-bearing demand deposits (2021: €45 million) and €85 million in EMTNs (2021: €56 million).
- derivatives of €20 million (2021: €3 million)
- accrued interest of €2 million (2021: €2 million).

Credit risk on investments with counterparties may be broken down as follows:

	Investments with counterparties at 31.12.2022 (in millions of euros)	Number of counterparties by size of exposure			
		€0-€25 million	€25-€50 million	€50-€100 million	€100-€150 million
AA/Financial institutions	294	-	1	-	2
A/Financial institutions	418	5	4	2	-
TOTAL	**712**				

9.5.2 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 must covered by cash that can be mobilised quickly. They are also covered by insurance (see Note 4.4.1 – Management of 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 held in money market instruments and other investments maturing within three years.

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

The amounts invested in short-term instruments and bonds maturing within three years are consistent with FDJ's cash management policy.

At 31 December 2022, financial investments averaged €1,591 million. Loans taken out with banks totalled €427 million, excluding issue costs. This comprised:

- €328 million (excluding issuance costs) related to the financing for the exclusive operating rights payment;
- €72 million of debt related to the purchase of the Group's head office;
- €27 million of debt related to the acquisition of Sporting Group.

Most of the short-term instruments and bonds maturing in three years or less can be recovered, without penalty or capital risk, following a notice period of 32 calendar days.

Furthermore, unused confirmed credit lines of €150 million have been in place since February 2021, repayable variously between February 2023 and February 2026.

Given the level of financial investments at 31 December 2022, and based on business, investment and debt repayment forecasts, the Group has determined it can meet its obligations over the next 12 months as from the review date of the annual financial statements by the Board of Directors.

9.5.3 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.

Sensitivity to interest rate risk arises from fixed income investments (bonds and negotiable debt instruments), interest rate derivatives and floating-rate debt.

At 31 December 2022, investments totalling €110 million were directly exposed to this risk; their purpose is to offset the effects of a possible rise in the interest rates payable on variable-rate borrowings. A 1% increase or decrease across the entire yield curve would have no material impact on the fair value of the investments. The borrowings incurred in connection with the exclusive operating rights payment (€328 million) and the acquisition of Sporting Group (€27 million) bear interest at variable rates. These figures exclude issuance costs.

Although the significant interest rate rises that occurred in 2022 have increased financing costs, the increase in interest costs was substantially limited by the existence of hedges covering 65% of the borrowings taken out to obtain the exclusive operating rights. At the same time, the unhedged portion of this loan (€114 million) is matched by variable-rate investments, further limiting interest rate sensitivity.

A 1% increase across the entire yield curve would have an impact of less than €1 million.

9.5.4 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 in connection with movements in its financial investments.

The Group 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, senior 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 of less.

In addition to these allocation rules, rules on geographic diversification are also applied. The strategies employed must ensure that volatility of the portfolio is materially lower than market volatility.

At 31 December 2022, investments subject to market risk amounted to €709 million (2021: €574 million).

9.6 Fair value of financial instruments

Financial instruments consist of:

- assets: all financial investments (classified as non-current financial assets, current financial assets, and cash and cash equivalents), all business-related loans and receivables, derivatives and bank accounts;
- liabilities: all payables (business-related payables, derivatives and financial debt).

Financial assets and liabilities are recognised at fair value.

In millions of euros	*IFRS 9 category and valuation*		31.12.2022 Fair value	31.12.2021 Fair value
Cash	**Fair value through profit or loss**	**Level 1**	**160.4**	**380.4**
Cash equivalents			**353.0**	**221.2**
	Loans and receivables at amortised cost	*Level 2*	*247.6*	*118.5*
	Fair value through profit or loss	*Level 2*	*105.4*	*102.7*
Non-current financial assets	**-**		**867.0**	**944.5**
of which non-current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*395.0*	*435.0*
of which non-current financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Level 2*	*374.3*	*377.4*
of which non-consolidated securities (innovation fund)	*Fair value through profit or loss*	*Level 2*	*52.7*	*42.6*
of which non-consolidated securities (innovation fund)	*Fair value through profit or loss*	*Level 3*	*16.2*	*13.2*
of which other non-current financial assets	*Loans and receivables at amortised cost*	*Level 2*	*28.8*	*76.3*
Current financial assets	**-**	**Level 2**	**207.7**	**93.7**
of which current financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Level 2*	*14.1*	*40.0*
of which current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*192.2*	*52.4*
of which current derivatives	*Fair value through OCI*	*Level 2*	*0.7*	*0.5*
of which deposits and guarantee	*Loans and receivables at amortised cost*	*Level 2*	*0.7*	*0.7*
Trade and distribution network receivables (net value)			**465.8**	**358.5**
of which trade receivables	*Loans and receivables at amortised cost*	*Level 2*	*72.7*	*38.1*
of which distribution network receivables	*Loans and receivables at amortised cost*	*Level 2*	*393.1*	*320.4*
Other operating assets (excluding tax and social security receivables and prepaid expenses)		**-**	**202.4**	**212.4**
TOTAL FINANCIAL INSTRUMENTS – ASSETS			**2,256.2**	**2,210.7**
Non-current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**431.1**	**486.3**
Trade and distribution network payables			**465.7**	**385.7**
of which suppliers	*Financial liabilities at amortised cost*	*Level 2*	*201.9*	*173.0*
of which distribution network payables	*Financial liabilities at amortised cost*	*Level 2*	*263.8*	*212.6*
Current player funds	**Financial liabilities at amortised cost**	**Level 2**	**304.6**	**256.6**
Winnings payable/Player balances	**Financial liabilities at amortised cost**	**Level 2**	**319.8**	**370.0**
Other operating liabilities excluding tax and social security receivables and prepaid income	**Financial liabilities at amortised cost**	**Level 2**	**78.2**	**68.6**
Other current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**74.4**	**60.6**
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES			**1,673.9**	**1,627.8**

Level 1: Prices quoted in active markets
Level 2: Use of directly or indirectly observable market data other than the quoted price of an identical instrument (data corroborated by the market: yield curve, swap rates, multiples method, etc.)
Level 3: Measurement techniques based on unobservable data such as projections or internal data

10 Investments in joint ventures

In millions of euros	Total
Value of securities at 31.12.2020	**14.7**
Change in scope	0.0
Share of net income for 2021	4.1
Dividends	0.0
Translation differences	1.8
Value of securities at 31.12.2021	**20.6**
Change in scope	0.0
Share of net income for 2022	1.1
Dividends	-2.7
Translation differences	-0.7
Value of securities at 31.12.2022	**18.3**

10.1 Société de Gestion de l'Échappée (SGE)

SGE manages the Groupama-FDJ cycling team. A 50% share in SGE was sold to Groupama on 6 December 2018; since then, the company has been accounted for using the equity method. Responsibility for dealing with ethical issues, defining the sports programme and managing all activities associated with amateur cycling remains with the Association l'Échappée, which is separate from SGE. An expense of €8 million was recorded on the sponsorship contract between FDJ and SGE in 2022 (2021: €4 million).

10.2 Lotteries Entertainment Innovation Alliance (LEIA)

The Group holds a 20% stake in the Norwegian company Lotteries Entertainment Innovation Alliance AS, a digital gaming distribution platform located in Norway. The other shareholders are Danske Lotterie Spile, Denmark (20%), Norsk Tipping, Norway (20%), Veikkaus, Finland (20%) and Svenska Spel, Sweden (20%). The Group's business relationship with the company generated net income of €2.3 million in 2022 (2021: around €2.4 million).

10.3 Beijing ZhongCai Printing (BZP)

The Group holds a 46.25% stake in Beijing ZhongCai Printing Co. Ltd (BZP), a lottery ticket printing company in China. It is accounted for using the equity method. The remaining 53.75% is held by CWL (China Welfare Lottery).

The Group had no material business relations with BZP in 2021 and 2022. BZP paid dividends to FDJ Group, net of currency effects and withholding taxes, of €3 million in 2022 (no dividend was paid in 2021).

10.4 Services aux Loteries en Europe (SLE)

The Group holds a 26.57% stake in joint venture Services aux Lotteries en Europe (SLE), a Belgian limited cooperative company located in Brussels which was established in October 2003 to organise joint operations in connection with Euromillions games (draws, centralised combinations, calculation of winnings and organisation of funds transfers between operators for prize payouts). The Company is jointly owned by the ten participating lotteries. In 2022, the Group earned income of €2 million from its business relations with SLE, as in 2021.

10.5 National Lotteries Common Services (NLCS)

The Group holds a 50% stake in the joint venture National Lotteries Common Services (NLCS), a French company established in February 2013 with the aim of pooling the expertise and resources of different lotteries in relation to sports betting. The other shareholder is the Portuguese state lottery SCML (Santa Casa de la Misericordia de Lisboa). No transactions with this company had a material impact on the Group. The Group's business transactions with the Company generated net income of nil in 2022 (2021: €1.6 million).

11 Assets (and liabilities) held for sale

Assets and liabilities that qualify as "held for disposal" are presented separately from other assets and liabilities in the statement of financial position. An impairment is recognised when the realisable value is lower than the net carrying amount.

The Group intends to sell the B2C assets operated by Sporting Group, which are presented within "adjacent activities" in the segment reporting. The assets and liabilities in question have therefore been reclassified as "assets held for disposal" and "liabilities held for disposal" in accordance with IFRS 5.

12 Income tax

Income tax comprises the current tax expense and deferred tax expense. It is recognised in the income statement except insofar as it relates to items that are recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

The tax rates used are those enacted or substantively enacted for each tax jurisdiction at the end of the reporting period.

Current tax is the amount of tax due for the period. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as from tax loss carryforwards. It is determined using the liability method. A deferred tax asset is only recognised insofar as it is probable that the Group will have future taxable profits against which to offset this asset in the foreseeable future or, beyond that, deferred tax liabilities of the same maturity. Deferred tax assets and liabilities are netted in the statement of financial position by tax entity.

12.1 Income tax expense

In millions of euros	**31.12.2022**	**31.12.2021**
Deferred tax	-4.2	0.7
Current tax	-109.1	-123.1
Total income tax expense	**-113.3**	**-122.5**

The change in the tax expense in 2022 resulted mainly from the decrease in the effective tax rate to 27.0% (2021: 29.7%).

12.2 Current tax assets and liabilities

In millions of euros	31.12.2022	31.12.2021
Current tax assets	27.0	13.0
Current tax liabilities	1.3	1.1

Current tax assets and liabilities mainly comprise the net amount of income tax instalments paid and the income tax expense payable for the period.

12.3 Deferred tax

In millions of euros	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
Non-deductible provisions	9.6		10.1	
Temporarily non-deductible expenses	7.3		6.2	
Other sources of temporary differences*	7.2	-59.0	3.3	-46.7
Tax loss carryforwards			6.1	
Total deferred tax	**24.1**	**-59.0**	**25.6**	**-46.7**
Net deferred tax		**-34.9**		**-21.0**

(*) Mainly accelerated depreciation and amortisation

Given the prospects of utilisation, the deferred tax assets in relation to tax loss carryforwards were derecognised in 2022.

12.4 Reconciliation of the theoretical tax rate and the effective tax rate

In millions of euros	2022	2021
Consolidated accounting profit before tax excluding income from joint ventures	420.1	412.5
Theoretical standard income tax rate	25.8%	28.4%
Theoretical income tax expense	**108.5**	**117.2**
Effects of items generating differences from theoretical tax expense:		
- Permanent differences	-1.8	17.3
- Effect of tax rates (differences between countries and application of reduced rates) on current and deferred tax	-5.1	-0.1
- Tax credits	-1.0	-12.4
- Taxable losses net of utilisations	13.1	-0.7
- Other items	-0.4	1.2
Total differences between effective tax and theoretical tax	**4.9**	**5.3**
Effective income tax expense	**113.3**	**122.5**
Effective tax rate	27.0%	29.7%

In 2022, the difference between the theoretical and effective tax rates related mainly to the tax losses of foreign subsidiaries. In 2021, the main sources of differences were the impairments described in Note 4.2.3 “Other non-recurring operating income and expenses” and the tax losses of foreign subsidiaries.

Tax credits relate mainly to sponsorship activities.

13 Earnings per share

Earnings per share are calculated according to the rules laid down in IAS 33.

The figure is obtained from the weighted average number of shares outstanding during the year, excluding the weighted number of treasury shares deducted from the equity.

Basic earnings per share are calculated by dividing net profit attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing net profit attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period, adjusted for the impact of any potential dilutive ordinary shares.

If including deferred equity instruments in the calculation of diluted earnings per share generates an anti-dilutive effect, they are excluded from the calculation.

	31.12.2022	31.12.2021
Net profit attributable to owners of the parent (in millions of euros)	307.9	294.2
Weighted average number of ordinary shares (*) over the period	190,816,794	190,956,080
Effect of dilutive instruments (performance shares)	0	0
Weighted average number of ordinary shares (diluted) over the period	190,816,794	190,956,080
Basic earnings per share (in euros)	**1.61**	**1.54**
Diluted earnings per share (in euros)	**1.61**	**1.54**

** 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 14 below).

14 Equity

14.1 Share capital

FDJ has share capital of €76,400,000, consisting of 191,000,000 fully subscribed and paid-up shares with a par value of €0.40 each.

A breakdown of share ownership is provided in Note 1.1.

14.2 Treasury shares[10]

Treasury shares are recorded at their acquisition cost as a deduction from shareholder's equity. Gains and losses on sales of treasury shares, net of tax, are charged directly to equity and do not contribute to the income for the period.

A share purchase and sale programme authorised by the Board of Directors at its meeting of 19 December 2019 has been implemented, pursuant to the authorisation granted by the General Meeting of Shareholders of 4 November 2019, for the purpose of concluding a liquidity agreement to facilitate trading in FDJ shares. The maximum amount of €6 million has been allocated to the liquidity agreement, which runs until 19 December 2023.

This programme is covered by a liquidity agreement in accordance with the provisions laid down by the Autorité des marchés financiers (AMF).

Shares are also purchased in connection with the performance share awards made on 30 June 2021 and 26 April 2022.

At 31 December 2022, there were 185,319 treasury shares, representing a deduction of €6.7 million from consolidated equity (2021: 112,063 shares representing a deduction of €4.5 million).

14.3 Reserves

The Group's business, i.e. organising and operating gaming activities, involves specific risks and obligations of a substantial magnitude which must be covered by suitable resources.

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 (including a €5 million increase made immediately prior to the transfer) was therefore transferred to the optional reserve.

14.4 Payment of dividends

The dividend in respect of 2022, to be submitted to the vote at the General Meeting of Shareholders of 27 April 2023 approving the financial statements for the year ended 31 December 2022, is €262 million, i.e. €1.37 per share.

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.

15 Related-party transactions

15.1 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, while amendments to FDJ's Articles of Association require State approval (by decree), and the appointment of the Chairman, Chief

[10] Note that 5,730,000 of the Company's shares are the subject of litigation with Soficoma before the Aix-en-Provence Court of Appeal (see Note 15 "Ongoing proceedings and other disputes"). FDJ considers that it purchased these shares on 18 May 2017. The General Meeting of Shareholders of 18 June 2018 resolved to cancel the shares in question, on conditions that the application made to the Commercial Court is granted, i.e. that the Court finds that (i) Soficoma, pursuant to Article 15(b) of the Articles of Association, was required to sell its shares within three months of the meeting of the Board of Directors that found it to be in breach of the conditions governing its capacity to remain a shareholder of FDJ, (ii) FDJ has satisfied its obligation to pay the price of the shares by depositing the price with the Caisse des Dépôts et Consignations, (iii) Soficoma forfeited its status of shareholder on the date of that deposit, i.e. on 18 May 2017, and (iv) FDJ is authorised to enter the transfer of those shares from Soficoma to FDJ in its registers.

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 on stakes wagered 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 levies are defined by decree.

The associated amounts recorded in the income statement and the statement of financial position are as follows:

In millions of euros		**31.12.2022**	**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	202.2	202.1

In millions of euros		**31.12.2022**	**31.12.2021**
Statement of financial position – Liabilities	Public levies (including unclaimed prizes)	459.0	501.7

In millions of euros		**31.12.2022**	**31.12.2021**
Income statement	Public levies	4,147.4	3,816.0

According to the agreement concluded between the French State and FDJ on 17 October 2019, when the exclusive rights expire or are terminated early, 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 etc.) are all carried out under normal market conditions.

15.2 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.

On 15 December 2016, the Board of Directors elected to renew the FDJ Corporate Foundation for a term of five years from 5 January 2018 until 2 January 2023. The multi-year action plan provides for €19.5 million, of which €7 million was donated in 2016, €8 million in 2017, €3 million in 2019 and €1.5 million in 2021.

On 16 December 2021, the Board of Directors elected to renew the FDJ Corporate Foundation for a term of five years from 3 January 2023, with a €25 million multi-year action plan for the period from 2023 to 2027. The amount committed by FDJ is covered by a bank guarantee.

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

15.3 Executive compensation

The compensation of senior executives forms part of the information provided in respect of related parties.

The main executive managers sit on the Group Management Committee, which has 22 members.

In the consolidated income statement, executive compensation is limited to the following items:

In millions of euros	**31.12.2022**	**31.12.2021**
Short-term employee benefits	6.7	5.8
Long-term employee benefits	2.0	0.8
Total	**8.7**	**6.6**

Short-term benefits include all forms of compensation. Other long-term benefits include post-employment benefits (retirement benefits and health coverage), long-service awards and performance shares.

In the consolidated statement of financial position, amounts payable to executives were as follows:

In millions of euros	**31.12.2022**	**31.12.2021**
Short-term employee benefits	2.1	1.8
Long-term employee benefits	2.3	2.9

The fair value of the free shares awarded during the period to the principal executives under the share-based payment schemes was €3.3 million.

Post-employment benefits do not apply to corporate directors (the Chairwoman & CEO and the Deputy CEO), given their status as civil servants on secondment.

16 Ongoing legal proceedings and other disputes (see Note 7)

Legal proceedings brought by 84 agent-brokers

Members of the French gaming 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 rider 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. By a judgement dated 17 November 2022, the Court of Appeal of Aix-en-Provence upheld the ruling of the Commercial Court of Marseille in its entirety and dismissed all claims against the French Republic, represented by the Agence des participations de l'État. Soficoma filed an appeal to the Court of Cassation on 13 December 2022.

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.

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, Betclic 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 an initial submission on 6 August 2021, a second on 23 September 2022 and a third on 18 November 2022. The applicants made new submissions on 11 October 2021, 24 June 2022, 1 August 2022, 12 September 2022 and 23 November 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 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.

17 Off-balance-sheet commitments

Other commitments are detailed in the table below:

In millions of euros	31.12.2022	31.12.2021
Commitments given		
Deposits and first-demand guarantees	38.0	40.9
Sponsorship agreement	15.6	22.6
Investment funds	47.1	45.7
Performance bonds*	203.4	102.8
Image rights for cyclists and commitment to the Association l'Échappée	1.0	0.8
Property rent	3.3	4.9
Mortgage on goods acquired	77.4	86.4
Other commitments given	0.9	0.8
Total commitments given	**387.9**	**305.0**
Commitments received		
Performance bonds and commitments to return advance payments	172.7	140.4
Guarantees for remittance of stakes and payment of winnings	498.8	459.6
Counterparty risk insurance	130.0	130.0
Confirmed credit facilities	150.0	150.0
Online players insurance	110.0	-
Total commitments received	**1,061.5**	**880.0**

** Includes printing contracts worth €59.5 million in 2022 (2021: €23.6 million)*

17.1 Commitments given

The performance bonds given represent irrevocable purchase commitments made by the Group to its suppliers.

The mortgage allocation commitment taken out by the Group in 2016 (including the principal, interest and related amounts) concerned the purchase of its head office.

Investment funds are mainly venture capital funds geared towards supporting the development of start-ups in activities close to FDJ's core business. These funds include Partech and Raise, as well as CVC V13 (in partnership with Séréna), Level-up (specialising in e-sports), Trust e-sport, OneRagtime – ARIA, Origins and Sista Fund.

17.2 Commitments received

Guarantees received for the remittance of stakes and payment of winnings relate to the financial guarantees provided by new retailers doing business with FDJ. Newly approved retailers are required to provide a financial guarantee to cover the risk of payment defaults. Under this system, retailers provide their guarantees directly to FDJ, which is responsible for debt collection.

The commitment of €130 million comprises the aggregate insurance cover for the counterparty risk on lottery games, as from 1 January 2020, following the reform of FDJ's tax and regulatory framework, which put an end to the counterparty fund system.

The commitment of €110 million concerns a surety agreement that guarantees the repayment of all funds due to players holding online accounts. The agreement covers a maximum amount of €110 million. It is provided by three leading European insurance companies and renews automatically on an annual basis.

Unused confirmed lines of credit totalling €150 million have been in place since February 2021.

17.3 Reciprocal commitments

At the end of 2020, as part of the partnership between FDJ and Groupama via Société de Gestion de l'Échappée (50% owned by each shareholder), FDJ and Groupama signed reciprocal pledges to buy and sell the remaining SGE shares.

In connection with the acquisition of L'Addition, FDJ and the vendor signed undertakings respectively to buy and sell the remaining 5% of L'Addition shares still held by the vendor. The commitment was reflected in the recognition of a liability in the statement of financial position.

17.4 Schedule of lease commitments

Lease commitments at 31 December 2022 and 31 December 2021 were payable as follows:

In millions of euros	**31.12.2022**	**31.12.2021**
Less than 1 year	1.2	1.7
Less than 5 years	2.1	3.2
More than 5 years	-	-
Lease commitments*	**3.3**	**4.9**

** Lease commitments relate to vehicles and low-value leases that are not included in IFRS 16 lease liabilities (see Note 6.2)*

IFRS 16 lease liabilities totalled €38 million at 31 December 2022 (2021: €30 million).

18 Post-closing events

With effect from 2023, the Group puts in place a five-year, €10 million programme to raise awareness of the risks of gambling among high school pupils, designed in conjunction with a non-profit organisation working in prevention.

19 Scope of consolidation

The ownership interest (the share of the consolidated entity held directly or indirectly by the Group) is identical to the percentage of control for all controlled entities.

Name of entity	Head-quarters	Activity	Consolidation method 2022 (1)	Consolidation method 2021 (1)	2022 Percentage of interest	2021 Percentage of interest
La Française des jeux	France	Organisation of lottery games and sports betting	FC	FC	100%	100%
FDJ Gaming Solutions France (FGS France)	France	Development and supply of digital lottery technologies	FC	FC	100%	100%
FDJ Gaming Solutions (FGS)	France	Holding	FC	FC	100%	100%
Beijing ZhongCai Printing	China	Printing of lottery tickets	EM	EM	46.25%	46.25%
La Pacifique des Jeux	France	Operation of games of chance in French Polynesia	FC	FC	99.99%	99.99%
FDJ Développement	France	Distribution of lottery and betting games in the French Antilles and Guiana	FC	FC	100%	100%
La Française d'Images	France	Technical audiovisual services	FC	FC	100%	100%
Société de Gestion de l'Échappée	France	Management and promotion of a cycling team	EM	EM	50%	50%
FDP	France	Distribution of lottery and betting games in mainland France	FC	FC	100%	100%
Services aux Loteries en Europe	Belgium	Provision of services for national lottery agents in connection with the operation of Euromillions	EM	EM	26.57%	26.57%
FDJ Gaming Solutions UK (FGS UK)	United Kingdom	Development of sports betting technology	FC	FC	100%	100%
National Lotteries Common Services (NLCS)	France	Provision of services associated with the operation of sports betting	EM	EM	50.00%	50.00%
Lotteries Entertainment Innovation Alliance AS (LEIA)	Norway	Operation of digital gaming platforms	EM	EM	20.00%	20.00%
Sporting Group Holdings Limited (formerly Sporting Index Holdings Ltd)	United Kingdom	Holding	FC	FC	100%	100%
Sporting Index Ltd	United Kingdom	Sports betting (fixed and variable odds)	FC	FC	100%	100%
Sporting Solutions Services Limited (formerly SPIN Services Ltd)	United Kingdom	Development of sports betting technology	FC	FC	100%	100%
SPIN Services Canada Inc.	Canada	Development of sports betting technology	FC	FC	100%	100%
FGS Canada	Canada	Development of sports betting technology	FC	FC	100%	100%
FDJ Services	France	Finance and payment services	FC	FC	100%	100%
DVRT13	France	Entertainment services	FC	FC	100%	100%
FGS New Market	France	Development of sports betting technology	FC	-	100%	-
Sporting Solution America Inc.	United States	Development of sports betting technology	FC	-	100%	-
FDJ Services Holding	France	Finance and payment services	FC	-	100%	-
Adstellam (L'Addition)	France	Finance and payment services	FC	-	95%	-
Aleda	France	Finance and payment services	FC	-	100%	-

(1) *Full consolidation (FC) – Companies over which the Group has exclusive control Equity method (EM) – Companies over which the Group has significant influence or joint control*

Changes in the consolidation scope are described in Note 3.1.

20 Statutory auditors' fees

The statutory auditors' fees for 2022 and 2021 were as follows:

	Audit services		Non-audit services	
31.12.22 - In thousands of euros	**PricewaterhouseCoopers Audit**	**Deloitte & Associés**	**PricewaterhouseCoopers Audit**	**Deloitte & Associés**
FDJ (issuer)	462	449	50	108
Subsidiaries (controlled entities)	135	146	-	-
Statutory auditors' fees	**597**	**595**	**50**	**108**

	Audit services		Non-audit services	
31.12.21 - In thousands of euros	**PricewaterhouseCoopers Audit**	**Deloitte & Associés**	**PricewaterhouseCoopers Audit**	**Deloitte & Associés**
FDJ (issuer)	449	427	51	105
Subsidiaries (controlled entities)	275	148	5	21
Statutory auditors' fees	**724**	**575**	**56**	**126**

Non-audit services in 2022, as in 2021, mainly concerned the independent third party review of the non-financial performance report, work on internal controls and various certifications.