# FDJ

# INTERIM FINANCIAL REPORT
# 30 JUNE 2023

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# STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the interim financial statements for the previous half year have been prepared in accordance with applicable accounting standards and give a true and fair picture of the assets, liabilities, financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the interim management report presented below accurately reflects the highlights of the first six months of 2023 financial year, their impact on the financial statements, the main related-party transactions, as well as a description of the main risks and uncertainties for the remaining six months of the year.

Boulogne-Billancourt, 28 July 2023

Stéphane Pallez
Chairwoman and CEO

# INTERIM MANAGEMENT REPORT
# 30 JUNE 2023


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# 1 Highlights

**Council of State confirms the monopoly position of La Française des Jeux**

In a case brought in December 2019 by a gaming industry association and several gaming operators, the French Council of State ruled on 14 April that the monopoly position of La Française des Jeux is compliant with European law. It also ruled that the 25-year duration of those exclusive rights, as defined in the Pacte law, is not excessive.

With regard to the €380 million paid to the State by La Française des Jeux in relation with the exclusive rights, the Council of State will give judgment once the European Commission has issued a decision on the appropriateness of that sum, following the inquiry into State aid initiated in July 2021.

**New formula for Amigo**

Amigo, a point-of-sale game with a draw every five minutes, was relaunched at the start of June with a new formula, in accordance with the decision by the French regulator (Autorité nationale des jeux). Alongside this relaunch is a reduction in the number of draws (with a suspension for 15 minutes per hour between 6 am and 2 pm) and in the maximum amount per play (€8 versus €20).

**Support for points of sale (PoS) affected by riots**

Around 450 FDJ points of sale suffered varying degrees of damage during the recent riots; two-third of them have already reopened. The Group is working alongside its retailers, including postponing direct debits and managing past-due payments, and is supporting them to facilitate their reopening, for example through the Rebond fund (personalised support system, launched in 2020, to provide administrative assistance, legal support, financial support, etc.).

**Increased support for the prevention of underage gambling**

To further bolster its actions to support responsible gaming, and in particular to combat underage gambling, FDJ made a €10 million commitment in early 2023 to support initiatives to prevent underage gambling, led by the associative sector over the next five years and due to begin by the end of the year.

**The 30th anniversary of the FDJ Corporate Foundation to promote equal opportunities**

Since 1993, the FDJ Corporate Foundation has helped over 300,000 beneficiaries throughout France. It supports general-interest projects aimed at people facing barriers and is committed to supporting innovative projects that promote equal opportunities through education and inclusion in society. According to an EY study, €3.40 of social value is created for every €1 of support for associations from the FDJ Foundation.

**Another “A” rating for the Axylia carbon score**

For the second year running, FDJ obtained an “A” carbon score for the Vérité40 index established by Axylia, comprised of the 40 best carbon scores of SBF 120 companies.

# 2 Group results

## 2.1 Comments on the consolidated income statement

| In millions of euros | 30.06.2023 | 30.06.2022 | Change 06.2023 vs 06.2022 | | 30.06.2022 Restated (*) | Change vs. 2022 restated | |
|---|---|---|---|---|---|---|---|
| **Gross gaming revenue (GGR)** | **3,295.0** | **3,218.3** | **76.7** | **2.4%** | **3,218.3** | **76.7** | **2.4%** |
| Public levies | -2,082.4 | -2,042.6 | -39.8 | 1.9% | -2,042.6 | -39.8 | 1.9% |
| Other revenue from sports betting | 5.1 | 6.1 | -1.0 | -16.9% | 6.1 | -1.0 | -16.9% |
| **Net gaming revenue (NGR)** | **1,217.8** | **1,181.8** | **35.9** | **3.0%** | **1,181.8** | **35.9** | **3.0%** |
| **Revenue from other activities** | **71.2** | **30.5** | **40.7** | **133.5%** | **62.5** | **8.7** | **13.9%** |
| **Revenue** | **1,289.0** | **1,212.3** | **76.6** | **6.3%** | **1,244.3** | **44.6** | **3.6%** |
| Cost of sales | **-700.8** | **-652.1** | **-48.7** | **7.5%** | **-677.7** | **-23.2** | **3.4%** |
| Marketing and communication expenses | **-222.8** | **-221.3** | **-1.5** | **0.7%** | **-222.9** | **0.0** | **0.0%** |
| General and administrative expenses | **-118.4** | **-88.2** | **-30.1** | **34.1%** | **-90.0** | **-28.3** | **31.5%** |
| Other operating income and expenses | **-7.3** | **-5.5** | **-1.8** | **32.1%** | **-5.5** | **-1.8** | **32.8%** |
| **Recurring operating profit** | **239.6** | **245.1** | **-5.5** | **-2.2%** | **248.3** | **-8.7** | **-3.5%** |
| **Recurring EBITDA** | **299.9** | **308.1** | **-8.3** | **-2.7%** | **311.7** | **-11.8** | **-3.8%** |
| **Operating profit** | **225.4** | **239.2** | **-13.7** | **-5.7%** | | | |
| Net financial income/(expense) | **18.7** | **-22.4** | **41.1** | **-183.3%** | | | |
| Share of net income from joint ventures | **2.4** | **1.0** | **1.4** | **145.9%** | | | |
| Income tax expense | **-65.4** | **-58.2** | **-7.2** | **12.5%** | | | |
| **Net profit** | **181.0** | **159.5** | **21.5** | **13.5%** | | | |

* Comparative figures restated to include L'Addition and Aleda

Gross gaming revenue (GGR) is the benchmark for the level of business in the gambling sector. To ensure improved comparability, the disclosure of the FDJ Group's income statement is now aligned with this aggregate, which corresponds to stakes less winnings plus the GGR of other activities.

*Unless otherwise stated, data and analyses related to the income statement, up to and including current operating income, are on a restated 2022 basis, including L'Addition (acquired July 2022) and Aleda (acquired November 2022) over comparable periods.*

### *Revenue*

Gross gaming revenue (GGR)[1] was €3,295 million, an increase of 2.4%. Net gaming revenue (NGR)[2] totalled €1,218 million, up 3.0% based on a 4.4% increase in stakes, after the deduction of €2,082 million public levies, (+1.9%).

The Group's revenue for the half-year was €1,289 million, a rise of 3.6%, after including income from other activities (€71 million). Compared to reported data for H1f 2022, growth was 6.3%.

### *Activity by distribution channel*

Stakes in points of sale increased by 3.2% to €9,155 million, supported by sports betting and instant games.

[1] Gross gaming revenue (GGR) is the difference between stakes and player payout.
[2] Net gaming revenue (NGR) corresponds to the GGR net of public levies on games. It represents FDJ's remuneration for its gaming activities.

Online stakes continued their momentum, driven by sports betting and the lottery. They were up 13.3% to €1,332 million, a performance attributable in large part to the increase in the number of players. Online stakes account for nearly 13% of total stakes.

### *Recurring operating profit/Recurring EBITDA*

**Cost of sales** was €701 million: €493 million in PoS commissions, with an increase (+3.1%, or +€15 million) correlated with that of point-of-sale stakes, and €208 million for other costs of sales, with a 4.1% increase (+€8 million) reflecting in particular the impact of inflation on the various expense items, including gaming materials.

**Marketing and communication costs** were €223 million, almost stable compared to last year. They include costs related to the development of the gaming range and services, particularly digital, which continue to rise, as well as decreasing advertising and communication costs.

**Administrative and general expenses** mainly include personnel expenses and operating costs for central corporate functions, as well as building costs and IT infrastructure costs. They amounted to €118 million, of which €10 million in exceptional allowance to support, over the next five years, actions carried out by the non-profit sector to prevent underage gambling. Their increase compared to the €90 million in H1 2022 reflects in particular the impact of inflation on the main expense items.

During the first half, the Group continued to implement operating efficiency measures, in particular to offset the impact of inflation on its cost base.

**Other operating income and expenses** amounted to a €7 million net expense, mainly comprising the amortisation charge for exclusive operating rights.

As such, the Group's **recurring operating profit** (ROP) totalled €240 million, down 3.5% (-€9 million) compared to H1 2022.

**Recurring EBITDA** corresponds to recurring operating profit restated with depreciation and amortisation. Based on net depreciation and amortisation expenses of €60 million on tangible and intangible assets, compared to €63 million in H1 2022, recurring EBITDA amounted to €300 million, down 3.8% (-€12 million) compared to H1 2022.

As such, the recurring EBITDA margin was 23.3% in H1 2023. Excluding the €10 million one-off allowance to support actions led by the non-profit sector to prevent underage gambling, the margin rate for H1 2023 would be 24.0%.

**Other non-recurring operating profit and expenses** amounted to a €14 million net expense, compared to a €6 million expense in H1 2022. They mainly include the impact of the reassessment of Sporting Group's B2C spread betting assets in the process of being sold (see Note 10 to the Consolidated Financial Statements – Assets and liabilities held for sale) and costs related to the external growth strategy.

**Operating profit** for H1 2023 was €225 million, down 5.7% (-€14 million) compared to H1 2022.

### *Net financial income/(expense)*

The change in financial income (+€19 million in H1 2023 versus -€22 million in H1 2022) reflects the rise in interest rates and a more favourable market environment.

### *Income tax expense*

The Group's **tax expense** was €65 million, representing an effective tax rate[3] of 26.8% over H1 2023.

### *Net profit*

As such, **consolidated net profit** for H1 2023 amounted to €181 million, up 13.5% compared to H1 2022 reported.

## 2.2 Segment reporting

| | 30.06.2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| *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** |
| Gross gaming revenue (GGR) | 2,759 | 536 | 1 | 0 | 3,295 | | 3,295 |
| Net gaming revenue (NGR) | 955 | 257 | 6 | 0 | 1,218 | | 1,218 |
| **Revenue** | **958** | **257** | **74** | **0** | **1,289** | | **1,289** |
| **Cost of sales** | **-527** | **-123** | **-33** | **0** | **-683** | **-18** | **-701** |
| **Marketing and communication expenses** | **-82** | **-59** | **-39** | **-16** | **-197** | **-26** | **-223** |
| **Contribution margin** | **349** | **74** | **3** | **-16** | **409** | **-44** | **365** |
| **General and administrative expenses & Other operating income and expenses** | | | | **-110** | **-110** | **-16** | **-126** |
| **Recurring EBITDA** | | | | | **300** | | |
| **Depreciation and amortisation** | | | | | | **-60** | |
| **Recurring operating profit** | | | | | | | **240** |

| | 30.06.2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| *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** |
| Gross gaming revenue (GGR) | 2,733 | 485 | 0 | 0 | 3,218 | | 3,218 |
| Net gaming revenue (NGR) | 943 | 232 | 6 | 0 | 1,182 | | 1,182 |
| **Revenue** | **946** | **232** | **34** | **0** | **1,212** | | **1,212** |
| **Cost of sales** | **-514** | **-110** | **-8** | **0** | **-631** | **-21** | **-652** |
| **Marketing and communication expenses** | **-86** | **-54** | **-36** | **-19** | **-195** | **-26** | **-221** |
| **Contribution margin** | **346** | **69** | **-10** | **-19** | **386** | **-47** | **339** |
| **General and administrative expenses & Other operating income and expenses** | | | | **-78** | **-78** | **-16** | **-94** |
| **Recurring EBITDA** | | | | | **308** | | |
| **Depreciation and amortisation** | | | | | | **-63** | |
| **Recurring operating profit** | | | | | | | **245** |

[3] *Before share of net income from joint ventures*

| | 30.06.2022 restated | | | | | | |
|---|---|---|---|---|---|---|---|
| *In millions of euros* | Lottery BU | Sports betting and online gaming open to competition BU | Adjacent activities | Holding | **Total before dep./amort.** | Dep./a mort. | **Group total** |
| Gross gaming revenue (GGR) | 2,733 | 485 | 0 | 0 | 3,218 | | 3,218 |
| Net gaming revenue (NGR) | 943 | 232 | 6 | 0 | 1,182 | | 1,182 |
| **Revenue** | **946** | **232** | **66** | **0** | **1,244** | | **1,244** |
| **Cost of sales** | **-514** | **-110** | **-33** | **0** | **-657** | **-21** | **-678** |
| **Marketing and communication expenses** | **-86** | **-54** | **-37** | **-19** | **-196** | **-26** | **-223** |
| **Contribution margin** | **346** | **69** | **-4** | **-19** | **391** | **-47** | **344** |
| **General and administrative expenses & Other operating income and expenses** | | | | **-79** | **-79** | **-16** | **-95** |
| **Recurring EBITDA** | | | | | **312** | | |
| **Depreciation and amortisation** | | | | | | **-63** | |
| **Recurring operating profit** | | | | | | | **249** |

**Lottery BU:**

Lottery revenue totalled €958 million, up 1.3%  based on a 2.3% increase in stakes.

This performance, despite a high basis of comparison in H1 2022 which reflected the very successful relaunch of Cash in February, is attributable to instant games (stakes up 4%), with very well welcome launches and relaunches such as Carré Or in January, Club Color in March and Numéro Fétiche in May.

The performance of draw games (stakes down 1%) is due to a low number of Loto and Euromillions high jackpots in the first half of the year, games in which the conversion of stakes into revenue is high and which have a high rate of digitisation. In addition, the effects of the new Amigo formula introduced at the start of June undermined the game's performance.

Cost of sales amounted to €527 million, up 2.6% (+€13 million) compared to H1 2022. It mainly comprises PoS commissions of €393 million, whose 1.5% increase is in line with the increase in the network over the period. Marketing and communication expenses decreased by 4.6% to €82 million.

The Lottery BU's contribution margin was virtually stable at €349 million, with a contribution margin rate of 36.4%.

**Sports betting and online gaming open to competition BU:**

Sports betting and online gaming open to competition revenue was €257 million, up 10.5% from H1 2022, based on a 13.0% increase in stakes. The player payout ratio, which gradually normalised in Q2 compared to a high Q1 level, was slightly higher than in H1 2022.

Business growth, strong in both distribution channels, benefited from the momentum generated by the World Cup at the end of 2022 and a more extensive football calendar.

Cost of sales amounted to €123 million, up 12.0% (+€13 million) compared to H1 2022. This mainly corresponds to PoS commissions, which are in line with network stakes. Marketing and communication expenses came to €59 million. Their 10.6% increase (+€6 million) compared to H1 2022 reflects the business momentum.

The contribution margin of the Sports betting and Online gaming open to competition BU was €74 million, up €6 million relative to H1 2022, representing a contribution margin of 28.9%.

**Adjacent activities:**

Adjacent activities (Payment & Services, International and Entertainment) recorded revenue of €74 million. Compared to a restated 2022 basis, the €8 million increase was mainly driven by the International business and the contribution margin was €3 million, a €7 million improvement.

**Holding:**

Holding company costs were €110 million, €27 million higher than in the first half of 2022. This was due notably to an exceptional grant of €10 million to support actions to prevent underage gaming to be taken over the next five years by the non-profit sector.

## 2.3 Change and balance sheet structure – Net cash surplus

| In millions of euros | 30.06.2023 | 31.12.2022 | Change |
|---|---|---|---|
| Non-current assets | 1,749.5 | 1,802.6 | -53.0 |
| *of which goodwill* | *56.6* | *56.6* | *0.0* |
| *of which exclusive operating rights* | *317.5* | *325.1* | *-7.5* |
| *of which other intangible assets* | *191.5* | *182.6* | *8.9* |
| *of which property, plant and equipment* | *349.0* | *353.1* | *-4.1* |
| *of which non-current financial assets* | *815.8* | *866.9* | *-51.0* |
| Current assets | 1,172.3 | 1,489.0 | -316.7 |
| *of which trade and distribution network receivables* | *291.0* | *465.8* | *-174.8* |
| *of which other current assets* | *73.8* | *256.6* | *-182.8* |
| *of which current financial assets* | *266.0* | *207.7* | *58.2* |
| *of which cash and cash equivalents* | *520.8* | *513.4* | *7.5* |
| Assets held for sale | 18.0 | 24.2 | -6.1 |
| **Total Assets** | **2,939.9** | **3,315.7** | **-375.9** |
| Equity | 835.9 | 925.4 | -89.5 |
| Non-current liabilities | 499.3 | 521.2 | -21.9 |
| *of which non-current financial liabilities* | *407.5* | *431.1* | *-23.6* |
| Current liabilities | 1,595.3 | 1,858.3 | -263.0 |
| *of which trade and distribution network payables* | *326.1* | *465.7* | *-139.6* |
| *of which current player funds* | *307.4* | *304.6* | *2.8* |
| *of which public levies liabilities* | *351.5* | *459.0* | *-107.5* |
| *of which winnings payable* | *307.8* | *319.8* | *-12.1* |
| *of which other current liabilities* | *203.0* | *222.1* | *-19.0* |
| *of which current financial liabilities* | *82.0* | *74.4* | *7.6* |
| Liabilities held for sale | 9.3 | 10.7 | -1.4 |
| **Total liabilities** | **2,939.9** | **3,315.7** | **-375.9** |

***Non-current assets and liabilities***

The €3 million decrease in **exclusive operating rights, other intangible assets and property, plant and equipment** mainly results from capital expenditure (+€64 million) and depreciation and amortisation (-€67 million) for the period.

**Non-current financial assets** declined by €51 million: To benefit from the recovery in the markets and higher interest rates, while reducing risk on its investment portfolio and improving liquidity, FDJ group sold certain funds, reinvested elsewhere, and renewed or opened term deposits.

**Non-current financial liabilities** comprise the portion of the Group's borrowings due after more than one year and lease liabilities. Their decrease of €24 million is mainly due to the transfer of €13 million of the Group's other borrowings to current financial liabilities in accordance with their maturities.

***Current assets and liabilities; working capital***

The €382 million drop in **current non-financial assets** resulted mainly from:

- trade and distribution network receivables, which were €175 million lower due to business levels traditionally lower at the end of June than at the end of December, and to a calendar effect[4];
- other current assets (€183 million lower), which at 31 December 2022 included a prepayment of €202 million on the public levies liabilities falling due in H1 2023.

**Non-financial current liabilities** decreased by €270 million, mainly due to the fall in:

- trade and distribution network payables (-€140 million). Accounts payable to the distribution networks changed for the same reason as accounts receivable from the distribution network;
- public levies liabilities (-€108 million) affected by business levels traditionally lower in June than in December, and by the change in unclaimed prizes (-€38 million). Unclaimed prizes are paid once a year to the French state; a payment of €117 million was made during H1. Other public levies are settled monthly.

***Current financial assets, cash and cash equivalents***

The increase of €58 million in **current financial assets** reflects new term deposits.

**Cash and cash equivalents** increased by €8 million. The net cash inflow from operating activities in the first half (+€360 million) covered more than the settlements of 2022 financial year dividends (-€253 million), debt repayments (-€14 million) and investments (-€64 million).

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

***Net cash surplus***

The “net cash surplus” is the indicator that reflects the Group’s net cash position.
Its composition has changed since 31 December 2022: it includes now Non-current financial assets, Current financial assets and Cash & cash equivalents, net of Non-current financial liabilities and Current financial liabilities, less:
(i) security deposits paid (current and non-current);
(ii) cash subject to restrictions;
(iii) amounts set aside exclusively for Euromillions winners;
(iv) non-consolidated securities, mainly comprising units in venture capital funds (innovation). These assets were not restated in the net cash surplus calculation until 31 December 2022.

This definition aims at providing a better view of the net financial assets that the Group can mobilise in a very short term.

| *In millions of euros* | 30.06.2023 | 31.12.2022 published | 31.12.2022 restated* |
|---|---|---|---|
| Non-current financial assets at amortised cost | 400.0 | 395.0 | 395.0 |
| Non-current financial assets at fair value through profit or loss | 386.8 | 443.0 | 443.0 |
| Non-current derivatives | 18.2 | 19.0 | 19.0 |
| Other | 10.8 | 9.8 | 9.8 |
| ***Total non-current financial assets*** | ***815.8*** | ***866.9*** | ***866.9*** |
| Current financial assets at amortised cost | 255.6 | 192.2 | 192.2 |
| Current financial assets at fair value through profit or loss | 9.5 | 14.1 | 14.1 |
| Current derivatives | 0.1 | 0.7 | 0.7 |
| Security deposits | 0.7 | 0.7 | 0.7 |
| ***Total current financial assets*** | ***266.0*** | ***207.7*** | ***207.7*** |
| **Total financial assets** | **1,081.8** | **1,074.6** | **1,074.6** |
| Investments, cash equivalents | 435.2 | 353.0 | 353.0 |
| Bank accounts and other | 85.6 | 160.4 | 160.4 |
| **Total cash and cash equivalents** | **520.8** | **513.4** | **513.4** |
| Non-current financial debt | -379.6 | -401.3 | -401.3 |
| Non-current lease liabilities | -26.5 | -28.4 | -28.4 |
| Other financial liabilities | -1.4 | -1.4 | -1.4 |
| ***Total non-current financial liabilities*** | ***-407.5*** | ***-431.0*** | ***-431.0*** |
| Current financial debt | -71.7 | -62.2 | -62.2 |
| Current lease liabilities | -9.8 | -9.3 | -9.3 |
| Current derivatives | -0.4 | -0.3 | -0.3 |
| Bank overdrafts | 0.0 | -2.5 | -2.5 |
| Other financial liabilities | -0.1 | -0.1 | -0.1 |
| ***Total current financial liabilities*** | ***-82.0*** | ***-74.4*** | ***-74.4*** |
| **Total financial liabilities** | **-489.5** | **-505.4** | **-505.4** |
| Security deposits received/paid (current and non-current) | -10.1 | -9.1 | -9.1 |
| Cash subject to restrictions | 0.0 | 0.0 | 0.0 |
| Amounts set aside exclusively for Euromillions winners | -90.9 | -105.1 | -105.1 |
| Non-consolidated securities * | -70.8 | | -68.7 |
| **NET CASH SURPLUS** | **941.3** | **968.3** | **899.6** |

* Non-consolidated securities, which are disclosed under non-current financial assets, have been excluded from the definition of the Net Cash Surplus since 1 January 2023. The comparative figures have been restated accordingly.

***Reconciliation between the various cash indicators***

| *In millions of euros* | 30.06.2023 | 31.12.2022 published | 31.12.2022 restated* |
|---|---|---|---|
| **Cash and cash equivalents** | **520.8** | **513.4** | **513.4** |
| ***Amounts set aside exclusively for Euromillions winners*** | ***-90.9*** | ***-105.1*** | ***-105.1*** |
| **Non-current financial assets at amortised cost** | **400.0** | **395.0** | **395.0** |
| **Current financial assets at amortised cost** | **255.6** | **192.2** | **192.2** |
| ***Financial assets at amortised cost*** | ***655.6*** | ***587.2*** | ***587.2*** |
| **Available cash** | **1,085.6** | **995.4** | **995.4** |
| Innovation funds | 70.8 | 68.7 | 68.7 |
| Other non-current investments at fair value through profit or loss | 316.0 | 374.3 | 374.3 |
| **Non-current financial assets at fair value through profit or loss** | **386.8** | **443.0** | **443.0** |
| **Current financial assets at fair value through profit or loss** | **9.5** | **14.1** | **14.1** |
| ***Financial assets at fair value through profit or loss*** | ***396.3*** | ***457.2*** | ***457.2*** |
| ***Financial debt and other financial liabilities*** | ***-451.4*** | ***-463.5*** | ***-463.5*** |
| Non-current derivatives (assets) | 18.2 | 19.0 | 19.0 |
| Current derivatives (assets) | 0.1 | 0.7 | 0.7 |
| Current derivatives (liabilities) | -0.4 | -0.3 | -0.3 |
| ***Derivatives*** | ***17.9*** | ***19.5*** | ***19.5*** |
| ***Lease liabilities*** | ***-36.3*** | ***-37.8*** | ***-37.8*** |
| ***Bank overdrafts*** | ***0.0*** | ***-2.5*** | ***-2.5*** |
| ***Non-consolidated securities **** | ***-70.8*** | ***0.0*** | ***-68.7*** |
| **Net cash surplus** | **941.3** | **968.3** | **899.6** |

* Non-consolidated securities, which are disclosed under non-current financial assets at fair value through profit or loss, have been excluded from the definition of the Net Cash Surplus since 1 January 2023. The comparative figures have been restated accordingly.

# 3 2023 Outlook

Based on the first half of the year and the full impact of the new Amigo formula expected in the second half, the Group now expects revenue to grow by more than 5% and by more than 3% on a like-for-like basis[5], with the current EBITDA margin maintained at around 24% for the full 2023 financial year[6].

The operating efficiency measures introduced in H1 2023 to offset the impact of inflation on the cost base will be strengthened in the second half of the year.

[5] Versus an increase initially expected of between 4% and 5% on a like-for-like basis.

[6] If L'Addition and Aleda had been included for the whole year, 2022 full-year revenue would have been €2,514 million.

# 4 Main risks

The main risks and uncertainties that the Group could potentially face in H2 2023 are the same as those presented in Chapter 3 "Risk Factors" of the 2022 Universal Registration Document, ref. D.23-0102, approved by the AMF on 16 March 2023. Changes in risks associated with financial instruments and disputes over the first half are disclosed in notes 3.4 "Operating risk hedging", 7.6 "Management of financial risks" and 15 "Ongoing legal proceedings and other disputes" to the interim consolidated financial statements in this report.

# 5 Related parties

The related parties at 30 June 2023 were the same as those identified at 31 December 2022, as were the related-party transactions.

# 6 Post-closing events

**Agreement to acquire Premier Lotteries Ireland, the Irish national lottery operator, another major step in the deployment of FDJ Group's international strategy**

On 27 July, FDJ signed an agreement to acquire Premier Lotteries Ireland, the operator holding the exclusive rights to the Irish national lottery until 2034, for an enterprise value of €350 million. The completion of this transaction remains subject to customary conditions precedent, including the Irish national lottery regulator's approval, which is expected to come in the second half of 2023.

In 2022, Premier Lotteries Ireland recorded gross gaming revenue (GGR) of €399 million and revenue of €140 million, with an EBITDA margin comparable to that of the FDJ Group, i.e. an additional contribution to Group growth of more than 5% over a full year.

**Signing of an agreement to sell the Sporting Group B2C business**

As announced, the Group has taken steps to improve the profitability of its UK business. On 5 July, a preliminary disposal agreement was signed in respect of Sporting Group's B2C spread betting[7] business, which will become effective once the competent authorities have given their approval.

7 Spread betting involves predicting whether 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

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2023


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## Consolidated income statement

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

| *In millions of euros* | Note | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| ***Gross gaming revenue*** | ***3.1*** | ***3,295.0*** | ***3,218.3*** |
| *Public levies* | *3.1* | *-2,082.4* | *-2,042.6* |
| *Other revenue from sports betting* | *3.1* | *5.1* | *6.1* |
| ***Net gaming revenue*** | *3.1* | ***1,217.8*** | ***1,181.8*** |
| ***Revenue from other activities*** | ***3.1*** | ***71.2*** | ***30.5*** |
| **Revenue** | 3.1 | **1,289.0** | **1,212.3** |
| Cost of sales | 3.2 | -700.8 | -652.1 |
| Marketing and communication expenses | 3.2 | -222.8 | -221.3 |
| General and administrative expenses | 3.2 | -118.4 | -88.2 |
| Other operating income | 3.2 | 0.4 | 2.4 |
| Other operating expenses | 3.2 | -7.7 | -7.9 |
| **Recurring operating profit** | 3.2 | **239.6** | **245.1** |
| Other non-recurring operating income | 3.2 | 2.3 | 0.1 |
| Other non-recurring operating expenses | 3.2 | -16.6 | -6.1 |
| **Operating profit** | | **225.4** | **239.2** |
| Cost of financial debt | | -7.5 | -2.6 |
| Other financial income | | 35.2 | 8.3 |
| Other financial expenses | | -9.0 | -28.0 |
| **Net financial income/(expense)** | 8.1 | **18.7** | **-22.4** |
| Share of net income from joint ventures | 10 | 2.4 | 1.0 |
| **Profit before tax** | | **246.5** | **217.7** |
| Income tax expense | 12 | -65.4 | -58.2 |
| **Net profit for the period** | | **181.0** | **159.5** |
| - attributable to owners of the parent | | 181.0 | 159.5 |
| - attributable to non-controlling interests | | 0.0 | 0.0 |
| **Basic earnings per share (in euros)** | 13 | **0.948** | **0.835** |
| **Diluted earnings per share (in euros)** | 13 | **0.949** | **0.834** |

Gross gaming revenue (GGR) is the benchmark for the business level in the gambling sector. To ensure improved comparability, the presentation of the FDJ Group's income statement has been adapted so that it is now aligned with this aggregate. It includes stakes, less winnings plus the GGR of other activities.

# Consolidated statement of comprehensive income

| *In millions of euros* | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **Net profit for the period** | **181.0** | **159.5** |
| Cash flow hedging (before tax) | -1.2 | 11.9 |
| Net investment hedging on foreign activities (before tax) | 0.8 | 0.5 |
| Net change in currency translation differences (before tax) | -1.9 | 0.3 |
| Tax on items subsequently transferable to profit or loss | 0.1 | -3.2 |
| **Items subsequently transferred or transferable to profit or loss** | **-2.3** | **9.5** |
| Actuarial gains and losses | -5.5 | 10.7 |
| Tax on items that may not subsequently be transferable to profit or loss | 1.4 | -2.8 |
| **Items that may not subsequently be transferable to profit or loss** | **-4.1** | **7.9** |
| **Other comprehensive income** | **-6.3** | **17.5** |
| **Total comprehensive income for the period** | **174.7** | **177.0** |
| - attributable to owners of the parent | 174.7 | 177.0 |
| - attributable to non-controlling interests | 0.0 | 0.0 |

# Consolidated statement of financial position

| *In millions of euros* | | | |
|---|---|---|---|
| **ASSETS** | Note | **30.06.2023** | **31.12.2022** |
| Goodwill | 4 | 56.6 | 56.6 |
| Exclusive operating rights | 5.1 | 317.5 | 325.1 |
| Other intangible assets | 5.1 | 191.5 | 182.6 |
| Property, plant and equipment | 5.2 | 349.0 | 353.1 |
| Non-current financial assets | 8.2 | 815.8 | 866.9 |
| Investments in joint ventures | 10 | 19.0 | 18.3 |
| **Non-current assets** | | **1,749.5** | **1,802.6** |
| Inventories | | 20.6 | 18.5 |
| Trade and distribution network receivables | 3.6 | 291.0 | 465.8 |
| Other current assets | 3.6 | 73.8 | 256.6 |
| Current tax assets | | 0.1 | 27.0 |
| Current financial assets | 8.2 | 266.0 | 207.7 |
| Cash and cash equivalents | 8.5 | 520.8 | 513.4 |
| **Current assets** | | **1,172.3** | **1,489.0** |
| **Assets held for sale** | 11 | **18.0** | **24.2** |
| **TOTAL ASSETS** | | **2,939.9** | **3,315.7** |

| *In millions of euros* | | | |
|---|---|---|---|
| **LIABILITIES** | Note | **30.06.2023** | **31.12.2022** |
| Share capital | | 76.4 | 76.4 |
| Retained earnings (including profit for the period) | | 734.1 | 817.3 |
| Reserves of other comprehensive income | | 25.4 | 31.7 |
| **Equity attributable to owners of the parent** | 14 | **835.9** | **925.4** |
| Non-controlling interests | | 0.0 | 0.0 |
| **Shareholders' equity** | | **835.9** | **925.4** |
| Provisions for retirement benefits and similar commitments | 3.5 | 50.0 | 44.1 |
| Non-current provisions | 6 | 8.8 | 11.1 |
| Deferred tax liabilities | | 33.0 | 34.9 |
| Non-current financial liabilities | 8.2 | 407.5 | 431.1 |
| **Non-current liabilities** | | **499.3** | **521.2** |
| Current provisions | 6 | 14.0 | 11.4 |
| Trade and distribution network payables | 3.8 | 326.1 | 465.7 |
| Current tax liabilities | | 3.5 | 1.3 |
| Current player funds | 3.7 | 307.4 | 304.6 |
| Public levies liabilities | 3.8 | 351.5 | 459.0 |
| Winnings payable/Player balances | 3.8 | 307.8 | 319.8 |
| Other current liabilities | 3.8 | 203.0 | 222.1 |
| Current financial liabilities | 8.2 | 82.0 | 74.4 |
| **Current liabilities** | | **1,595.3** | **1,858.3** |
| **Liabilities held for sale** | 11 | **9.3** | **10.7** |
| **TOTAL LIABILITIES** | | **2,939.9** | **3,315.7** |

# Consolidated statement of cash flows

| *In millions of euros* | Note | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| **Consolidated net profit for the period** | | **181.0** | **159.5** |
| Change in asset depreciation, amortisation and impairment of non-current assets | | 66.6 | 63.0 |
| Change in provisions | | 7.0 | -1.1 |
| Capital gains or losses on disposal | | 0.0 | 0.7 |
| Income tax expense | | 65.4 | 58.2 |
| Other non-cash items included in the consolidated income statement | | 2.4 | 1.4 |
| Net financial income/(expense) | | -18.7 | 22.4 |
| Share of net income from joint ventures | | -2.4 | -1.0 |
| **Non-cash items** | | **120.3** | **143.6** |
| **Use of provisions - payments** | | **-5.4** | **-4.4** |
| **Interest received** | | **24.0** | **-1.2** |
| **Income taxes paid** | | **-37.7** | **-62.4** |
| Change in trade receivables and other current assets | | 370.1 | 342.9 |
| Change in inventories | | -2.2 | 0.3 |
| Change in trade payables and other current liabilities | | -277.6 | -296.9 |
| Change in other components of working capital | | -12.3 | -7.1 |
| **Change in operating working capital** | | **78.0** | **39.3** |
| **Net cash flow from operating activities** | **9** | **360.4** | **274.3** |
| **INVESTING ACTIVITIES** | | | |
| Acquisitions of property, plant and equipment and intangible assets | | -63.9 | -47.3 |
| Change in current and non-current financial assets | | -8.0 | -26.9 |
| Change in loans and advances granted | | -0.1 | 0.1 |
| Dividends received from joint ventures and shareholdings | | 1.0 | 0.2 |
| Other | | -0.2 | 10.1 |
| **Net cash flow used in investing activities** | **9** | **-71.1** | **-63.8** |
| **FINANCING ACTIVITIES** | | | |
| Repayment of the current portion of long-term debt | | -14.0 | -41.8 |
| Payment of lease liabilities | | -3.9 | -3.8 |
| Dividends paid to ordinary shareholders of the parent company | | -253.4 | -229.5 |
| Interest paid | | -6.3 | -2.6 |
| Other | | -3.3 | -3.0 |
| **Net cash flow used in financing activities** | **9** | **-281.0** | **-280.8** |
| Impact of changes in foreign exchange rates | | 1.6 | 0.4 |
| **Net increase/decrease in net cash** | | **9.9** | **-69.9** |
| Current bank overdrafts at 1 January | | -2.5 | 0.0 |
| Current bank overdrafts at 30 June | | 0.0 | -0.4 |
| Cash and cash equivalents at 1 January | | 513.4 | 601.7 |
| Cash and cash equivalents at 30 June | | 520.8 | 532.1 |

## 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 31.12.2021** | **76.4** | **91.7** | **654.1** | **0.4** | **6.2** | **0.4** | **6.9** | **829.1** | **0.0** | **829.1** |
| ***Net profit 30 June 2022*** | | | ***159.5*** | | | | | **159.5** | ***0.0*** | ***159.5*** |
| Other comprehensive income | | | | 8.9 | 0.7 | 7.9 | 17.5 | 17.5 | | 17.5 |
| **Total comprehensive income for the period** | **0.0** | **0.0** | **159.5** | **8.9** | **0.7** | **7.9** | **17.5** | **177.0** | **0.0** | **177.0** |
| Allocation of prior year net profit | | ***5.2*** | **-5.2** | | | | | | | |
| 2021 dividends paid | | | -236.6 | | | | | -236.6 | | -236.6 |
| Other* | | -96.8 | 94.8 | | | | | -2.1 | | -2.1 |
| **Equity at 30.06.2022** | **76.4** | **0.0** | **666.6** | **9.2** | **6.8** | **8.3** | **24.4** | **767.3** | **0.0** | **767.3** |
| | | | | | | | | | | |
| **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** |
| ***Net profit 30 June 2023*** | | | ***181.0*** | | | | | **181.0** | ***0.0*** | ***181.0*** |
| Other comprehensive income | | | | -0.9 | -1.4 | -4.1 | -6.3 | -6.3 | | -6.3 |
| **Total comprehensive income for the period** | **0.0** | **0.0** | **181.0** | **-0.9** | **-1.4** | **-4.1** | **-6.3** | **174.7** | **0.0** | **174.7** |
| Allocation of prior year net profit | | ***0.0*** | **0.0** | | | | | **0.0** | | **0.0** |
| 2022 dividends paid | | | -261.7 | | | | 0.0 | -261.7 | | -261.7 |
| Other | | 0.0 | -2.5 | | | | 0.0 | -2.5 | | -2.5 |
| **Equity at 30.06.2023** | **76.4** | **0.0** | **734.1** | **13.0** | **5.4** | **7.1** | **25.4** | **835.9** | **0.0** | **835.9** |

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

* During the combined general meeting of 26 April 2022, decision to transfer the statutory reserve to the optional reserve for €96.8 million

# 1 Overview of the Group

## 1.1 General information

FDJ is a French public limited company (société anonyme) governed by all the laws applicable to commercial companies in France, in particular the provisions of the French Commercial Code, 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 is admitted to trading on the Euronext Paris market.

Its shareholding structure at 30 June 2023 comprises: French State (20%), veterans' associations[8] (15%, including 10% held by Union des Blessés de la Face et de la Tête - UBFT), Predica (5%), employee share ownership funds (4%) and individual holdings of less than 5%.

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

As at 30 June 2023, 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.

The condensed consolidated financial statements reflect the financial position and results of FDJ and its subsidiaries ("the Group") as well as the Group's investments in joint ventures. They are prepared in euros, the functional currency of the parent company.

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

## 1.2 Regulatory environment of FDJ Group (the 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 September 2020, while its licence for online poker was granted by the ANJ in October 2022.

The Pacte Law of 23 May 2019 and the ordinance issued on the basis of that Law in November 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. For lottery games and sports betting, legislative texts also define the basis, rates and territorial scope of public levies and regulate the payout ratio to players, as well as the extent of permitted product offerings. The regime applicable to the exclusive rights is supplemented by an agreement concluded between the French State and FDJ on 17 October 2019, whereby upon the expiry or early termination of the exclusive rights, the assets strictly necessary for their operation 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.

These texts and the regulatory measures taken in order to apply them impose strict State control on the operation of the exclusive rights, which is exercised in practice through specific prerogatives, such as ministerial approval of the corporate officers prior to their appointment, ministerial approval of any draft amendments to the company's articles of association, and the presence of a Government commissioner with the right to veto decisions made by the Board of Directors.

## 1.3 Highlights

**Council of State confirms the monopoly position of La Française des Jeux**

In a case brought in December 2019 by a gaming industry association and several gaming operators, the French Council of State ruled on 14 April that the monopoly position of La Française des Jeux is compliant with European law. It also ruled that the 25-year duration of those exclusive rights, as defined in the Pacte law, is not excessive.

With regard to the €380 million paid to the State by La Française des Jeux in relation with the exclusive rights, the Council of State will give judgment once the European Commission has issued a decision on the appropriateness of that sum, following the inquiry into State aid initiated in July 2021.

**New formula for Amigo**

Amigo, a point-of-sale game with a draw every five minutes, was relaunched at the start of June with a new formula, in accordance with the decision by the French regulator (Autorité nationale des jeux). Alongside this relaunch is a reduction in the number of draws (with a suspension for 15 minutes per hour between 6 am and 2 pm) and in the maximum amount per play (€8 versus €20).

**Support for points of sale (PoS) affected by riots**

Around 450 FDJ points of sale suffered varying degrees of damage during the recent riots; two-thirds of them have already reopened. The Group is working alongside its retailers, including postponing direct debits and managing past-due payments, and is supporting them to facilitate their reopening, for example through the Rebond fund (personalised support system, launched in 2020, to provide administrative assistance, legal support, financial support, etc.).

**Increased support for the prevention of underage gambling**

To further bolster its actions to support responsible gaming, and in particular to combat underage gambling, FDJ made a €10 million commitment in early 2023 to support initiatives to prevent underage gambling, led by the associative sector over the next five years and due to begin by the end of the year.

**The 30th anniversary of the FDJ Corporate Foundation to promote equal opportunities**

Since 1993, the FDJ Corporate Foundation has helped over 300,000 beneficiaries throughout France. It supports general-interest projects aimed at people facing barriers and is committed to supporting innovative projects that promote equal opportunities through education and inclusion in society. According to an EY study, €3.40 of social value is created for every €1 of support for associations from the FDJ Foundation.

**Another "A" rating for the Axylia carbon score**

For the second year running, FDJ obtained an "A" carbon score for the Vérité40 index established by Axylia, comprised of the 40 best carbon scores of SBF 120 companies.

### 1.4 Change in the scope of consolidation

There was no change in the scope of consolidation. The list of consolidated entities is presented in the Group's financial report established for the financial year ended 31 December 2022.

## 2 Accounting standards and policies

### 2.1 Basis for the preparation and presentation of the financial statements

The condensed half-yearly consolidated financial statements of FDJ Group at 30 June 2023 (hereinafter referred to as "the condensed financial statements") were prepared in compliance with IAS 34 "Interim Financial Reporting". As a result, they do not include all the information and notes required for the preparation of annual consolidated financial statements under IFRS, but only those bearing on the significant events of the period. These financial statements should be read in conjunction with the Group's financial statements for the year ended 31 December 2022, approved by the Board of Directors on 14 February 2023 and prepared in accordance with the going concern principle.

The consolidated financial statements for the period ended 31 December 2022 are available online at www.groupefdj.com.

The condensed financial statements at 30 June 2023 were prepared in accordance with the same accounting principles and policies as those applied and described in the notes to the consolidated financial statements for the financial year ended 31 December 2022, except for the following items:

- employee benefits: the interim period expense related to pensions, early retirement leave, and other employee benefits is determined by means of a projection of the actuarial valuation performed at 31 December 2022, with an update of the discount rate and leaves at 30 June 2023; it also takes into account the increase of the statutory retirement age.
- income tax expense: the tax expense for the interim period is calculated by applying the estimated average effective rate for the year to profit before tax for the interim period.

The preparation of the interim financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, assess positive and negative risks, and measure income and expenses at the reporting date.
In response to changes in the economic, financial and public health environment, the Group has enhanced its risk management procedures. The Group 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 initial assumptions for employee benefits (Note 3.5);
- assessment and quantification of legal risks to determine provisions for risks and litigations (Note 6);
- useful lives and recoverable amounts for the purpose of measuring the recoverable amount of intangible assets and property, plant & equipment (Note 5);
- assessment of the risk of non-recovery of past-due payments for the purpose of measuring the recoverable value of receivables from the distribution network (Note 3.6);
- fair value of financial assets not listed on active markets (Note 8);
- measurement assumptions used to value performance shares (recurring EBITDA, profit per share, probability of achieving targets, risk-free rate, share price) (Note 3.5);
- leases (principally the maximum period of 9 years assumed for real estate leases of over €5,000).

In addition to estimates, the Group makes judgements to determine the most appropriate accounting treatment for certain activities and transactions, particularly when current IFRS standards and interpretations do not specifically address the accounting issues encountered:

- identification (or not) of leases in certain agreements;
- operating segment combinations for the presentation of sectors (Note 3.3).

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

The Group had not opted for the early adoption of any standards or interpretations at 30 June 2023.

### 2.3 Standards, interpretations and amendments subject to mandatory application at 1 January 2023

The amendments and interpretations approved by the European Union whose application was mandatory as of 1 January 2023 (IFRS 17 Insurance Contracts and associated amendments; amendments to IAS 1: description of accounting policies; amendments to IAS 8: definition of an accounting estimate; amendments to IAS 12: deferred tax related to assets and liabilities arising from a single transaction) had no impact on the Group's financial statements.

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

- Amendments to IAS 1 – Classification of liabilities as current or non-current
- Amendments to IFRS 16 – Lease liability in a sale-and-leaseback
- Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

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

## 3 Operating data

### 3.1 Gross gaming revenue (GGR), net gaming revenue (NGR) and revenue

Gross gaming revenue (GGR) was €3,295 million, a rise of 2.4%. After €2,082 million in public levies, up 1.9%, net gaming revenue (NGR)[9] totalled €1,218 million, up 3.0% based on a 4.4% increase in stakes. This includes commissions on online poker.

After including income from other activities (€71 million), the Group's revenue for the half-year was €1,289 million, a rise of 6.3%.

| *In millions of euros* | **30.06.2023** | **30.06.2022** |
|---|---|---|
| Draw games | 391.0 | 400.9 |
| Instant games | 564.4 | 542.4 |
| **Total lottery** | **955.4** | **943.3** |
| Sports betting and online gaming open to competition | 256.8 | 232.4 |
| Other* | 5.6 | 6.2 |
| **Total net gaming revenue (NGR)** | **1,217.8** | **1,181.8** |
| Revenue from other activities | 71.2 | 30.5 |
| **Revenue** | **1,289.0** | **1,212.3** |

[9] Net gaming revenue (NGR) corresponds to the GGR net of public levies on games. It represents FDJ's remuneration for its gaming activities.

* Traditional fixed odds sports betting provided by Sporting Group

## 3.2 Operating profit

### *Recurring operating profit*

**Cost of sales** was €701 million. €493 million represent PoS commissions, this rise (+3.1%, or €15 million) is correlated with the stakes growth at points-of-sale. Other costs of sales (€208 million) increased by 19.4%, reflecting in particular the full-year inclusion of Aleda and L'Addition and the impact of inflation on the various expense items, including gaming materials.

**Marketing and communication costs** were €223 million, almost stable compared to last year. They include costs related to the development of the gaming range and services, particularly digital, which continue to rise, as well as decreasing advertising and communication costs.

**Administrative and general expenses** mainly include personnel expenses and operating costs for central corporate functions, as well as building costs and IT infrastructure costs. They amounted to €118 million, of which €10 million in exceptional allowance to support, over the next five years, actions carried out by the non-profit sector to prevent underage gambling. Their increase compared to the €88 million in H1 2022 reflects in particular the impact of inflation on the main expense items.

During the first half, the Group continued to implement operating efficiency measures, in particular to offset the impact of inflation on its cost base.

**Other operating income and expenses** amounted to a €7 million net expense, mainly comprising the amortisation charge for exclusive operating rights.

The Group's **recurring operating profit** thus totalled €240 million, down 2.2% compared to H1 2022.

### *Breakdown of income statement items*

A breakdown of personnel expenses is given in Note 3.5.

**Net depreciation and amortisation** of intangible assets and property, plant and equipment was €60 million in H1 2023 (H1 2022: €63 million).

### *Other non-recurring operating income and expenses*

**Other non-recurring operating income and expenses** amounted to a €14.2 million net expense, compared to a €6.0 million expense in H1 2022. They mainly include the impact of the reassessment of Sporting Group's B2C spread betting assets in the process of being sold (see Note 11 – Assets and liabilities held for sale) and costs related to external growth.

**Operating profit** for H1 2023 was €225 million, down 5.7% (-€14 million) compared to H1 2022.

### 3.3 Segment reporting

| *In millions of euros* | 30.06.2023 Lottery BU | Sports betting and online gaming open to competition BU | Adjacent activities | Holding | **Total before dep./amort.** | Dep./ amort. | **Group total** |
|---|---|---|---|---|---|---|---|
| Gross gaming revenue (GGR) | 2,759 | 536 | 1 | 0 | 3,295 | | 3,295 |
| Net gaming revenue (NGR) | 955 | 257 | 6 | 0 | 1,218 | | 1,218 |
| **Revenue** | **958** | **257** | **74** | **0** | **1,289** | | **1,289** |
| **Cost of sales** | **-527** | **-123** | **-33** | **0** | **-683** | **-18** | **-701** |
| **Marketing and communication expenses** | **-82** | **-59** | **-39** | **-16** | **-197** | **-26** | **-223** |
| **Contribution margin** | **349** | **74** | **3** | **-16** | **409** | **-44** | **365** |
| **General and administrative expenses & Other operating income and expenses** | | | | **-110** | **-110** | **-16** | **-126** |
| **Recurring EBITDA** | | | | | **300** | | |
| **Depreciation and amortisation** | | | | | | **-60** | |
| **Recurring operating profit** | | | | | | | **240** |

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

**Recurring EBITDA** corresponds to recurring operating profit adjusted for depreciation and amortisation. Based on net depreciation and amortisation charges of €60 million on tangible and intangible assets, compared to €63 million in H1 2022, EBITDA amounted to €300 million, down 2.7% (-€8 million) compared to H1 2022.

The **recurring EBITDA margin** was 23.3% in H1 2023. Excluding the €10 million one-off allowance to support actions led by the non-profit sector to prevent underage gambling the margin rate for H1 2023 was 24.0%.

## 3.4 Operating risk hedging

***Counterparty risk***

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 2023, 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, up to the maximum winnings payable for any one prize draw, the amount of which is set by the rules of each game or, failing that, by 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.

***Credit risk on operating receivables***

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

***Foreign exchange risk on operating activities***

In the normal course of its business, the Group is exposed to foreign exchange risk resulting from foreign trade payables and receivables denominated in foreign currencies. This risk is measured in aggregate for each currency. The general Group policy is to hedge this risk over each financial year.
The Group has a material exposure to the US dollar, for a maximum equivalent amount of US$37 million (US$29 million in 2022).

Given the annual volume of purchases in foreign currencies, the Group is exposed to limited foreign exchange risk on operational activities. The fair value of derivatives used to hedge foreign-currency purchases of gaming materials was -€0.3 million at 30 June 2023 (-€1.9 million at 30 June 2022). A ten-cent movement up or down in the €/US$ exchange rate (+/- $0.10 per €1) would lead, respectively, to a €2.0 million fall or a €2.7 million increase in fair value.

## 3.5 Personnel expenses and employee benefits

***Group headcount***

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

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Weighted average headcount | 3,139 | 2,755 |

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Total year-end headcount | 3,121 | 2,785 |

***Personnel expenses***

| *In millions of euros* | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Payroll and social security contributions | 139.9 | 122.9 |
| Employee profit-sharing and incentives | 20.2 | 17.9 |
| Long-term benefits | 1.1 | -0.6 |
| Performance shares | 2.4 | 1.3 |
| Other | 24.5 | 11.7 |
| **Total personnel expenses** | **188.1** | **153.2** |

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

Personnel expenses include the valuation of a portion of the share purchase undertaking given in respect of L'Addition shares, which is based on continued service requirements, and expenses related to share-based payments.

***Employee benefits***

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Retirement benefits | 20.2 | 23.3 |
| Long-service awards | 7.2 | 7.0 |
| Healthcare costs | 3.8 | 3.6 |
| Early retirement leave | 18.8 | 10.1 |
| **Provisions for retirement benefits and similar commitments** | **50.0** | **44.1** |

The discount rate applied at 30 June 2023 was 3.7% (vs. 3.7% at 31 December 2022).
According to sensitivity test results, a 100-basis point increase or decrease in the discount rate would have a respective impact of -9% and +8% on the provisions.

The rise in the state retirement age had a non-material impact on the provisions for lump-sum retirement payments and early retirement leave as at 1 January 2023.

The increase in the provision for early retirement leave is notably due to an increase in the number of eligible employees as a result of pension reform, new agreements signed by employees, largely from among those who were already eligible at 31 December 2022, and the service cost for the first half-year. The provision has gone up by €9 million, of which €4 million is disclosed in other comprehensive income. It is assumed that 25% of those eligible for early retirement leave will take up the offer.

***Performance shares***

Three performance-based share schemes are in operation. Shares have been allocated to the Chairwoman and CEO, the Deputy CEO and certain Group employees. 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, shares awarded in 2022 will be delivered in 2025 and shares awarded in 2023 will be delivered in 2026.

| Plan | 2021-2024 | 2022-2025 | 2023-2026 |
|---|---|---|---|
| Allocation date | 30.06.2021 | 26.04.2022 | 27.04.2023 |
| Number of shares | 95,867 | 174,764 | 175,828 |
| Share price | 49.58 | 34.6 | 38.8 |
| Fair value | 44.20 | 28.65 | 31 |
| Expected dividends during the vesting period | 5.3% | 10.0% | 12.3% |
| Volatility of shares | 23.0% | 34.4% | 23.3% |
| Weighting for non-market performance targets (base 100%) | 85.0% | 85.0% | 85.0% |
| Weighting for TSR performance targets (base 100%) | 15.0% | 15.0% | 15.0% |
| Valuation method | | Monte Carlo | |

The estimated expense over the term of the plans is €19.4 million (including employer's social security contributions), of which €2.4 million was expensed in the period. During the period, the Group purchased 98,361 shares for a total of €3.7 million for distribution to the beneficiaries when the plan matures.

### 3.6 Current receivables

***Trade and distribution network receivables***

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Trade receivables (gross) | 71.6 | 72.7 |
| Distribution network receivables (gross) | 237.3 | 411.0 |
| Impairment | -17.9 | -17.9 |
| **Total trade and distribution network receivables** | **291.0** | **465.8** |

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

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

Distribution network receivables represent stakes paid to retailers at the end of the period but not yet debited from the retailers by FDJ. The amount varies, depending on the day of the week on which the last day of the period falls. The decrease is due to the fact that business levels are traditionally lower at the end of June than at the year end, as well as to a calendar effect[10].

[10] Since payment is weekly, the calendar effect on distribution network receivables fluctuates between 3 and 9 days' point-of-sale stakes, depending on which weekday the reporting date falls

***Other current assets***

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Prepaid expenses | 35.7 | 24.0 |
| Other current receivables | 38.2 | 232.6 |
| **Total other current assets** | **73.8** | **256.6** |

At 31 December 2022, other current receivables included an advance payment of €202 million on public levies liabilities.

## 3.7 Player funds

Player funds stood at €307 million at 30 June 2023 (31 December 2022: €305 million). All player funds are classified as current player funds and contain amounts serving to organise games. Changes in player funds are driven by the lifecycle of draw games.

## 3.8 Current payables

***Trade and distribution network payables***

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Trade payables | 182.5 | 201.9 |
| Distribution network payables | 143.6 | 263.8 |
| **Total trade and distribution network payables** | **326.1** | **465.7** |

Distribution network payables consist of prizes paid to players by retailers and network commissions for the period-end. These amounts are paid weekly. The amount varies, depending on the day of the week on which 30 June falls. The change during the half-year is due to the fact that stakes are traditionally lower at the end of June than at the end of December, as well as to a calendar effect[11].

***Public levies liabilities***

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Liabilities – General State budget | 190.1 | 235.1 |
| Liabilities – Sports betting levies | 46.1 | 62.0 |
| Liabilities – Other public levies | 36.4 | 44.7 |
| **Sub-total** | **272.5** | **341.8** |
| Unclaimed prizes | 79.0 | 117.2 |
| **Public levies liabilities** | **351.5** | **459.0** |

Public levies due on each month's stakes are paid in the following month, except in December when a payment on account is made in addition to the amounts due in respect of November. Unclaimed prizes

[11] Since payment is weekly, the calendar effect on distribution network payables fluctuates between 3 and 9 days' worth of prizes paid out and point-of-sale network commissions, depending on which weekday the reporting date falls.

are paid to the State during the first six months of the next financial year. The movement in the half-year is due to the fact that business levels are traditionally lower in June than in December, as well as to the payment of 2022 unclaimed prizes to the State.

***Winnings payable – Player balances***

Winnings payable – Player balances amounted to €308 million (31 December 2022: €320 million) and mainly included:

- winnings payable, i.e. unexpired, unpaid winnings owed to players, of €229 million (31 December 2022: €237 million);
- player balances of €49 million on accounts on fdj.fr or parionssportenligne.fr (31 December 2022: €54 million).

***Other current liabilities***

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Prepaid income | 40.4 | 37.1 |
| Other payables | 163.0 | 185.0 |
| **Other current liabilities** | **203.4** | **222.1** |

Prepaid income on games comprised player stakes collected in the first half for draw games or events taking place in the second half. They are converted into stakes within a maximum of five weeks.

Other payables mainly comprise tax and social security payables (30 June 2023: €163 million; 31 December 2022: €185 million).

# 4 Goodwill

Goodwill was €57 million at 30 June 2023 and 31 December 2022. It represents the provisional goodwill recognised on the acquisitions of L'Addition (€30 million) and Aleda (€27 million) in 2022. Goodwill mainly reflects the prospects for future business growth and the value of human capital. No indications of impairment were identified at 30 June 2023.

# 5 Property, plant and equipment and intangible assets

## 5.1 Intangible assets

| *In millions of euros* | 30.06.2023 | | | 31.12.2022 | | |
|---|---|---|---|---|---|---|
| | Gross | Amortisation Impairments | Net | Gross | Amortisation Impairments | Net |
| Exclusive operating rights | 3800 | -62.5 | 317.5 | 380.0 | -54.9 | 325.1 |
| Development costs | 273.9 | -191.1 | 82.8 | 232.9 | -170.2 | 62.6 |
| Software | 88.2 | -74.0 | 14.3 | 87.8 | -72.2 | 15.6 |
| Intangible assets in progress and other intangible assets | 123.8 | -29.3 | 94.4 | 127.9 | -23.6 | 104.3 |
| **Total intangible assets** | **865.9** | **-356.9** | **509.0** | **828.5** | **-320.9** | **507.6** |

Exclusive operating rights refer to the securing of exclusive rights to operate lottery games sold in the offline distribution network and online, as well as sports betting games sold in the offline distribution network, entrusted to FDJ for a period of 25 years by the Pacte Law. With a gross value of €380 million, this asset is being amortised over a 25-year period starting on 23 May 2019.

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

## 5.2 Property, plant and equipment

| *In millions of euros* | 30.06.2023 | | | 31.12.2022 | | |
|---|---|---|---|---|---|---|
| | Gross | Depreciation Impairments | Net | Gross | Depreciation Impairments | Net |
| Land | 96.6 | - | 96.6 | 96.6 | - | 96.6 |
| Building facilities and amenities | 244.7 | -96.4 | 148.3 | 242.0 | -89.9 | 152.1 |
| Rights of use (IFRS 16) | 52.4 | -25.5 | 26.8 | 50.8 | -22.1 | 28.7 |
| Furniture, technical installations & point-of-sale equipment | 230.8 | -200.4 | 30.5 | 229.0 | -197.1 | 32.0 |
| Hardware | 96.1 | -80.8 | 15.3 | 94.0 | -77.4 | 16.6 |
| Local services equipment | 20.0 | -16.7 | 3.3 | 18.2 | -15.9 | 2.4 |
| Other property, plant and equipment | 37.0 | -29.3 | 7.8 | 36.1 | -28.2 | 7.9 |
| Property, plant and equipment in progress | 17.9 | - | 17.9 | 13.7 | - | 13.7 |
| Advances and payments on account | 2.5 | - | 2.5 | 3.1 | - | 3.1 |
| **Total property, plant and equipment** | **798.0** | **-449.1** | **349.0** | **783.6** | **-430.5** | **353.1** |

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

# 6 Provisions

| *In millions of euros* | 31.12.2022 | Increases | Reversals | | Other movements | 30.06.2023 |
|---|---|---|---|---|---|---|
| | | | Utilised | Not utilised | | |
| Total non-current provisions | 11.1 | 0.0 | 0.0 | -2.3 | 0.0 | 8.8 |
| Total current provisions | 11.4 | 8.4 | -3.6 | -0.3 | -1.9 | 14.0 |
| **Total provisions** | **22.6** | **8.4** | **-3.6** | **-2.6** | **-1.9** | **22.8** |

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

# 7 Cash and financial instruments

## 7.1 Net financial income/(expense)

| *In millions of euros* | 30.06.2023 | 30.06.2022 |
|---|---|---|
| **Cost of financial debt** | **-7.5** | **-2.6** |
| Gains on disposals | 10.4 | 0.0 |
| Interest on investments | 9.3 | 1.4 |
| Financial income on securities valued at fair value through profit or loss | 10.9 | 6.4 |
| Foreign exchange gains | 1.7 | 0.2 |
| Other financial income | 2.8 | 0.3 |
| **Financial income** | **35.2** | **8.3** |
| Losses on disposals | 0.0 | -0.3 |
| Derivatives (expenses) | -0.2 | -1.6 |
| Financial expenses on securities valued at fair value through profit or loss | -6.7 | -25.9 |
| Foreign exchange losses | -1.7 | 0.0 |
| Other financial expenses | -0.5 | -0.2 |
| **Financial expenses** | **-9.0** | **-28.0** |
| **Net financial income/(expense)** | **18.7** | **-22.4** |

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

The overall performance of the Group's investments is made up of interest on the investments, gains or losses on disposal, and the changes in the fair value of securities measured at fair value through profit or loss. The total came to +€24 million in H1 2023 (H1 2022: -€18 million). This €42 million growth mainly reflects the increase in interest rates and the repositioning of investments following changes in the markets, notably through the renewal of term deposits at more attractive rates.

The change in the measurement of the Group's various financial assets at fair value was a €4 million gain, compared to a net expense of -€19 million in H1 2022. This includes a €3 million rise in the value of the dedicated bond funds maturing in 2024, as well as increases of €1 million in the structured bonds maturing in 2024 and 2025 and €4 million in other assets (investment funds) due to the rise in interest rates. It also comprises the venture capital funds, the value of which fell by €3.9 million in the H1 2023, mainly due to more difficult overall conditions for technology companies.
FDJ is exposed to foreign exchange risks, mainly on the US dollar. Foreign exchange gains and losses result from currency translation differences on unhedged financial assets and liabilities.

### 7.2 Financial assets and liabilities

| *In millions of euros* | **30.06.2023** | **31.12.2022** |
|---|---|---|
| Non-current financial assets at amortised cost | 400.0 | 395.0 |
| Non-current financial assets at fair value through profit or loss | 386.8 | 443.0 |
| Non-current derivatives | 18.2 | 19.0 |
| Other non-current financial assets | 10.8 | 9.8 |
| ***Total non-current financial assets*** | ***815.8*** | ***866.9*** |
| Current financial assets at amortised cost | 255.6 | 192.2 |
| Current financial assets at fair value through profit or loss | 9.5 | 14.1 |
| Current derivatives | 0.1 | 0.7 |
| Security deposits | 0.7 | 0.7 |
| ***Total current financial assets*** | ***266.0*** | ***207.7*** |
| **Total financial assets** | **1,081.8** | **1,074.6** |
| Non-current financial debt | 378.6 | 400.3 |
| Non-current lease liabilities | 26.5 | 28.4 |
| Other non-current financial liabilities | 2.4 | 2.4 |
| ***Total non-current financial liabilities*** | ***407.5*** | ***431.1*** |
| Current financial debt | 36.8 | 27.7 |
| Current lease liabilities | 9.8 | 9.3 |
| Current derivatives | 0.4 | 0.3 |
| Bank overdrafts | 0.0 | 2.5 |
| Other current financial liabilities | 35.1 | 34.6 |
| ***Total current financial liabilities*** | ***82.0*** | ***74.4*** |
| **Total financial liabilities** | **489.5** | **505.5** |

The first half of 2023 was marked by continued growth in interest rates and an upturn in the markets. To benefit from this trend and improve the performance of its securities, while reducing risk on its investment portfolio and improving liquidity, FDJ group sold certain funds (mainly equities), reinvested elsewhere, and renewed or opened term deposits. Term deposits of €180 million were thus rolled over and new term deposits totalling €70 million were set up.
Financial assets at fair value through profit or loss mainly comprise bonds with a time to maturity of three years or less, including dedicated bond funds (€193 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 (30 June 2023: €8 million), which is measured at fair value through profit or loss.

Current and non-current financial debt of €415 million (31 December 2022: €428 million) essentially consisted of:

- a loan of €315 million (net of €3 million issuance costs) to fund the securing of the exclusive operating rights, of which €296 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 €68 million loan for the acquisition of the Group's head office, of which €60 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 (€28 million), all of which is non-current, taken out in May 2019 for the acquisition of Sporting Group. The nominal value was €100 million. It bears interest at a floating interest (Sonia) and is repayable in two tranches in 2024 and 2025.

## 7.3 Maturity of financial assets and liabilities

| *30.06.2023 - 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 | | 90.0 | 10.0 | 0.0 | 300.0 | 0.0 | **400.0** |
| Non-current financial assets at fair value through profit or loss | | 386.8 | 0.0 | 0.0 | 0.0 | 0.0 | **386.8** |
| Non-current derivatives | | 0.0 | 13.5 | 0.0 | 4.7 | 0.0 | **18.2** |
| Other non-current financial assets | | 10.5 | 0.0 | 0.0 | 0.0 | 0.3 | **10.9** |
| ***Total non-current financial assets*** | ***0.0*** | ***487.3*** | ***23.5*** | ***0.0*** | ***304.7*** | ***0.3*** | ***815.9*** |
| Current financial assets at amortised cost | 255.6 | | | | | | **255.6** |
| Current financial assets at fair value through profit or loss | 9.5 | | | | | | **9.5** |
| Current derivatives | 0.1 | | | | | | **0.1** |
| Security deposits | 0.7 | | | | | | **0.7** |
| ***Total current financial assets*** | ***266.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***-*** | ***266.0*** |
| **Total financial assets** | **266.0** | **487.3** | **23.5** | **0.0** | **304.7** | **0.3** | **1,081.8** |
| Non-current financial debt | | 27.8 | 46.3 | 28.4 | 27.0 | 249.1 | **378.6** |
| Lease liabilities | | 8.5 | 7.7 | 3.7 | 1.7 | 4.9 | **26.5** |
| Other non-current financial liabilities | | 0.7 | 0.6 | 0.1 | 0.2 | 0.8 | **2.4** |
| ***Total non-current financial liabilities*** | ***0.0*** | ***37.0*** | ***54.6*** | ***32.2*** | ***28.9*** | ***254.8*** | ***407.5*** |
| Current financial debt | 36.8 | | | | | | **36.8** |
| Lease liabilities | 9.8 | | | | | | **9.8** |
| Current derivatives | 0.4 | | | | | | **0.4** |
| Bank overdrafts | 0.0 | | | | | | **0.0** |
| Other current financial liabilities | 35.1 | | | | | | **35.1** |
| ***Total current financial liabilities*** | ***82.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***82.0*** |
| **Total financial liabilities** | **82.0** | **37.0** | **54.6** | **32.2** | **28.9** | **254.8** | **489.5** |

| *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** |
| Non-current 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** |
| Current 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** |

## 7.4 Change in financial liabilities

| *In millions of euros* | 31.12.2022 | Cash flows | | | | | Non-cash flows | | | | | 30.06.2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | 400.3 | | 0.0 | | | 0.0 | 0.0 | 0.9 | -23.1 | 0.5 | -21.8 | 378.6 |
| Non-current lease liabilities | 28.4 | | | | | 0.0 | 0.0 | 0.1 | -4.3 | 2.2 | -2.0 | 26.5 |
| Other financial liabilities | 2.4 | | | | | 0.0 | | | | | 0.0 | 2.4 |
| ***Total non-current financial liabilities*** | ***431.1*** | ***0.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***0.0*** | ***1.0*** | ***-27.4*** | ***2.7*** | ***-23.7*** | ***407.5*** |
| Current financial debt | 27.7 | | -14.0 | | | -14.0 | | | 23.1 | 0.0 | 23.1 | 36.8 |
| Current lease liabilities | 9.3 | | | | -3.9 | -3.9 | | | 4.3 | | 4.3 | 9.8 |
| Current derivatives | 0.3 | | | | | 0.0 | | | | 0.1 | 0.1 | 0.4 |
| Bank overdrafts | 2.5 | | | -2.5 | | -2.5 | | | | | 0.0 | 0.0 |
| Other financial liabilities | 34.6 | | 0.0 | | | 0.0 | | | | 0.4 | 0.4 | 35.1 |
| ***Total current financial liabilities*** | ***74.4*** | ***0.0*** | ***-14.0*** | ***-2.5*** | ***-3.9*** | ***-20.4*** | ***0.0*** | ***0.0*** | ***27.4*** | ***0.6*** | ***28.0*** | ***82.0*** |
| **Total financial liabilities** | **505.5** | **0.0** | **-14.0** | **-2.5** | **-3.9** | **-20.4** | **0.0** | **1.0** | **0.0** | **3.3** | **4.3** | **489.5** |

## 7.5 Cash and cash equivalents

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| Investments, cash equivalents | 435.2 | 353.0 |
| Bank accounts and other | 85.6 | 160.4 |
| **Cash and cash equivalents** | **520.8** | **513.4** |

Securities that are cash equivalents comprise UCITS units (30 June 2023: €435 million; 31 December 2022: €311 million). They include the Euromillions fund (30 June 2023: €91 million; 31 December 2022: €105 million).
The change in cash and cash equivalents is detailed in Note 9.
The Group is not aware of any major restrictions that would limit its access to the assets of any of the subsidiaries it controls.

## 7.6 Management of financial risks

***Credit risk on investments and derivatives***

The credit risk or counterparty risk on securities and derivatives is monitored by the Treasury Committee, headed by the Finance Director, and members of the finance department. This risk can be defined as the loss that the Group would bear in the event that a counterparty defaults on its obligations to the Group.

For financial investments and derivatives, the Group's policy is to limit transactions to a maximum amount per authorised counterparty, weighted according to the nature of the risks. The list of authorised counterparties is determined by the Treasury Committee, which examines two criteria (rating and transaction maturity) to select counterparties. It is reviewed periodically, at least once every six months. If a counterparty is downgraded below the minimum authorised rating, the Treasury Committee decides whether to hold the existing transactions to maturity.

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

The credit risk breaks down as follows:

| *Amounts receivable* | Investments with counterparties at 30.06.2023 (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 | 339 | - | - | 1 | 2 |
| A/Financial institutions | 392 | 5 | 4 | 2 | - |
| **TOTAL** | **731** | | | | |

***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 be covered by cash that can be mobilised quickly. They are also hedged (see Note 3.4 - Counterparty risk).

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

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

The amounts invested in short-term instruments are consistent with FDJ's cash management policy.

At 30 June 2023, investments averaged €1,774 million. Bank borrowings and debt amounted to €414 million before issuance costs, of which €318 million was related to the securing of the exclusive operating rights, €68 million was financial debt associated with the acquisition of the Group's head office and €28 million was debt related to the purchase of Sporting Group.

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

Furthermore, €150 million in unused confirmed credit lines has been in place since February 2021, repayable variously between February 2024 and February 2026.

Given the level of financial investments at 30 June 2023, and based on business/investment/debt repayment forecasts, the Group has determined it can meet its obligations over the next 12 months as from the review date of the interim financial statements by the Board of Directors.

***Interest rate risk***

The interest rate risk of a financial asset is the risk of generating a capital loss on a security. The interest rate risk of a financial liability is the risk of incurring an additional cost due to changes in interest rates.

The Group's exposure to interest rate fluctuations is associated with future financial investments and floating-rate borrowings. The Group implements a dynamic interest rate risk management policy supervised by the Treasury Committee. The aim of the policy is to ensure a minimum return on financial investments over a maximum of five years, and to hedge the interest rate risk on loans 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 30 June 2023, investments of €110 million were exposed to this risk. The purpose of these investments is to offset the effects of any rise in the interest rate on variable-rate borrowings. The borrowings incurred in connection with the exclusive operating rights payment (€318 million, excluding issuance costs) and the acquisition of Sporting Group (€28 million) bear interest at variable rates.

Although the significant interest rate rises that occurred in 2023 have increased financing costs, the increase in interest costs was substantially limited by the hedging operations covering 65% of the borrowings taken out to secure the exclusive operating rights. At the same time, the unhedged portion of this loan (€111 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.

***Market risk***

Market risk is the risk of generating a capital loss on a security or incurring an additional cost due to changes in interest rates.

The Group is exposed to market risk in connection with movements in its financial investments. It implements an investment strategy aimed at mitigating this risk. The main component of this strategy is the definition of an asset allocation regulating the amounts that may be invested in each major asset class.

In addition to these allocation rules, geographic diversification is also implemented, and the strategies used should keep the portfolio's volatility lower than that of market volatility.

At 30 June 2023, investments subject to market risk amounted to €772 million (31 December 2022: €709 million).

# 8 Cash flows

The settlement terms for working capital items in H1 2023 were comparable to H2 2022:

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

The change in working capital was €78 million in H1 2023 (H1 2022: €39 million), i.e. €39 million more than in H1 2022.

Capital expenditure, net of debt taken out to acquire fixed assets and advances paid, totalled €64 million[12] in H1 2023 (€47 million in H1 2022). It mainly related to development of the production back-office IT systems and to point-of-sale terminals.

In H1 2023, repayments of current financial debt totalled €14 million.
In H1 2022, they totalled €42 million. This included a voluntary repayment of £25 million (€30 million) on the loan taken out for the acquisition of Sporting Group and €14 million in repayments on the Group's other borrowings.

The participating Euromillions[13] lotteries 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 €91 million at 30 June 2023 (31 December 2022: €105 million). This sum is presented in cash and cash equivalents.

# 9 Investments in joint ventures

[12] €38 million before changes in debt taken out to acquire fixed assets

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

| *In millions of euros* | Total |
|---|---|
| **Value of securities at 31.12.2022** | **18.3** |
| Change in scope | 0.1 |
| Share of net income to 30 June 2023 | 2.4 |
| Dividends | -0.7 |
| Translation differences | -1.0 |
| **Value of securities at 30.06.2023** | **19.0** |

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

# 10 Assets and liabilities held for sale

The Group initiated the sale process for the Sporting Group B2C businesses in late 2022, leading to a remeasurement of the assets held for sale as at 30 June 2023, in accordance with IFRS 5. Based on the estimated realisable value, the impact of this sale, including costs to sell, was -€8 million at 30 June 2023, disclosed in Other non-recurring operating expenses.

# 11 Tax

| *In millions of euros* | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Total income tax expense | -65.8 | -58.2 |
| Profit before tax | 245,4 | 216.7 |
| **Effective tax rate** | **26.8%** | **26.8%** |

The effective tax rate was 26.8% (H1 2022: 26.8%).

# 12 Earnings per share

| | 30.06.2023 | 30.06.2022 |
|---|---|---|
| Net profit attributable to owners of the parent (in millions of euros) | 181.0 | 159.5 |
| Weighted average number of ordinary shares (*) over the period | 190,767,840 | 190,849,590 |
| Effect of dilutive instruments | 0 | 298,174 |
| Weighted average number of ordinary shares (diluted) over the period | 190,767,840 | 191,147,764 |
| **Basic earnings per share (in euros)** | **0.95** | **0.84** |
| **Diluted earnings per share (in euros)** | **0.95** | **0.83** |

** 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 16 “Ongoing legal proceedings and other disputes”).

# 13 Equity

## 13.1 Share capital

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

## 13.2 Treasury shares

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

A share buyback programme authorised by the Board of Directors at its meeting of 19 December 2019 has been implemented, pursuant to the authorisation granted by the General Meeting of 4 November 2019, for the purpose of concluding a liquidity agreement to facilitate trading in FDJ shares. The maximum amount of €6 million has been allocated to the liquidity agreement, which runs until 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, 26 April 2022 and 26 April 2023.

At 30 June 2023, there were 321,433 treasury shares, representing a deduction of €11.8 million from consolidated equity (31 December 2022: 185,319 shares representing a deduction of €6.7 million).

## 13.3 Payment of dividends

Dividends in respect of the year ended 31 December 2022, as approved by the General Meeting of 27 April 2023, amounted to €262 million, i.e. €1.37 per share. They were paid on 9 May 2023.

# 14 Related-party transactions

## 14.1 French State

Due to the strict regulatory control referred to above (Section 1.2), the French State is considered to be a related party in the sense of IAS 24.

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

| *In millions of euros* | | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| Statement of financial position – Assets | Exclusive operating rights (gross value) | 380.0 | 380.0 |
| Statement of financial position – Assets | Advance payment of public levies | 0.0 | 202.2 |

| *In millions of euros* | | 30.06.2023 | 31.12.2022 |
|---|---|---|---|
| Statement of financial position – Liabilities | Public levies (including unclaimed prizes) | 351.5 | 459.0 |

| *In millions of euros* | | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| Income statement | Public levies | 2,082.4 | 2,042.6 |

Transactions between FDJ and all public sector entities are carried out under normal market conditions.

### 14.2 Other related parties

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

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

## 15 Ongoing legal proceedings and other disputes

***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 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 judgment 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. The case is pending before the Court of

Cassation. 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 Cassation.

***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.

In five judgments dated 14 April 2023 and one judgment dated 12 July 2023, the Council of State held that FDJ's monopoly was justified on grounds of public order and the control of dependency risks, that the 25-year term of the exclusive rights granted to FDJ was not excessive, that FDJ's monopoly was compliant with European law and that there were no grounds to apply to the European Court of Justice for a preliminary ruling. With regard to the amount of the consideration paid by FDJ to the State in exchange for the exclusive rights, the Council of State stayed the proceedings and will rule after the European Commission has issued its decision on this matter.

***Proceedings before the European Commission***

Following the privatisation of FDJ, two complaints were lodged with the European Commission, recorded by the Commission 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 closed the matter of the guarantee on 3 December 2021, 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.

## 16 Off-balance-sheet commitments

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

| *In millions of euros* | 30.06.2023 | 31.12.2022 |
|---|---|---|
| **Commitments given** | | |
| Deposits and first-demand guarantees | 38.4 | 38.0 |
| Sponsorship agreement | 9.2 | 15.6 |
| Investment funds | 43.9 | 47.1 |
| Performance bonds* | 157.1 | 203.4 |
| Image rights for cyclists and commitment to the Association L'Échappée | 0.6 | 1.0 |
| Property rent | 4.4 | 3.3 |
| Mortgage on goods acquired | 72.9 | 77.4 |
| Pledged intangible assets | 4.4 | 0.4 |
| Other commitments given | 0.3 | 0.9 |
| **Total commitments given** | **331.3** | **387.9** |
| **Commitments received** | | |
| Performance bonds and commitments to return advance payments | 173.4 | 172.7 |
| Guarantees for remittance of stakes and payment of winnings | 538.2 | 498.8 |
| Counterparty risk insurance | 130.0 | 130.0 |
| Confirmed credit facilities | 150.0 | 150.0 |
| Online players insurance | 110.0 | 110.0 |
| **Total commitments received** | **1,101.6** | **1,061.5** |

** Includes printing contracts worth €41.0 million in 2023 (2022: €59.5 million)*

## 17 Post-closing events

**Agreement to acquire Premier Lotteries Ireland, the Irish national lottery operator, another major step in the deployment of the FDJ Group's international strategy**

On 27 July, FDJ signed an agreement to acquire Premier Lotteries Ireland, the operator holding the exclusive rights to the Irish national lottery until 2034, for an enterprise value of €350 million. The completion of this transaction remains subject to customary conditions precedent, including the Irish national lottery regulator's approval, which is expected to come in the second half of 2023.

In 2022, Premier Lotteries Ireland recorded gross gaming revenue (GGR) of €399 million and revenue of €140 million, with an EBITDA margin comparable to that of the FDJ Group, i.e. an additional contribution to Group growth of more than 5% over a full year.

**Signing of an agreement to sell the Sporting Group B2C business**

As announced, the Group has taken steps to improve the profitability of its UK business. On 5 July, a preliminary disposal agreement was signed in respect of Sporting Group's B2C spread betting[14] business, which will become effective once the competent authorities have given their approval.

14 Spread betting involves predicting whether 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.