

Results for H1 2022

Strong growth in revenue and EBITDA

- **Half-year revenue up 12%**
 - Strong growth in lottery revenue (+17%), with all points of sale open in 2022, whereas 10% of them were closed in H1 2021
 - Change in sports betting revenue (-5%) reflecting a high 2021 basis of comparison (UEFA Euro 2020) and before the FIFA World Cup at the end of the year
 - Good momentum in point-of-sale stakes (+10%) and online stakes (+9%), which represent 12% of total stakes
 - Rebound in online lottery stakes in Q2, +31% compared to Q2 2021, i.e. +14% over the half year, driven by growth in the number of players
- **CSR commitments strengthened, in particular excessive and underage gambling prevention beefed-up**
- **EBITDA of €308 million (+18%), representing a margin of 25.4% compared to 24.1% in H1 2021**
- **Acceleration of the development of the Payment and Services business with the acquisitions of Aleda and L'Addition**

Boulogne-Billancourt (France), 28 July 2022 (5:45 p.m.) - La Française des Jeux (FDJ), France's leading gambling operator, announces its results for H1 2022.

Stéphane Pallez, Chairwoman and CEO of the FDJ Group, said: *"The second quarter confirmed the positive trend at the start of the year, notably for the Lottery. Our business grew over the half year, both at points of sale and in digital. Given the deterioration in the global economic environment, the Group remains cautious but confident in its outlook, based on its extensive and responsible gaming model. We continue to invest to back the development of our activities, including those of Payment and Services, with to two acquisitions, Aleda and L'Addition. The Group is pursuing its sustainable and profitable growth strategy for the benefit of all its stakeholders."*

Key figures (in millions of euros)

	H1 2022	H1 2021	Change
Stakes	10,046	9,159	+9.7%
Revenue*	1,212	1,082	+12.1%
Recurring operating profit	245	198	+23.9%
Net profit	160	146	+9.4%
EBITDA**	308	261	+18.0%
EBITDA margin/revenue	25.4%	24.1%	

* Revenue: net gaming revenue and revenue from other activities

** EBITDA: recurring operating profit adjusted for depreciation and amortisation expense

CSR commitments strengthened

FDJ donates €200,000 to the French National Forestry Office (ONF)

Given the extent of the fires that have affected French forests these previous weeks, and keeping with its commitment to preserving forest biodiversity in France, the FDJ group will donate €200,000 to the "ONF- Agir pour la Forêt" fund managed by the French National Forestry Office to participate in the national mobilization and contribute to restoring the destroyed forests.

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

Excessive and underage gambling prevention beefed-up:

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

New extra-financial rating on the "carbon score"

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

Activity and results for H1 2022

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

Revenue of €1,212 million, up 12.1%, based on stakes of €10,046 million, up 9.7%

Group stakes amounted to €10,046 million, up 9.7% compared to 2021.

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

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

Gross Gaming Revenue (GGR)¹ amounted to €3,218 million, up 12%.

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

¹ Gross Gaming Revenue (GGR) is calculated as the difference between stakes and the share attributable to winners.

² Net Gaming Revenue (NGR) corresponds to the GGR net of public levies. It represents FDJ's remuneration for its gaming activities.

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

- **Recurring operating profit of €245 million and EBITDA of €308 million, representing an EBITDA margin of 25.4%, an improvement on the margin of 24.1% in H1 2021**

Sales costs amounted to €652 million. €474 million represented PoS commissions, whose increase (+10% or +€42 million) is correlated with that of point-of-sale stakes, and €178 million for other sales costs, of which the 12% increase (+€19 million) reflects the reduced commercial support in H1 2021.

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

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

Other operating income and expenses amounted to -€6 million and mainly include the amortisation charge for exclusive gaming exploitation rights.

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

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

Operating profit for H1 2022 was €239 million, up 21.3% (+€42 million) compared with that of H1 2021.

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

- **By business**

The Group's organisation is based on three operating segments: two Business Units (BUs), Lottery and Sports Betting, and the diversification activities, which include three activities under development (International, Payment and Services, and Entertainment), with cross-functional support functions (notably customer, distribution and information systems), and the holding company, which mainly includes overheads.

The contribution margin is one of the key performance indicators for these segments. It is the difference between segment revenue and cost of sales (including PoS commissions), and the marketing and communication expenses (excluding depreciation and amortisation) allocated to them.

- **Lottery contribution margin of 36.6%**

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

- The increase in stakes for draw games, +19% to €3,088 million, was driven by Amigo, whose stakes returned to their 2019 level, and Loto and Euromillions, which benefited from several long cycles and various events, such as the Super Loto on Friday 13 and the multiple Euromillions millionaires in January.
- Stakes in instant games were up 15% to €4,927 million, thanks in particular to the rebound in footfall at points of sale and the management of the games portfolio with launches and relaunches, including Cash, one of the most iconic games in the Illiko range.
- The increase in point-of-sale stakes of nearly 17% mainly reflects the network's return to normal, but also the good intrinsic momentum of the games.
- The rebound in online lottery stakes in Q2, up 31% compared to Q2 2021, i.e. +14% for the half-year, was entirely driven by growth in the number of players. Over a rolling 12-month period to the end of June 2022, more than 4.5 million players played one of the online games of FDJ.

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

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

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

- **Sports betting contribution margin of 29.5%**

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

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

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

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

- **Diversification activities**

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

- **Net profit up 9.4% at €160 million**

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

The Group's tax expense was €58 million, representing an effective tax rate of 26.8% over H1 2022.

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

Net cash surplus close to €900 million at end-June 2022

One indicator of the Group's cash position is the net cash surplus. At 30 June 2022, this amounted to €891 million. Its change compared to the €916 million at 31 December 2021 is attributable chiefly to:

- Free cash flow of €282 million, after taking into account a working capital surplus of €39 million and investments in tangible and intangible assets for €47 million;
- More than offset by, mainly, €230 million in dividends for 2021 and €62 million in tax.

For information, the net cash surplus at the end of June cannot be extrapolated to the end of December as there are significant calendar effects on the settlement of public levies, in particular an advance payment on public levies in December.

Post-closing event: FDJ acquires Aleda and L'Addition to accelerate the development of its Payment and Services business

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

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

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

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

Outlook

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

FDJ's Board of Directors met on 28 July 2022 and examined the consolidated financial statements for the six months ended 30 June 2022, which were prepared under its responsibility.

The limited review procedures on the half-yearly financial statements have been performed. The auditors' limited review report is in the process of being issued. The condensed half-yearly consolidated financial statements and a financial presentation are available on the FDJ Group website:

- <https://www.groupefdj.com/fr/investisseurs/publications-financieres.html>
- <https://www.groupefdj.com/fr/actionnaires/presentations-financieres.html>

The Group's next financial communication

FDJ will release its end-September 2022 revenue on Thursday 13 October after the close of trading.

About La Française des Jeux (FDJ Group)

France's national lottery and leading gaming operator, the #2 lottery in Europe and #4 worldwide, FDJ offers secure, enjoyable and responsible gaming to the general public in the form of lottery games (draws and instant games) and sports betting (ParionsSport), available from physical outlets and online. FDJ's performance is driven by a portfolio of iconic and recent brands, the #1 local sales network in France, a growing market, recurring investment and a strategy of innovation to make its offering and distribution more attractive with an enhanced gaming experience.

FDJ Group is listed on the Euronext Paris regulated market (Compartment A – FDJ.PA) and is included in indices such as the SBF 120, Euronext 100, Euronext Vigeo 20, EN EZ ESG L 80, STOXX Europe 600, MSCI Europe and FTSE Euro.

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Appendices

In € million	30.06.2022	30.06.2021	Change 06.2022 vs. 06.2021
Stakes*	10,046	9,159	+9.7%
Attributable to lottery	8,015	6,877	+16.5%
Instant games**	4,927	4,282	+15.0%
Draw games	3,088	2,595	+19.0%
Attributable to sports betting	2,017	2,263	-10.9%
Offline stakes	8,870	8,082	+9.8%

* Stakes reflect wagers by players, and do not constitute the revenue of the FDJ Group

** Mainly scratch games (point of sale and online)

In € million	30.06.2022	30.06.2021	Change 06.2022 vs. 06.2021
Stakes	10,046	9,159	+9.7%
Prizes won	6,828	6,294	+8.5%
<i>Player payout ratio</i>	<i>68.0%</i>	<i>68.7%</i>	<i>-0.7 pt</i>
Gross gaming revenue (GGR)	3,218	2,865	+12.3%
<i>GGR as % of stakes</i>	<i>32.0%</i>	<i>31.3%</i>	<i>+0.7 pt</i>
Net gaming revenue (NGR)	1,182	1,058	+11.7%
<i>NGR as % of stakes</i>	<i>11.8%</i>	<i>11.6%</i>	<i>+0.2 pt</i>
Revenue	1,212	1,082	+12.1%

Consolidated income statement

<i>In € millions</i>	30 June 2022	30 June 2021
<i>Stakes</i>	10,045.9	9,159.1
<i>Player payout</i>	-6,827.6	-6,294.0
Gross gaming revenue	3,218.3	2,865.1
<i>Public levies</i>	-2,042.6	-1,815.4
<i>Other revenue from sports betting</i>	6.1	8.1
Net gaming revenue	1,181.8	1,057.8
Revenue from other activities	30.5	23.9
Revenue	1,212.3	1,081.8
Cost of sales	-652.1	-590.8
Marketing and communication expenses	-221.3	-195.1
General and administrative expenses	-88.2	-89.8
Other recurring operating income	2.4	0.1
Other recurring operating expenses	-7.9	-8.4
Recurring operating profit	245.1	197.8
Other non recurring operating income	0.1	0.0
Other non recurring operating expenses	-6.1	-0.9
Operating profit	239.2	197.0
Cost of debt	-2.6	-2.9
Other financial income	8.3	6.8
Other financial expenses	-28.0	-0.2
Net financial income/(expense)	-22.4	3.8
Share of net income for joint ventures	1.0	1.9
Profit before tax	217.7	202.6
Income tax expense	-58.2	-56.9
Net profit for the period	159.5	145.7
Attributable to :		
Owners of the parent	159.5	145.7
Non -controlling interests	0.0	0.0
Basic earnings per share (in €)	0.84	0.76
Diluted earnings per share (in €)	0.83	0.76

Segment reporting

30 June 2022							
<i>In € millions</i>	Lottery BU	Sport Betting BU	Other segments	Holding company	Total before depreciation and amortisation	Depreciation and amortisation	Total Group
Stakes	8,015	2,017	14	0	10,046		10,046
Gross gaming revenue	2,733	485	0	0	3,218		3,218
Net gaming revenue	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 administration expenses				-78	-78	-16	-94
EBITDA					308		
Depreciation and amortisation						-63	
Recurring operating profit							245

30 June 2021							
<i>In € millions</i>	Lottery BU	Sport Betting BU	Other segments	Holding company	Total before depreciation and amortisation	Depreciation and amortisation	Total Group
Stakes	6,877	2,263	19	0	9,159		9,159
Gross gaming revenue	2,356	508	1	0	2,865		2,865
Net gaming revenue	805	244	9	0	1,058		1,058
Revenue	807	244	30	0	1,082		1,082
Cost of sales	-441	-126	-4	0	-571	-20	-591
Marketing and communication expenses	-69	-57	-26	-17	-169	-26	-195
Contribution margin	298	61	0	-17	342	-46	296
General and administration expenses				-81	-81	-17	-98
EBITDA					261		
Depreciation and amortisation						-63	
Recurring operating profit							198