

Solid results for H1 2023 Acquisition of Premier Lotteries Ireland

- **Revenue of €1,289m, up 6% compared to H1 2022 and 4% on a like-for-like basis¹**
 - 10% increase in sports betting and online gaming open to competition to €257m
 - Lottery growth of 1% to €958m, limited by the low number of Loto and Euromillions high jackpots² for the entire half-year, which also undermines the momentum in digital stakes
 - Good activity in point-of-sale (stakes up 3%) and online (stakes up 13%)
- **Recurring EBITDA of €300m, a 23.3% margin**
 - 24.0% margin excluding the €10m exceptional allowance for the prevention of underage gambling over the next five years
- **Net income of €181m, up 13%, driven by the strong improvement in financial income**
- **2023 targets: revenue growth of over 5% and of over 3% on a like-for-like basis³, and a recurring EBITDA margin maintained at around 24%**
- **Agreement to acquire Premier Lotteries Ireland, the Irish national lottery operator, another major step in the deployment of the FDJ Group's international strategy**

Boulogne-Billancourt (France), 27 July 2023 (5:45 p.m.) - La Française des Jeux (FDJ), France's leading gambling operator, announces its results for H1 2023.

Stéphane Pallez, Chairwoman and CEO of the FDJ Group, said: "FDJ recorded solid results in the first half of the year, driven by a good increase in stakes in our network of 30,000 points of sale, a sustained dynamic in digital stakes and the integration of new activities. I am also delighted with the acquisition of Premier Lotteries Ireland, the operator of the Irish national lottery and a long-standing partner in the Euromillions community. Becoming the operator of a foreign lottery marks another major step in the FDJ Group's international development."

Key figures (in millions of euros)

	H1 2023	H1 2022 reported	Change
Revenue *	1,289	1,212	+6.3%
Recurring operating profit	240	245	-2.2%
Net profit	181	160	+13.5%
Recurring EBITDA **	300	308	-2.7%
Recurring EBITDA/revenue margin	23.3%	25.4%	

* Revenue: net gaming revenue and revenue from other activities

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

¹ On a 2022 basis including L'Addition and Aleda over comparable periods.

² Above €75m for Euromillions and €8m for Loto.

³ Versus an increase initially expected of between +4% and +5% on a like-for-like basis. Over the whole of the 2022 financial year, revenue including L'Addition and Aleda for the full year would have been €2,514m.

Highlights

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

FDJ has signed today an agreement to acquire Premier Lotteries Ireland, the operator holding the exclusive rights to the Irish national lottery until 2034. 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.

- **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 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, €3.4 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.

Activity and results for H1 2023

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

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

- **Revenue of €1,289 million, up 6.3% and 3.6% on a like-for-like basis**

GGR amounted to €3,295 million, up 2.4%. After €2,082 million in public levies, up 1.9%, net gaming revenue (NGR)⁴ totalled €1,218 million, up 3.0% based on a 4.4% increase in stakes.

⁴ Net gaming revenue (NGR) corresponds to the GGR net of public levies on games. It represents FDJ's remuneration for its gaming activities.

Including income from other activities of €71 million, the Group's half-yearly revenue amounted to €1,289 million, up 3.6%. Compared to reported data for the first half of 2022, revenue growth was 6.3%.

- **By distribution channel and activity**

- **By distribution channel**

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

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.

- **By business**

The Group's organisation is based on three operating segments: two Business Units (BU) – Lottery and Sports betting & Online gaming open to competition – and diversification activities, which include three activities under development (International, Payment & 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.

- **Sports betting and online gaming open to competition**

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 its high Q1 level, was slightly higher than in H1 2022.

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

The 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, representing a contribution margin of 28.9%.

- **Lottery**

Lottery revenue totalled €958 million, up 1.3% from 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 received 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.

The cost of sales amounted to €527 million, up 2.6% (+€13 million) compared to H1 2022. They mainly correspond to PoS commissions of €393 million with a 1.5% increase, in line with the increase in the network's stakes 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%.

- **Diversification**

Diversification 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.

As announced, the Group has taken steps to improve the profitability of its UK business. On 5 July, Sporting Group's B2C - spread betting⁵ business was the subject of the signature of a preliminary disposal agreement, which will be effective once the competent authorities have given their approval.

- **Recurring operating profit of €240 million and recurring EBITDA of €300 million, representing a recurring EBITDA margin of 23.3%**

The cost of sales amounted to €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 and central function expenses, as well as building and IT infrastructure costs. They amounted to €118 million, of which €10 million in exceptional allowance to support, over the next five years, actions to prevent underage gambling carried out by charities. 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. These measures will be stepped up in the second half of the year.

Other operating income and expenses were -€7 million and mainly include the amortisation charge for exclusive gaming 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 adjusted for depreciation and amortisation. Based on net depreciation and amortisation on tangible and intangible assets of €60 million, compared to €63 million in H1 2022, recurring EBITDA was €300 million, down 3.8% (-€12 million) compared to H1 2022.

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

Other non-recurring operating profit and expenses amounted to -€14 million, compared to -€6 million 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 and costs related to the external growth strategy.

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

- **Net income of €181 million, up 13% compared to H1 2022 reported**

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 financial market environment.

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

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

⁵ 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.

Net cash surplus of €941 million at end-June 2023

One indicator of the Group's cash position is the net cash surplus (NCS)⁶.

At 30 June 2023, NCS amounted to €941 million. Its change compared to the €900 million at 31 December 2022 is attributable chiefly to:

- Free cash flow of €327 million, after taking into account a working capital surplus of €78 million and investments in tangible and intangible assets for €64 million;
- Partially offset by €253 million in dividends for 2022 and €38 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.

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 basis⁷, with the current EBITDA margin maintained at around 24% for the full 2023 financial year⁸.

FDJ's Board of Directors met on 27 July 2023 and examined the consolidated financial statements for the six months ended 30 June 2023, 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 communicate on Thursday 19 October after the markets close on its activity to the end of September 2023.

⁶ This corresponds to non-current financial assets, current financial assets and cash and cash equivalents, net of non-current financial liabilities and current financial liabilities, less: (i) current and non-current deposits and guarantees given; (ii) cash subject to restrictions; (iii) amounts allocated exclusively to Euromillions winners. As of 30 June 2023, it is also restated for non-consolidated securities, mainly comprised of units in venture capital funds (innovation).

⁷ Versus an increase initially expected of between +4% and +5% on a like-for-like basis.

⁸ For the full year 2022, revenue including L'Addition and Aleda for the entire year would have been €2,514m.

About La Française des Jeux (FDJ Group)

France's leading gaming operator and one of the industry leaders worldwide, FDJ offers responsible gaming to the general public in the form of lottery games (draws and instant games), sports betting (through its ParionsSport point de vente et ParionsSport en ligne brands) and poker. FDJ's performance is driven by a large portfolio of iconic brands, the #1 local sales network in France, a growing market, and recurring investments. The Group implements a strategy of innovation to increase the attractiveness of its gaming and service offering across all distribution channels, with a responsible gaming experience.

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

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Consolidated income statement

In € million	30 June 2023	30 June 2022
Gross gaming revenue	3,295.0	3,218.3
Public levies	-2,082.4	-2,042.6
Other revenue from sports betting	5.1	6.1
Net gaming revenue	1,217.8	1,181.8
Revenue from other activities	71.2	30.5
Revenue	1,289.0	1,212.3
Cost of sales	-700.8	-652.1
Marketing and communication expenses	-222.8	-221.3
General and administrative expenses	-118.4	-88.2
Other recurring operating income	0.4	2.4
Other recurring operating expenses	-7.7	-7.9
Recurring operating profit	239.6	245.1
Other non recurring operating income	2.3	0.1
Other non recurring operating expenses	-16.6	-6.1
Operating profit	225.4	239.2
Cost of debt	-7.5	-2.6
Other financial income	35.2	8.3
Other financial expenses	-9.0	-28.0
Net financial income/(expense)	18.7	-22.4
Share of net income for joint ventures	2.4	1.0
Profit before tax	246.5	217.7
Income tax expense	-65.4	-58.2
Net profit for the period	181.0	159.5
Attributable to :		
Owners of the parent	181.0	159.5
Non -controlling interests	0.0	0.0
Basic earnings per share (in €)	0.95	0.84
Diluted earnings per share (in €)	0.95	0.83

Segment reporting

In € million	30 June 2023						Total Group
	Lottery BU	Sports Betting & online gaming BU	Other segments	Holding company	Total before depreciation and amortisation	Depreciation and amortisation	
Gross gaming revenue	2,759	536	1	0	3,295		3,295
Net gaming revenue	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 administration expenses				-110	-110	-16	-126
Recurring EBITDA					300		
Depreciation and amortisation						-60	
Recurring operating profit							240

In € million	30 June 2022						Total Group
	Lottery BU	Sports Betting & online gaming BU	Other segments	Holding company	Total before depreciation and amortisation	Depreciation and amortisation	
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
Recurring EBITDA					308		
Depreciation and amortisation						-63	
Recurring operating profit							245