CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2023

GROUPE FDJ

Contents

1. 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	31.12.2023	31.12.2022
Gross gaming revenue	**4.1**	**6,710.4**	**6,525.6**
Public levies	*4.1*	*-4,237.1*	*-4,147.4*
Other revenue from sports betting	*4.1*	*8.2*	*10.2*
Net gaming revenue	**4.1**	**2,481.4**	**2,388.4**
Revenue from other activities	**4.1**	**140.0**	**72.7**
Revenue	**4.1**	**2,621.4**	**2,461.1**
Cost of sales	4.2	-1,392.5	-1,329.6
Marketing and communication expenses	4.2	-455.6	-460.9
General and administrative expenses	4.2	-229.9	-200.0
Other operating income	4.2	8.1	4.0
Other operating expenses	4.2	-19.7	-15.4
Recurring operating profit	**4.2**	**531.8**	**459.2**
Other non-recurring operating income	4.2	13.4	0.2
Other non-recurring operating expenses	4.2	-24.0	-10.6
Operating profit		**521.1**	**448.8**
Cost of financial debt		-13.8	-6.6
Other financial income		67.7	15.8
Other financial expenses		-11.1	-38.0
Net financial income/(expense)	**9.4**	**42.7**	**-28.7**
Share of net income from joint ventures	10	2.1	1.1
Profit before tax		**566.0**	**421.2**
Income tax expense	12	-141.0	-113.3
NET PROFIT FOR THE PERIOD		**425.1**	**307.9**
– attributable to owners of the parent		425.1	307.9
– attributable to non-controlling interests		0.0	0.0
Basic earnings per share *(in euros)*	**13**	**2.23**	**1.61**
Diluted earnings per share *(in euros)*	**13**	**2.23**	**1.61**

* Gross gaming revenue (GGR) is the benchmark for the level of business in the gaming 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, which is made up of stakes, less winnings plus the GGR of other activities.

2. Consolidated statement of comprehensive income

In millions of euros	31.12.2023	31.12.2022
Net profit for the period	**425.1**	**307.9**
Cash flow hedging (before tax)	-8.7	18.2
Net investment hedging on foreign activities (before tax)	0.7	1.3
Net change in currency translation differences (before tax)	-2.8	-0.4
Tax on items subsequently transferable to profit or loss	2.1	-5.0
Items subsequently transferred or transferable to profit or loss	**-8.8**	**14.1**
Actuarial gains and losses	-9.6	14.5
Tax on items that may not subsequently be transferable to profit or loss	2.5	-3.7
Items that may not subsequently be transferable to profit or loss	**-7.1**	**10.7**
Other comprehensive income	**-15.8**	**24.8**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**409.2**	**332.7**
– attributable to owners of the parent	409.2	332.7
– attributable to non-controlling interests	0.0	0.0

3. Consolidated statement of financial position

In millions of euros	Note	31.12.2023	31.12.2022
ASSETS			
Goodwill		190.8	56.6
Exclusive operating rights	6.1	581.6	325.1
Other intangible assets	6.1	346.0	182.6
Property, plant and equipment	6.2	366.2	353.1
Non-current financial assets	9.1	559.9	866.9
Investments in joint ventures	10	19.1	18.3
Non-current assets		**2,063.5**	**1,802.6**
Inventories		22.7	18.5
Trade and distribution network receivables	4.5	559.5	465.8
Other current assets	4.5	272.3	256.6
Current tax assets	12.2	14.1	27.0
Current financial assets	9.1	265.4	207.7
Cash and cash equivalents	9.2	538.6	513.4
Current assets		**1,672.6**	**1,489.0**
Assets held for sale	11	24.6	24.2
TOTAL ASSETS		**3,760.8**	**3,315.7**
LIABILITIES			
Share capital		76.4	76.4
Retained earnings (including profit for the period)		978.8	817.3
Reserves of other comprehensive income		15.9	31.7
Equity attributable to owners of the parent	**14**	**1,071.1**	**925.4**
Non-controlling interests		0.0	0.0
Sharegolders' Equity		**1,071.1**	**925.4**
Provisions for retirement benefits and similar commitments	4.7.3	58.0	44.1
Non-current provisions	7	1.4	11.1
Deferred tax liabilities	12.3	84.2	34.9
Non-current financial liabilities	9.1	397.5	431.1
Non-current liabilities		**541.0**	**521.2**
Current provisions	7	14.9	11.4
Trade and distribution network payables	4.6.1	478.5	465.7
Current tax liabilities	12.2	7.4	1.3
Current player funds	4.6	339.9	304.6
Public levies liabilities	4.6.3	606.5	459.0
Winnings payable/Player balances	4.6.4	343.1	319.8
Other current liabilities	4.6.5	258.0	222.1
Current financial liabilities	9.1	90.8	74.4
Current liabilities		**2,139.0**	**1,858.3**
Liabilities held for sale	11	9.6	10.7
TOTAL LIABILITIES		**3,760.8**	**3,315.7**

4. Consolidated statement of cash flows

In millions of euros	Note	31.12.2023	31.12.2022
OPERATING ACTIVITIES			
Consolidated net profit for the period		**425.1**	**307.9**
Change in asset depreciation, amortisation and impairment of non-current assets		125.6	130.8
Change in provisions		6.2	16.3
Capital gains or losses on disposal		4.8	0.1
Income tax expense		141.0	113.3
Other non-cash items included in the consolidated income statement		1.0	3.5
Net financial income/(expense)		-42.7	28.7
Share of net income from joint ventures		-2.1	-1.1
Non-cash items		**233.6**	**291.7**
Utilisation of provisions – payments		**-10.8**	**-8.4**
Interest received		**56.8**	**2.2**
Income taxes paid		**-134.8**	**-123.3**
Change in trade receivables and other current assets		-68.1	-101.3
Change in inventories		-3.3	-2.3
Change in trade payables and other current liabilities		129.6	46.0
Change in other components of working capital		0.7	-6.3
Change in operating working capital		**58.9**	**-63.9**
Net cash flow from operating activities	**9.3**	**628.9**	**406.1**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible assets		-124.7	-104.1
Acquisitions of shares		-211.9	-42.9
Disposals of property, plant and equipment and intangible assets		0.1	0.0
Disposals of shares		9.8	0.0
Change in current and non-current financial assets	9.1	303.5	-104.8
Change in loans and advances granted		-3.9	60.2
Dividends received from joint ventures and shareholdings		1.2	3.0
Other		4.2	9.8
Net cash flow used in investing activities	**9.3**	**-21.7**	**-178.7**
FINANCING ACTIVITIES			
Repayment of the current portion of long-term debt		-297.8	-71.8
Payment of lease liabilities		-8.2	-7.6
Dividends paid to ordinary shareholders of the parent company		-253.4	-229.5
Interest paid		-14.7	-5.3
Other		-6.3	-6.2
Net cash flow used in financing activities	**9.3**	**-580.5**	**-320.5**
Impact of changes in foreign exchange rates		1.0	2.3
Net increase/decrease in net cash		**27.7**	**-90.7**
Current bank overdrafts at 1 January		-2.5	0.0
Current bank overdrafts at 31 December		0.0	-2.5
Cash and cash equivalents at 1 January		513.4	601.7
Cash and cash equivalents at 31 December		538.6	513.4

5. Consolidated statement of changes in equity

In millions of euros	Share capital	Statu-tory reserves	Retained earnings (incl. profit for the period)	Cash flow hedges	Currency translation differences (incl. net investment hedging)	Actuarial gains and losses	Reserves of other compre-hensive income	Equity attribu-table 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 31 December 2022			***307.9***					***307.9***	***0.0***	***307.9***
Other comprehensive income				13.5	0.6	10.7	24.8	24.8		24.8
Total comprehensive income for the period	**0.0**	**0.0**	**307.9**	**13.5**	**0.6**	**10.7**	**24.8**	**332.7**	**0.0**	**332.7**
Allocation of prior year net profit		5.2	-5.2					0.0		0.0
2021 dividends paid			-236.6					-236.6		-236.6
Other		-96.8	97.1					0.3		0.3
EQUITY AT 31.12.2022	**76.4**	**0.0**	**817.3**	**13.9**	**6.7**	**11.1**	**31.7**	**925.4**	**0.0**	**925.4**
Net profit 31 December 2023			***425.1***					***425.1***		***425.1***
Other comprehensive income				-6.5	-2.3	-7.1	-15.8	-15.8		-15.8
Total comprehensive income for the period	**0.0**	**0.0**	**425.1**	**-6.5**	**-2.3**	**-7.1**	**-15.8**	**409.2**	**0.0**	**409.2**
Allocation of prior year net profit										0.0
2022 dividends paid			-261.3					-261.3		-261.3
Other			-2.3					-2.3		-2.3
EQUITY AT 31.12.2023	**76.4**	**0.0**	**978.8**	**7.4**	**4.5**	**4.0**	**15.9**	**1,071.1**	**0.0**	**1,071.1**

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

6. Notes to the consolidated financial statements

Note 1 Overview of the Group

1.1 GENERAL INFORMATION

La Française des Jeux (FDJ) is a public limited company (société anonyme) governed by French law, subject to all regulations on commercial companies in France, and in particular the provisions of the French Commercial Code, in accordance with the provisions of the legal framework as described in Note 1.2. Its registered office is located at 3/7, Quai du Point du Jour 92100 Boulogne-Billancourt. It has been admitted to trading on the Euronext Paris market since 21 November 2019. As at 31 December 2023, its share ownership structure can be broken down as follows: the French State (20%), veterans' associations(1) (15%), employee share investment funds (4%), Predica (5%) and other holdings of less than 5%, including French and international institutional investors and private shareholders. The State exerts strict control over the Company. As a result, the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers, as well as any threshold-crossing of 10% or a multiple of 10% of the share capital, are subject to approval by the Ministers for the Budget and the Economy.

As at 31 December 2023, the Group runs a gaming operation and distribution business, mainly in France (metropolitan and overseas departments), four French overseas territories and Monaco. It operates internationally, mainly through its equity investments in the following companies:

- Premier Lotteries Ireland, the operator holding the exclusive rights to run the Irish National Lottery at points of sale and online;
- ZEturf group, an online horse-race and sports betting operator with offices in Spain, Belgium, the Netherlands, Mauritius and Malta, operating mainly in France;
- Sporting Group, based in the UK, which provides betting and risk management services to sports betting operators;
- Beijing ZhongCai Printing (BZP), a Chinese company that prints lottery tickets;
- Services aux Loteries en Europe (SLE), a Belgian cooperative established to hold and administer draws for participating lotteries in connection with Euromillions;
- Lotteries Entertainment Innovation Alliance AS (LEIA), a Norwegian company that operates a digital gaming platform;
- FGS Canada, a Canadian company that develops sports betting technology.

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

1.2 REGULATORY ENVIRONMENT OF FDJ GROUP

The Group 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 licence. FDJ's licence for sports betting was last renewed by the ANJ in 2020, while its licence for online poker was granted by the ANJ in October 2022. ZEturf, which FDJ acquired in 2023, also holds licences for online horse-race and sports betting.

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

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 directors before 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 taken by the Board of Directors.

Premier Lotteries Ireland, which FDJ acquired in 2023, has exclusive rights to operate the games of the Irish National Lottery. It holds these rights for a twenty-year period from 2014 until 2034 under the terms of an exclusive licence awarded by the Regulator of the National Lottery on the basis of the National Lottery Act 2013.

1.3 HIGHLIGHTS

1.3.1 Highlights of the financial year

Lottery, sports betting and online gaming open to competition

- **Strong lottery fundamentals: revenue of €1.938m, up 1.1% and up 4.9% excluding Euromillions and Amigo**

Successful animation of the instant games portfolio, such as the launches and relaunches of Carré Or in January, Club Color in March, As de Cœur in October and Mission Nature in November.

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

Successful launch of Eurodreams, in partnership with eight other European lotteries

This game, whose first draw took place on 6 November, gives players the chance to win up to €20,000 a month for 30 years at tier 1 and €2,000 a month for five years at tier 2.

EuroDreams is a success, especially online, as this game has the highest digitisation rate of draw games.

Low number of high jackpot Euromillions draws (> 75 million euros)

After a 2022 financial year that had recorded a record number of high jackpot Euromillions draws (43), 2023 was marked by the low number of these draws (23), particularly in the 2nd semester (8 vs. 27 in 2022), which affected overall stakes given the strong attraction of such jackpots. Nevertheless, stakes on high jackpots offered in 2023 have reached historically very high levels.

As Euromillions is a game with a high stakes-into-revenue conversion rate, the later was therefore particularly affected by the low number of high jackpot draws. The same applies to the performance of the online lottery, as this game has a significant digitisation rate.

Net gaming revenue from online lottery games increased by more than 10%, and by more than 17% excluding Euromillions. This performance was mainly due to a further increase in the number of players. More than 5 million players played at least once a year in an FDJ online lottery game.

In terms of responsible gaming, the target of generating less than 2% of the gross gaming revenue of online lottery games with high-risk players was achieved in 2023.

New Amigo formula

Amigo, a point-of-sale game with a draw every 5 minutes, was relaunched in early June 2023 with a revised formula in accordance with the decision of the French regulator (*Autorité nationale des jeux*). This revision notably concerns the reduction in the number of draws (with a suspension of 15 minutes per hour between 6:00 and 14:00) and the maximum amount per bet (8 euros vs. 20 euros). Since its relaunch, Amigo's business has stabilised at a level down by around -25% compared to the same period in 2022.

- **Good momentum in sports betting and online gaming open to competition, bolstered by a presence in all gaming segments**

FDJ has historically been present in point-of-sale and online sports betting, online poker since the end of 2022 and online horse-race betting since the acquisition of ZEturf at the end of 2023.

Sports betting and online gaming open to competition continued to show good momentum, with a revenue up 10.9% to 518 million euros and up 8.4% excluding ZEturf.

This performance is based on a still buoyant sports betting market, which benefited in particular from the momentum generated by the FIFA World Cup at the end of 2022. For the 3rd consecutive year, ParionsSport En Ligne has gained market shares. Revenue growth is also explained by the first consolidation of ZEturf in the 4th quarter and sporting results favourable to the operator, in particular during the Champions League and Ligue 1. In addition, the poker offer works very well, with more than 20% of online sports betting players also playing it.

- **Strong growth in online games: net gaming revenue (NGR) up 18.8% to nearly 13% of the total, compared to more than 11% in 2022**

The strong momentum of the Group's online activities, lottery on the one hand and sports betting and online gaming open to competition on the other, enabled FDJ to record an increase of 18.8% in its net gaming revenue from online games, which represents nearly 13% of total NGR compared with 11% in 2022. Excluding the integration of PLI and ZEturf in the 4th quarter, the annual increase in NGR for online gaming activities would have been 13.9%.

Confirmation of the exclusive rights of La Française des Jeux by the Council of State

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Following a referral in December 2019 by an association and several gambling companies, the French Council of State ruled, on 14 April 2023, that La Française des Jeux's exclusive rights comply with European Union law. It also ruled that the twenty-five-year term of its exclusive rights, defined in the framework of the Pacte Act, is not excessive.

Concerning the equalisation payment of 380 million euros paid to the State in respect of its exclusive rights, the Council of State will decide after the European Commission's decision on the appropriateness of this sum, following its State aid investigation launched in July 2021.

External growth transactions

Premier Lotteries Ireland (PLI)

On 3 November 2023, FDJ finalised the acquisition of 100% of the share capital of Premier Lotteries Ireland, which holds exclusive rights to operate the Irish National Lottery until 2034, after the authorisation from the Irish National Lottery regulator. This transaction is part of FDJ's strategic ambition to become an international B2C operator and FDJ thus operates a foreign lottery for the first time.

PLI's strategic plan aims to accelerate its growth and increase its profitability by sharing the best practices of the two operators so as to capitalise on FDJ's experience to run PLI's instant games portfolio, boost the draw game player base, and continue to improve the digital experience of Irish players.

ZEturf

The acquisition of the ZEturf group, an online horse-race betting and online sports betting operator under the ZEbet brand, was finalised on 29 September 2023 following the authorisation from the French Competition Authority.

ZEturf rounds out FDJ's online betting offering, which has become the 4th largest operator in the French sports betting and online gaming open to competition market, with a market share of more than 10%.

In order to take full advantage of the merger with ZEturf and the synergies within its competitive online activity, the FDJ Group will adopt a new organisation for this activity, in line with the commitments made to the Competition Authority.

1.3.2 Significant post-closing events

On 22 January 2024, FDJ announced that it was launching a tender offer for Kindred, one of Europe's leading online betting and gaming companies, to implement its ambition to become an international gaming operator, and thus create a European champion.

This offer:

- is made at a price of SEK 130 per share listed on Nasdaq Stockholm, and corresponds to an enterprise value of Kindred of 2.6 billion euros.

The transaction takes the form of a public tender offer, which will open on 20 February 2024 for a period of nine months. The completion of the takeover bid will remain subject in particular to obtaining regulatory authorisations and the acquisition by FDJ of at least 90% of Kindred's share capital.

FDJ will finance the acquisition by drawing on a large portion of its own cash reserves, together with a bridging loan from leading French banks. It intends to refinance the bridging loan at attractive market rates and will target an investment-grade rating.

Note 2 Accounting standards and policies

2.1 BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of FDJ and its subsidiaries ("the Group"), published for the 2023 financial year, were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union at 31 December 2023.

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2023 on 14 February 2024.

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

The consolidated financial statements for the financial year ended 31 December 2023 are available on the website groupefdj.com (under Finance/Financial Publications).

2.1.1 New standards, interpretations and amendments applicable in 2023

The amendments and interpretations approved by the European Union whose application was mandatory as of 1 January 2023 (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; IFRS 17 and associated amendments: insurance contracts) had no impact on the Group's financial statements.

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

Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements

Amendment to IAS 21 – Lack of exchangeability

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

2.1.3 Standards, interpretations and amendments adopted by the European Union and applicable from 1 January 2024

Amendments to IAS 1 – Classification of liabilities as current or non-current liabilities, liabilities with covenants.

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

The Group has not applied any standards or interpretations early as at 31 December 2023. The Group does not anticipate any material future impact.

2.2 ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on a going concern basis in accordance with the independence of financial periods. They have been prepared on a historical cost basis, except that certain financial assets and liabilities, including derivatives, equity securities assets held for sale, are measured at the lower of the carrying amount and fair value less costs to sell (see Notes 4.5, 4.6, 9.1 and 9.2 below).

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

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

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

All other assets are classified as non-current.

A liability is classified as current if it meets one of the following criteria:

- the entity expects to settle the liability within the current operating cycle (trade payables) or in the 12 months following the reporting date;
- the entity holds the liability primarily for the purpose of trading (financial liabilities at fair value through profit or loss).

All other liabilities are classified as non-current.

2.2.1 Consolidation

The consolidated financial statements for the year ended 31 December 2023 include the financial statements of the parent company, FDJ SA, controlled subsidiaries (see note 19) and joint ventures (see Note 10).

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

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

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

All companies prepare their accounts as at 31 December.

Transactions between consolidated companies and intra-group profits are eliminated.

2.2.2 Foreign currency translation

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

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

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

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

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

2.2.3 Use of judgements and estimates

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities, assess positive and negative risks, and measure income and expenses at the reporting date.

In response to changes in the economic and financial environment, 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 at each period-end based on regularly updated information. The future results of the transactions concerned may differ from these estimates.

Material estimates and the main assumptions and key data mainly cover the following items:

- employee benefits: discount rate (Note 4.7.3.);
- useful lives and recoverable amounts for the purpose of measuring the recoverable amount of intangible assets and property, plant & equipment. Both the amortisation period and method of amortisation for the customer base recognised as an asset upon the acquisitions were revised to take account of churn rates (Note 6);
- goodwill: discount rate and business plan assumptions for the purpose of measuring the recoverable amount of goodwill (Note 5);
- fair value of financial assets not listed on active markets (Note 9);
- performance shares: measurement assumptions used to value performance shares (recurring EBITDA, profit per share, probability of achieving targets, risk-free rate, share price) (Note 4.7.4).

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:

- assessment and quantification of legal risks to determine provisions for risks and litigations (Note 7);
- assessment of the risk associated with non-recovery of past-due payments for the purpose of measuring the recoverable value of receivables from the distribution network (Note 4.5);
- identification (or not) of leases in certain agreements (Note 2.2.4).

Note 3 Main changes in consolidation scope

3.1 MAIN CHANGES IN THE CONSOLIDATION SCOPE IN 2023

On 29 September 2023, following the conditional approval of the transaction by the French competition authority, FDJ completed the acquisition of ZEturf group, which has been controlled and fully consolidated by FDJ since that date. ZEturf is France's second-biggest operator of online horse-race betting, with a market share of around 20%. The acquisition makes the FDJ group the fourth-biggest operator in the French market for games of chance open to competition (i.e. sports betting, horse-race betting and poker) with a market share of over 10%.

The provisional acquisition price of €143 million (including acquired net debt) is subject to a price uplift mechanism based on 2023 recurring EBITDA, which is expected to give rise to an uplift of €7 million. Mutual buy and sell undertakings were signed with the vendor in respect of a past award of free shares which remain in the lock-up period. Of the purchase price, €138 million was allocated to intangible assets (€89 million for ZEturf and ZEbet brands, €14 million for technology and €35 million for the customer base) and the associated deferred tax liabilities (€20 million), giving rise to provisional goodwill of €72 million.

The ZEturf group earned revenue of €46 million in 2023.

On 3 November 2023, FDJ announced that it had completed the acquisition of a 100% stake in Premier Lotteries Ireland (PLI), the operator holding the exclusive rights to the Irish National Lottery until 2034. The deal marks the first time that the FDJ group has become the operator of a foreign lottery, and forms part of FDJ's strategic aim of becoming an international B2C operator in lottery as well as in sports betting and online games.

The PLI acquisition was financed from the Group's own funds. The purchase price was €333 million, including acquired net debt. Of the total, €302 million was allocated to intangible assets (€276 million for the exclusive licence to operate the lottery and €26 million for technology) and the associated deferred tax liabilities (€35 million), giving rise to provisional goodwill of €63 million.

PLI earned revenue of €123 million in 2023.

ZEturf and PLI contributed €36 million to Group revenue in 2023. If ZEturf and PLI had been consolidated for the whole of 2023, FDJ Group would have recorded revenue of €2,754 million.

3.2 MAIN CHANGES IN THE CONSOLIDATION SCOPE IN 2022

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

The 100% acquisition of Aleda was finalised on 17 November 2022, after conditional approval for the transaction was granted by the French competition authority. Aleda specialises in point-of-sale payment solutions aimed at neighbourhood retailers. Aleda is controlled and has been fully consolidated since that date. Of the purchase price, €8 million was allocated to intangible assets (mainly €4 million for the customer base and €2 million for agents' contracts) and the associated deferred tax liabilities (€2 million). Goodwill was €27 million. The price uplift, based on recurring EBITDA, was revised to zero at the end of December 2023.

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

Note 4 Operating data

4.1 NET GAMING REVENUE (NGR) AND REVENUE

Revenue is made up of net gaming revenue (NGR, as set out below) and revenue from other activities.

Gross gaming revenue (GGR)

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

Public levies (see Note 4.6.3 for the corresponding liability)

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

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

As % of GGR	Loto®/Euromillions	Other lottery games
ANS	5.1%	5.1%
CSG	6.2%	6.2%
CRDS	2.2%	2.2%
General State Budget	54.5%	42.0%
TOTAL	**68.0%**	**55.5%**

As % of GGR	PoS sports betting	Online sports betting
Tax levies on sports betting	27.9%	33.7%
ANS	6.6%	10.6%
Social security levies on sports betting	6.6%	10.6%
TOTAL	**41.1%**	**54.9%**

As % of GGR	Online horse-race betting
Tax levies on online horse-race betting	20.2%
Horse racing organisations	23.8%
Social security levies on online horse-race betting	6.9%
TOTAL	**50.9%**

Online poker is taxed on the basis of stakes. The overall charge comprises a tax levy of 1.8% (capped at €0.90 per deal for cash games) (1) and a social security levy of 0.2% of stakes (capped at €0.10 per deal for cash games).

General State Budget

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

Social security levies on lottery games (CRDS and CSG)

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

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

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

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

Tax and social security levies specific to sports betting

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

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

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

VAT

VAT, as governed by Chapter 1 of Title II of Book 1 of the General Tax Code, is charged on net gaming revenue at the rate applicable in metropolitan France and the French overseas departments.

Net gaming revenue (NGR)

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

NGR is gross gaming revenue, less public levies. Like GGR, it can vary according to the payout ratio[1] for each game (margin effect) and according to the volume of stakes wagered in each game category (volume and mix effects).

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

- for ***draw games***, FDJ's service is completed when it has recorded the placing of the bets, held the draw that determines the winning numbers, calculated the winnings and published the results and prizes;
- for ***instant games*** sold at points of sale, FDJ recognises stakes as income when a given number of tickets has been sold, i.e. when said tickets are placed in the gaming terminals. Accordingly, the sale is recognised before the booklet (batch of tickets), which has a value of between €150 and €300, is completely used up. Given how fast the booklets are sold, revenue recognised on a per-unit basis would be very close to the amount of revenue recorded in the financial statements. Online sales are recognised as soon as the player's stake is recorded;
- for ***sports betting***, the principles are similar to draw games. FDJ has met its obligations when, once the sporting event has taken place, the winnings have been calculated and the results and prizes have been published;
- for ***poker***, FDJ has met its obligations when the tournament or the hand ends;
- for ***horse-race betting***, the principles are similar to draw games. FDJ has met its obligations when, once the event has taken place, the winnings have been calculated and the results and prizes have been published.

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

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

(1) The payout ratio is the percentage of stakes paid out to winners.

In millions of euros	31.12.2023	31.12.2022
Draw games	790.1	823.6
Instant games	1,142.5	1,088.0
Lottery	**1,932.6**	**1,911.6**
Sports betting and online gaming open to competition	**515.6**	**466.8**
Other*	**33.2**	**10.0**
Total net gaming revenue (NGR)	**2,481.4**	**2,388.4**
Revenue from other activities	140.0	72.7
Revenue	**2,621.4**	**2,461.1**

* Traditional fixed odds sports betting provided by Sporting Group (until November 2023).

Net gaming revenue represents FDJ Group's remuneration on its gaming activities. It is monitored by product range. NGR for 2023 was €2,481.4 million, a rise of €93.0 million relative to 2022 (+3.9%). Revenue from other activities, predominantly consisting of international services and the Payment & Services business, was €140.0 million in 2023, a rise of €67.3 million relative to 2022 (+92.5%).

Total Group revenue was thus €2,621.4 million in 2023, a rise of €160.3 million relative to 2022 (+6.5%).

4.2 OPERATING PROFIT

4.2.1 Recurring operating profit

Cost of sales amounted to 1,392.5 million euros (+4.7%). This includes 983 million euros (+1.9%) in remuneration paid to retailers, which are correlated to stakes recorded in the network. The increase in other sales costs, 44.6 million euros, is mainly due to acquisitions, particularly that of Aleda.

Marketing and communication costs include the costs of advertising and designing offers, as well as the costs of IT development and operation of games and services. They amounted to 455.6 million euros. The decline of 1.2% was mainly due to advertising spending, particularly corporate communications, which came out at 1% of GGR.

Administrative and general costs mainly comprise the personnel and operating costs of the central functions, as well as the costs of buildings and IT infrastructure. They amounted to €229.9 million (+14,9%), an increase in particular linked to a scope effect as well as the exceptional allocation of 10 million euros to support actions to prevent underage gambling carried out by the associative sector over the 2023-2027 period.

Other operating income includes the reversal of a €7.5 million provision for legal cases with former agent-brokers.

Other operating expenses mainly include the amortisation of the exclusive operating rights for the Group's games in France and Ireland.

The Group's **recurring operating profit** was thus 531.8 million euros, up 15.8%.

Recurring EBITDA, recurring operating profit restated for depreciation and amortisation, was 656.8 million euros, up 11.3%, i.e. a recurring EBITDA margin of 25.1%, up from 24.0% recorded in 2022.

4.2.2 Income statement items by nature of costs

In millions of euros	2023	2022
Personnel expenses	369.3	326.9
Net depreciation and amortisation	125.1	130.9
IT outsourcing expenses	79.3	75.0

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

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

4.2.3 Other non-recurring operating income and expenses

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

In 2023, non-recurring income and expenses produced a net expense of €10.6 million, the main components of which were:

- M&A costs;
- VAT income of €14.1 million in relation to NGR earned in the French overseas departments, following the updating and revised interpretation of the VAT rules applicable to the games we sold in 2021 and 2022 (see Note 16 Ongoing legal proceedings and other disputes);
- loss on disposal of the Sporting Group B2C business;

In 2022, non-recurring income and expenses produced a net expense of €10.4 million, the majority of which comprised M&A costs.

4.3 INFORMATION - OPERATING SEGMENTS

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

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

- Lottery, which includes activities related to instant games and draw games;
- Sports betting and online gaming open to competition,[1] comprising online and PoS sports betting activities and online poker;
- Adjacent activities (International including PLI, Payments & Services, and Entertainment).

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

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

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

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

	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)	5,564	1,076	70	0	6,710		6,710
Net gaming revenue (NGR)	1,933	516	33	0	2,481		2,481
Revenue	**1,938**	**518**	**165**	**0**	**2,621**		**2,621**
Cost of sales	-1,046	-239	-73	0	-1,357	-35	-1,393
Marketing and communication expenses	-170	-126	-77	-30	-402	-53	-456
Contribution margin	**723**	**153**	**15**	**-30**	**862**	**-88**	**773**
General and administrative expenses & Other operating income and expenses				-205	-205	-37	-241
Recurring EBITDA					**657**		
Depreciation and amortisation						-125	
RECURRING OPERATING PROFIT							**532**

(1) Online gaming, excluding lottery. In France, an online market open to competition is permitted for sports betting, horse-race betting and poker.

	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)	5,551	975	0		6,526		6,526
Net gaming revenue (NGR)	1,912	467	10		2,388		2,388
Revenue	**1,916**	**467**	**78**		**2,461**		**2,461**
Cost of sales	-1,033	-235	-21		-1,289	-41	-1,330
Marketing and communication expenses	-174	-115	-77	-37	-403	-58	-461
Contribution margin	**709**	**117**	**-20**	**-37**	**770**	**-99**	**671**
General and administrative expenses & Other operating income and expenses				-180	-180	-32	-211
Recurring EBITDA					**590**		
Depreciation and amortisation						-131	
RECURRING OPERATING PROFIT							**459**

The proportion of Group revenue generated outside the Group's home country (France) was marginal (2023: 3.1%; 2022: 1.5%). The proportion of property, plant and equipment and intangible assets outside France is 23.7%, almost all of which concerns the exclusive operating rights held by PLI. 92% of capital expenditure is carried out in France.

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

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

In millions of euros	31.12.2023	31.12.2022
Recurring operating profit	532	459
Net depreciation and amortisation	-125	-131
Recurring EBITDA	**657**	**590**

4.4 OPERATING RISK HEDGING

4.4.1 Management of counterparty risk on games

Counterparty risk on games is:

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

The counterparty risk on lottery games is covered by an insurance policy. The policy was taken out by FDJ within the framework of an annual policy with several insurance companies to cover the aggregate counterparty risks for lottery games based on a counterparty mechanism. In 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 were paid under this policy in relation to 2023.

4.4.2 Management of receivables risk

The Group's receivables relate mainly to its network of retailers. They reflect the stakes accepted by retailers, which are collected weekly by FDJ by direct debit. Retailers require a permit from FDJ to sell its games, granting of which is systematically subject to the provision of a deposit or a guarantee by the retailer.

The risk associated with retailer receivables is analysed by an oversight committee, whose meetings are regularly attended by the heads of the Sales, Financial, Legal, Security and Responsible Gaming Departments. The committee is in charge of ruling on special cases involving material past-due payments and deciding whether or not to litigate over certain receivables. The rules for the impairment of receivables are based on their amount and ageing, and are in line with the expected credit loss model, given the extremely short settlement times and the credit risk management systems in place. The Group considers the risk of 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.

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

	31.12.2023								
	Gross amount					Net amount overdue by			
In millions of euros	Non-overdue	Overdue	Provisions for overdue amount	Net amount	Net amount overdue	0-3 months	3-6 months	6-12 months	> 1 year
Trade and distribution network receivables	533.5	45.3	-19.3	559.5	26.0	18.9	2.5	4.4	0.3
Other current receivables	246.3	1.7	0.0	248.0	1.7	0.3	0.1	0.8	0.5
CURRENT RECEIVABLES	**779.8**	**47.1**	**-19.3**	**807.5**	**27.8**	**19.2**	**2.6**	**5.2**	**0.8**

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

4.4.3 Management of foreign exchange risk

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

The Group has a material exposure to the US dollar, for a maximum equivalent amount of US$36.8 million in 2023 (US$28.6 million in 2022).

The fair value of USD hedging derivatives was -€0.2 million at the end of December 2023 (2022: +€0.6 million). This exposure mainly arose from foreign-currency purchases of gaming materials. Given the annual volume of purchases in foreign currencies, the Group is exposed to limited foreign exchange risk on operational activities.

In 2023, an increase of $0.10 per €1 in the EUR/USD exchange rate on derivatives held and classified as hedging derivatives would have reduced the valuation of the instruments by €2.6 million. A decrease of $0.10 would have increased their valuation by €3.7 million.

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

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

4.5 CURRENT RECEIVABLES

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

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

4.5.1 Trade and distribution network receivables

In millions of euros	31.12.2023	31.12.2022
Trade receivables (gross)	109.2	72.7
Distribution network receivables (gross)	469.6	411.0
Impairment	-19.3	-17.9
TOTAL TRADE AND DISTRIBUTION NETWORK RECEIVABLES	**559.5**	**465.8**

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

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

Distribution network receivables represent stakes accepted by retailers at the end of the year but not yet debited from the retailers by the Group. The year-end amount varies, depending on the day of the week on which 31 December falls. The growth in the amount in 2023 is due to a calendar effect[(1)] and to an increase in stakes wagered during the final few days of the year, as well as to the first-time consolidation of PLI.

4.5.2 Other current assets

In millions of euros	31.12.2023	31.12.2022
Prepaid expenses	24.3	24.0
Other current receivables	248.0	232.6
TOTAL OTHER CURRENT ASSETS	**272.3**	**256.6**

Other current receivables at 31 December 2023 include an advance payment on public levies of €194 million (2022: €202 million).

(1) 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.

4.6 CURRENT PAYABLES

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

Current payables are subsequently recognised at amortised cost.

4.6.1 Trade and distribution network payables

In millions of euros	31.12.2023	31.12.2022
Trade payables	190.4	201.9
Distribution network payables	288.1	263.8
TOTAL TRADE AND DISTRIBUTION NETWORK PAYABLES	**478.5**	**465.7**

Distribution network payables consist of prizes paid to players by retailers and network commissions for the year-end period. These amounts are paid weekly. The year-end amount varies, depending on the day of the week on which 31 December falls. This calendar effect,[1] together with an increase in stakes wagered during the final few days of the year, is the main reason for the change in 2023.

4.6.2 Player funds

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

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

Player funds mainly comprise funds intended for the organisation of games. They amounted to €340 million at 31 December 2023 (2022: €305 million). Changes in player funds are driven by the lifecycle of draw games, as well as by the first-time consolidation of PLI.

4.6.3 Public levies liabilities

In millions of euros	31.12.2023	31.12.2022
Liabilities – General State budget (France)	267.1	235.1
Liabilities – Sports betting levies (France)	75.8	62.0
Liabilities – Other public levies (France and Ireland)	61.8	44.7
Sub-total	**404.7**	**341.8**
Unclaimed prizes (France)	201.8	117.2
PUBLIC LEVIES LIABILITIES	**606.5**	**459.0**

In France, public levies are paid over on a monthly basis, except in the case of unclaimed prizes, which are paid during the first half of the next financial period. Unclaimed prizes rose by €84.6 million between the two year-ends, mainly due to the issue schedule for scratch card games.

(1) 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.

4.6.4 Winnings payable/Player balances

Winnings payable and player balances totalled €343 million at 31 December 2023 (2022: €320 million). They mainly comprise:

- winnings payable, i.e. unexpired, unpaid winnings owed to players (2023: €226 million; 2022: €237 million);
- available funds in player accounts (2023: €72 million; 2022: €54 million);
- winnings due to online players in the course of payment (2023: €14 million; 2022: €12 million).

4.6.5 Other current liabilities

In millions of euros	31.12.2023	31.12.2022
Prepaid income	50.1	37.1
Other payables	207.9	185.0
OTHER CURRENT LIABILITIES	**258.0**	**222.1**

Prepaid income comprises stakes wagered in one year for draws or events taking place in the subsequent year. The amount at 31 December 2023 was €50 million (2022: €37 million). They are converted into stakes within a maximum of five weeks.

Other payables (2023: €208 million; 2022: €185 million) mainly comprise tax and social security payables.

4.7 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

4.7.1 Group headcount

Group weighted average headcount, covering all types of employment contracts including temporary staff, was as follows in 2023 and 2022:

	31.12.2023	31.12.2022
WEIGHTED AVERAGE HEADCOUNT	**3,241**	**2,848**

Year-end headcount was as follows:

	31.12.2023	31.12.2022
TOTAL YEAR-END HEADCOUNT	**3,520**	**3,082**

4.7.2 Personnel expenses

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

In millions of euros	31.12.2023	31.12.2022
Payroll and social security contributions	281.7	247.9
Employee profit-sharing and incentives	41.8	37.2
Long-term benefits	5.7	10.5
Other	40.1	31.3
TOTAL PERSONNEL EXPENSES	**369.3**	**326.9**

The rise in personnel expenses was largely due to the increase in the weighted average headcount and the general collective pay rises granted in response to inflation.

Personnel expenses include the valuation of a portion of the share purchase undertaking given in respect of L'Addition shares, based on continued service requirements, and expenses related to share-based payments (see 4.7.4).

4.7.3 Employee benefits

The Group grants post-employment benefits to its employees (pension schemes, lump-sum retirement benefits, health coverage etc.) in accordance with the laws and regulations of the countries in which it operates, as well as other long-term benefits such as long-service awards.

Defined benefit obligations are subject to actuarial valuations using the projected unit credit method. This method consists of determining the vested entitlements of employees for all schemes at the period-end, taking account of projected salary growth and the economic circumstances in each country.

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

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

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

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

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

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

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

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

In millions of euros	31.12.2023	31.12.2022
Retirement benefits	22.7	23.3
Long-service awards	7.9	7.0
Healthcare costs	4.8	3.6
Early retirement leave	22.5	10.1
PROVISIONS FOR RETIREMENT BENEFITS AND SIMILAR COMMITMENTS	**58.0**	**44.1**

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 year. The provision has gone up by €12 million, of which €8 million is disclosed in other comprehensive income. It is assumed that 25% of those eligible for early retirement leave will take up the offer.

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

		31.12.2023	31.12.2022
Discount rate		3.20%	3.70%
Wage growth*		3.00%	3.00%
long-term inflation included in the above		*2.10%*	*2.20%*
Employee turnover rate*	– management	0.95%	0.95%
	– non-management	0.57%	0.57%
Mortality table		INSEE TH-TF 2000-2002	INSEE TH-TF 2000-2002

* Age-adjusted.

In millions of euros	31.12.2023	31.12.2022
Actuarial obligation* at the beginning of the period	**44.1**	**47.7**
Current service cost	5.6	10.5
Interest on the actuarial obligation	1.0	0.7
Actuarial gains (losses)	9.6	-14.5
Benefits paid	-3.4	-0.8
Change in scope and reclassification	1.0	0.5
ACTUARIAL OBLIGATION* AT THE END OF THE PERIOD	**58.0**	**44.1**

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

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

Sensitivity tests indicate that a 100 bp increase or decrease in the discount rate would lead respectively to a decrease of 9% or an increase of 11% in the current provision for retirement benefits.

The average duration was 10 years at 31 December 2023 (2022: 9 years).

In April 2022, the Group signed an early retirement leave agreement for a three-year period starting 1 September 2022, under which staff members who wish to do so can take early retirement. This led to the recognition of a liability of €22.5 million at 31 December 2023. The agreement applies to employees aged 57 or older of FDJ and the French subsidiaries of the Group, provided that they have worked for the Group for at least five years and are entitled to claim their retirement benefit at the end of the plan. The plan enables them to receive between 60% and 90% of their salary for a period of up to three years.

It is assumed that 25% of those eligible will accept the offer. The discount rate is 3.20%. A change in the discount rate of 100 basis point would lead to an immaterial change in the liability.

4.7.4 Share-based payment

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

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

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

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

The performance targets are assessed over three financial years, starting in the year in which the shares are awarded. The shares are delivered in the year after the three-year period, i.e. shares awarded in 2021 will be delivered in 2024, 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	31.00
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	Monte Carlo	Monte Carlo

The estimated expense over the term of the plans is €19.1 million (including employer's social security contributions), of which €5.5 million was expensed in the period. During the year, 139,000 shares were purchased for a total of €5.1 million for distribution to the beneficiaries when the plans mature.

4.8 INVENTORIES

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

Inventories predominantly comprise gaming materials, such as scratch cards for instant games. The total at 31 December 2023 was €23 million (2022: €18 million).

Note 5 Goodwill

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

In accordance with IAS 36, goodwill is not amortised but is tested for impairment at each year-end, or more frequently if evidence of impairment is identified.

The purpose of impairment testing is to ensure that the net carrying amount does not exceed the recoverable amount.

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

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

In millions of euros	31.12.2022	Acquisitions Allowances	Disposals	31.12.2023
Goodwill (gross)	56.6	134.1		190.8
Impairments	-	-	-	-
GOODWILL (NET)	**56.6**	**134.1**	**-**	**190.8**

In millions of euros	31.12.2021	Acquisitions Allowances	Disposals	31.12.2022
Goodwill (gross)	71.1	56.6	-71.1	56.6
Impairments	-71.1	-	71.1	-
GOODWILL (NET)	**-**	**56.6**	**-**	**56.6**

On 29 September 2023, following the conditional approval of the transaction by the French competition authority, FDJ completed the acquisition of 100% of ZEturf group, which has been controlled and fully consolidated by FDJ since that date. Provisional goodwill of €72 million was recognised in the Group's financial statements at 31 December 2023.

On 3 November 2023, FDJ announced that it had completed the acquisition of a 100% stake in Premier Lotteries Ireland (PLI), the operator holding the exclusive rights to the Irish National Lottery until 2034. Provisional goodwill of €63 million was recognised in the Group's financial statements at 31 December 2023.

In 2022, the finalisation of the L'Addition and Aleda acquisitions led to the recognition of two new goodwill items totalling €57 million (€30 million for L'Addition and €27 million for Aleda). The goodwill mainly reflects the prospects for future business growth and the value of human capital.

The strategy behind the L'Addition and Aleda acquisitions was to pool expertise and create synergy with a view to establishing a overall Merchant Services business. The goodwill impairment test as at 31 December 2023 therefore examined both CGUs together, based on the cumulative total of their updated cash flow projections.

At 31 December 2023, a test was conducted on the Merchant Services CGU on the basis of the updated business plan. This test did not indicate any impairment of goodwill.

A sensitivity test was performed on the enterprise value:

- a half-point rise in the discount rate would reduce the enterprise value by €3 million, implying no impairment of goodwill;
- a 0.2% change in the growth rate would have an effect of around €0.5 million.

Note 6 Property, plant and equipment and intangible assets

6.1 EXCLUSIVE OPERATING RIGHTS AND OTHER INTANGIBLE ASSETS

Exclusive operating rights

These assets comprise:

- the exclusive rights secured by FDJ to operate lottery activities both online and in the offline distribution network, and to operate sports betting activities in the offline distribution network, for a period of 25 years. Amounting to €380 million, this asset is being amortised over this term from 23 May 2019, the date of enactment of the Pacte Law (Law no. 2019-486);
- PLI's exclusive licence to operate the Irish National Lottery until 2034.

Research and development costs and intangible assets in progress

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

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

Software

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

Brands

These assets comprise the value assigned to brands in the purchase price allocation process for each of the Group's acquisitions.

Intangible assets in progress and other intangible assets

Intangible assets in progress represent the development costs (see above) of assets not yet commissioned. Apart from goodwill and assets acquired in a business combination, intangible assets are measured at their acquisition cost (purchase price and incidental costs).

Amortisation

Intangible assets are amortised on a straight-line basis over their estimated useful lives, unless those lives are indefinite. Development costs are amortised on a straight-line basis over the expected useful life of the asset, starting at the commissioning date. Development costs are amortised on a straight-line basis over a period of between three and 15 years, with an average of 5 years. Assets relating to online-only lottery games and to sports betting open to competition are amortised over three years. Software is amortised over a period of five years. Brand assets are amortised on a straight-line basis over a period of between two and 20 years, based on their estimated useful lives.

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

Impairment of intangible assets

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

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

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

In millions of euros	31.12.2023			31.12.2022		
	Gross	**Amortisation Impairments**	**Net**	**Gross**	**Amortisation Impairments**	**Net**
Exclusive operating rights	655.9	-74.2	581.6	380.0	-54.9	325.1
Development costs	299.6	-185.6	114.0	232.9	-170.2	62.6
Software	97.4	-70.4	27.0	87.8	-72.2	15.6
Brands	90.2	-1.6	88.6	1.2	0.0	1.2
Intangible assets in progress and other intangible assets	147.9	-31.4	116.5	126.6	-23.5	103.1
TOTAL INTANGIBLE ASSETS	**1,291.0**	**-363.3**	**927.7**	**828.5**	**-320.9**	**507.6**

In millions of euros	31.12.2022	Acquisitions Allowances	Disposals Reversals	Reclassi-fications(1)	Change in scope	Other movements (2)	31.12.2023
Exclusive operating rights	380.0	-	-	-	275.9	-	655.9
Development costs	232.9	25.0	-0.0	15.4	25.8	0.6	299.6
Software	87.8	0.9	-	-5.4	14.0	0.1	97.4
Brands	1.2	-	-	-	89.0	-	90.2
Intangible assets in progress and other intangible assets	126.7	43.3	-0.8	-57.2	35.2	0.7	147.9
Gross amounts	**828.5**	**69.2**	**-0.9**	**-47.2**	**439.9**	**1.4**	**1,291.0**
Amort. / Impairment – Exclusive operating rights	-54.9	-19.3	-	-	-	0.0	-74.2
Amort. / Impairment – Development expenses	-170.2	-40.6	0.0	25.5	-	-0.4	-185.6
Amort. / Impairment – Software	-72.2	-3.2	-	5.1	-	-0.1	-70,4
Amort. / Impairment – Brands	-0.0	-1.6	-	-	-	-	-1.6
Amort. / Impairment – Other intangible assets	-23.5	-11.6	0.8	3.3	-	-0.3	-31.4
Amortisation and impairments	**-320.9**	**-76.3**	**0.8**	**33.9**	**-**	**-0.8**	**-363.3**
NET INTANGIBLE ASSETS	**507.6**		**-0.1**	**-13.3**	**439.9**	**0.5**	**927.7**

(1) Reclassifications from “assets in progress” to “available for use” and reclassification of assets held for sale (IFRS 5).
(2) Mainly currency translation differences.

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

In millions of euros	31.12.2021	Acquisitions Allowances	Disposals Reversals	Reclassi-fications(1)	Change in scope	Other movements (2)	31.12.2022
Exclusive operating rights	380.0	-	-	-	-	-	380.0
Development costs	220.1	11.9	-5.9	5.1	3.2	-1.6	232.9
Software	78.4	1.9	-	-	7.8	-0.3	87.8
Brands	0.0	0.0	0.0	0.0	1.2	-	1.2
Intangible assets in progress and other intangible assets	111.8	47.7	-0.9	-42.3	12.3	-1.8	126.6
Gross amounts	**790.3**	**61.4**	**-6.9**	**-37.2**	**24.5**	**-3.6**	**828.5**
Amort. / Impairment – Exclusive operating rights	-39.7	-15.2	-	-	-	-	-54.9
Amort. / Impairment – Development expenses	-144.4	-39.2	5.9	8.7	-2.3	1.1	-170.2
Amort. / Impairment – Software	-69.4	-3.0	-	-	-	0.2	-72.2
Amort. / Impairment – Brands	0.0	0.0	0.0	0.0	0.0	-	-0.0
Amort. / Impairment – Other intangible assets	-14.4	-19.9	0.0	12.3	-2.2	0.7	-23.5
Amortisation and impairments	**-267.9**	**-77.4**	**5.9**	**21.0**	**-4.4**	**2.0**	**-320.9**
NET INTANGIBLE ASSETS	**522.3**		**-0.9**	**-16.3**	**20.1**	**-1.7**	**507.6**

(1) Reclassifications from “in progress” to “available for use”.
(2) Mainly currency translation differences.

6.2 PROPERTY, PLANT AND EQUIPMENT

Initial measurement

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

Depreciation

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

- buildings: between 20 and 60 years;
- fixtures and fittings: between 10 and 30 years;
- point-of-sale terminals: between 5 and 8 years;
- equipment and furniture: between 5 and 10 years.

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

Borrowing costs

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

Impairment of property, plant and equipment

See accounting policies for intangible assets, Note 6.1.

Leases

IFRS 16 “Leases” requires lessees to recognise:

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

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

	31.12.2023			31.12.2022		
In millions of euros	Gross	Depreciation Impairments	Net	Gross	Depreciation Impairments	Net
Land	96.6	-	96.6	96.6	-	96.6
Building facilities and amenities	242.7	-97.0	145.7	242.0	-89.9	152.1
IFRS 16 right-of-use assets (property leases)	59.3	-27.0	32.3	50.8	-22.1	28.7
Furniture, technical installations & point-of-sale equipment	234.9	-200.6	34.3	229.0	-197.1	32.0
Hardware	103.4	-84.4	19.0	94.0	-77.4	16.6
Local services equipment	22.8	-16.1	6.7	18.2	-15.9	2.4
Other property, plant and equipment	38.8	-30.6	8.2	36.1	-28.2	7.9
Property, plant and equipment in progress	20.7	-	20.7	13.7	-	13.7
Advances and payments on account	2.6	-	2.6	3.1	-	3.1
TOTAL PROPERTY, PLANT AND EQUIPMENT	**821.9**	**-455.8**	**366.2**	**783.6**	**-430.5**	**353.1**

In millions of euros	31.12.2022	Acquisitions Allowances	Disposals Reversals	Reclassi-fications(1)	Change in cons. scope	Other move-ments (2)	31.12.2023
Land	96.6	-	-	-	-	-	96.6
Building facilities and amenities	242.0	9.0	-6.8	-1.6	0.1	0.1	242.7
Rights of use (IFRS 16)	50.8	-	-3.5	-	3.0	9.0	59.3
Furniture, technical installations & point-of-sale equipment	229.0	13.7	-12.3	0.9	3.6	-0.0	234.9
Hardware	94.0	9.2	-	0.2	-	0.0	103.4
Local services equipment	18.2	3.7	-0.0	-2.0	2.7	0.2	22.8
Other property, plant and equipment	36.1	2.6	-0.1	0.0	0.2	-0.0	38.8
Property, plant and equipment in progress	13.7	8.9	-	-2.9	1.1	0.0	20.7
Advances and payments on account	3.1	-	-	-	-	-0.5	2.6
Gross amounts	**783.6**	**47.1**	**-22.8**	**-5.4**	**10.7**	**8.8**	**821.9**
Dep. / Impairment – Building facilities and amenities	-89.9	-13.5	6.8	-1.0	-	0.5	-97.0
Dep. / Impairment – Rights of use (IFRS 16)	-22.1	-8.4	3.5	0.6	-	-0.7	-27.0
Dep. / Impairment – Furniture, technical installations & point-of-sale equipment	-197.1	-15.9	12.3	-	-	-0.0	-200.6
Dep. / Impairment – Hardware	-77.4	-7.4	-	0.4	-	-0.0	-84.4
Dep. / Impairment – Local services equipment	-15.9	-1.8	0.0	1.7	-	-0.1	-16.1
Dep. / Impairment – Other property, plant and equipment	-28.2	-2.5	0.1	-	-	-0.0	-30.6
Impairment – Property, plant and equipment in progress	-	-	-	-	-	-	-
Amortisation and impairments	**-430.5**	**-49.5**	**22.8**	**1.7**	**-**	**-0.3**	**-455.8**
NET PROPERTY, PLANT AND EQUIPMENT	**353.1**		**-0.0**	**-3.7**	**10.7**	**8.5**	**366.2**

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

Notes to the consolidated financial statements

In millions of euros	31.12.2021	Acquisitions Allowances	Disposals Reversals	Reclassi- fications (1)	Change in cons. scope	Other move- ments (2)	31.12.2022
Land	96.6	-	-	-	-	0	96.6
Building facilities and amenities	240.0	5.7	-3.2	0.8	1.9	-3.2	242.0
Rights of use (IFRS 16)	46.4	-	-4.0	-2.9	0.4	11.0	50.8
Furniture, technical installations & PoS equipment	236.6	6.0	-16.5	2.8	0.2	-0.0	229.0
Hardware	81.8	7.6	-0.0	4.6	-	-0.0	94.0
Local services equipment	24.1	2.2	-0.1	-7.5	-	-0.5	18.2
Other property, plant and equipment	45.5	4.1	-13.4	-	-	0.0	36.1
Property, plant and equipment in progress	13.3	9.5	-	-9.1	-	0.0	13.7
Advances and payments on account	1.0	2.1	-	0.0	0.0	-	3.1
Gross amounts	**785.2**	**37.2**	**-37.2**	**-11.3**	**2.5**	**7.2**	**783.6**
Dep. / Impairment – Building facilities and amenities	-83.1	-12.2	2.5	0.8	-1.2	3.2	-89.9
Dep. / Impairment – Rights of use (IFRS 16)	-18.1	-8.0	4.0	2.9	-	-2.9	-22.1
Dep. / Impairment – Furniture, technical installations & PoS equipment	-191.8	-21.7	16.5	-	-0.0	0.0	-197.1
Dep. / Impairment – Hardware	-70.6	-6.8	0.0	-	-	0.0	-77.4
Dep. / Impairment – Local services equipment	-21.7	-1.8	0.1	7.1	-	0.5	-15.9
Dep. / Impairment – Other property, plant and equipment	-40.2	-2.1	14.1	-	-	-0.0	-28.2
Impairment – Property, plant and equipment in progress	-	-	-	-	-	-	-
Depreciation and impairments	**-425.5**	**-52.6**	**37.2**	**10.8**	**-1.2**	**0.8**	**-430.5**
NET PROPERTY, PLANT AND EQUIPMENT	**359.6**		**-0.0**	**-0.4**	**1.3**	**8.0**	**353.1**

(1) Reclassifications from “assets in progress” to “available for use”.
(2) Currency translation effects and new leases (IFRS 16).

In 2023, as in 2022, investments in property, plant and equipment mainly concerned betting and lottery terminals and point of sale equipment, together with IT equipment.

Note 7 Provisions

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

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

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

			Reversals			
In millions of euros	31.12.2022	Increases	Utilised	Not utilised	Other movements	31.12.2023
Total non-current provisions	11.1	0.0	-0.1	-9.8	0.2	1.4
Total current provisions	11.4	12.0	-7.2	-0.9	-0.5	14.9
TOTAL PROVISIONS	**22.5**	**12.0**	**-7.3**	**-10.7**	**-0.3**	**16.3**

Reversals of unused provisions in 2023 concern the disputes with former agent-brokers, in respect of which €7.5 million was recognised in recurring operating profit and €2.3 million in non-recurring operating income.

Current provisions mainly cover disputes related to operations.

Note 8 Climate change

The Group is engaged in measures to reduce its carbon emissions. It considers that climate change effects have no material impact on its performance, risks and obligations, or on its accounting estimates.

Efforts to map climate-related financial risks were begun in 2020 and are ongoing, as part of an exercise aimed at alignment with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). FDJ Group has taken risk management actions to mitigate the potential impact or prevent the occurrence of the main climate change-related risks.

Risk type	Risk	Group actions
Physical risks	Disruption of the distribution network due to an extreme event	Introduction of a business continuity plan to address issues such as the impact of extreme weather events (e.g. provisions for buffer stock serving the network to overcome any disruptions)
	Interruption of IT services due to an extreme weather event	– The ability to withstand extreme weather events is taken into account in the design stage for FDJ's data centres – Prevention plan and IT continuity plan to address issues such as the risk of an extreme weather event
	Supply chain breakdown due to an extreme weather event	Dialogue regarding operational risk matters (including physical risks) with the suppliers of gaming materials, and audit of their business continuity plans
Transition risks	Taxation of greenhouse gas emissions	The Group has set targets to reduce greenhouse gas emissions by 2025 and contributes to carbon neutrality by offsetting its residual emissions
	Investor expectations	The Group regularly implements new action plans pertaining to the environment identified in non-financial rating frameworks. In 2021, FDJ incorporated CSR objectives for the period to 2025 into the annual compensation packages of the corporate directors. One specific environmental objective was set for the period to 2025: a 50% reduction in scope 1 and scope 2 carbon emissions relative to 2017 (see section 4.1.4 "Ambitious CSR targets for 2025").

Note 9 Cash and financial instruments

9.1 FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

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

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

Investment securities

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

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

Term deposits

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

Security deposits

Deposit in relation to the Euromillions "My Million" games are recorded under non–current financial assets.

Current security deposits comprise cash in trust administered by PLI in connection with its activity on behalf of the Irish regulator. They are measured at amortised cost.

Financial debt

Financial debt is measured at amortised cost.

Derivative financial instruments

The FDJ Group still applies IAS 39 on hedging transactions.

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

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

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

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

In millions of euros	31.12.2023	31.12.2022
Non-current financial assets at amortised cost	200.0	395.0
Non-current financial assets at fair value through profit or loss	328.2	443.0
Non-current derivatives	11.2	19.0
Other non-current financial assets	20.4	9.8
Total non-current financial assets	**559.9**	**866.9**
Current financial assets at amortised cost	186.6	192.2
Current financial assets at fair value through profit or loss	24.4	14.1
Current derivatives	0.0	0.7
Security deposits	54.3	0.7
Total current financial assets	**265.4**	**207.7**
TOTAL FINANCIAL ASSETS	**825.3**	**1,074.6**
Non-current financial debt	352.3	400.3
Non-current lease liabilities	33.7	28.4
Other non-current financial liabilities	10.7	2.4
Non-current derivatives liabilities	0.8	0.0
Total non-current financial liabilities	***397.5***	**431.1**
Current financial debt	31.8	27.7
Current lease liabilities	11.0	9.3
Current derivatives	0.0	0.3
Bank overdrafts	0.0	2.5
Other current financial liabilities	48.0	34.6
Total current financial liabilities	***90.8***	**74.4**
TOTAL FINANCIAL LIABILITIES	**488.3**	**505.5**

The year 2023 was marked by continued growth in interest rates and an upturn in the markets. To benefit from this trend and improve its investment performance, while reducing risk on its investment portfolio and improving liquidity, the FDJ group sold certain funds (mainly equities), reinvested elsewhere and renewed or opened term deposits.

Financial assets at fair value through profit or loss mainly comprise dedicated bond funds (€198 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 and Eurodreams deposit (2023: €8 million; 2022: €7 million), which is measured at fair value through profit or loss, and the deposit in relation to the ZEturf trust agreement.

		Cash flows						Non-cash flows					
In millions of euros	**31.12.2022**	**Issue of long-term debt**	**Repay-ment of financial debt**	**Change in over-drafts**	**Lease payme nts – IFRS 16**	**Other (1)**	**Total cash flows**	**Change in cons. scope**	**Currency translation differences**	**Reclassifi-cation current/ non-current financial debt**	**Other (2)**	**Total non-cash flows**	**31.12.2023**
Non-current financial debt	400.3		-269.9				-269.9	252.5	0.7	-31.3	0.0	221.9	352.4
Non-current lease liabilities	28.4						0.0	2.3	0.1	-9.1	12.0	5.3	33.7
Other financial liabilities	2.4						0.0	3.6		7.4	-2.7	8.3	10.6
Non-current derivatives liabilities	0.0						0.0				0.7	0.7	0.8
Total non-current financial liabilities	**431.1**	***0.0***	***-269.9***	***0.0***	***0.0***	***0.0***	***-269.9***	***258.3***	***0.8***	***-33.0***	***10.0***	***236.1***	***397.5***
Current financial debt	27.7		-27.9				-27.9	0.0		31.3	0.9	32.2	31.8
Current lease liabilities	9.3				-8.2		-8.2	0.8		9.1		9.9	11.0
Current derivatives	0.3						0.0				-0.3	-0.3	0.0
Bank overdrafts	2.5			-2.5			-2.5					0.0	0.0
Other financial liabilities	34.6		0.0			3.1	3.1	18.2		-7.4	-0.5	10.3	48.0
Total current financial liabilities	***74.4***	***0.0***	***-27.9***	***-2.5***	***-8.2***	***3.1***	***-35.5***	***19.0***	***0.0***	***33.0***	***0.1***	***52.1***	***90.8***
TOTAL FINANCIAL LIABILITIES	**505.5**	**0.0**	**-297.8**	**-2.5**	**-8.2**	**3.1**	**-305.4**	**277.3**	**0.8**	**0.0**	**10.1**	**288.2**	**488.3**

(1) Change in deposits and sureties received
(2) Mainly linked to new leases recognised under IFRS 16 during the period.

Current and non-current financial debt of €432 million (2022: €463 million) essentially consisted of:

- a loan of €306 million (net of €3 million issuance costs) to fund the securing of the exclusive operating rights, of which €287 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 €64 million loan for the acquisition of the Group's head office, of which €56 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 £9 million loan (€10 million), of which £3 million is current and £6 million 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.

	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
Financial debt	31.8	27.0	35.7	27.0	26.8	235.8	**384.2**
Payment of interest	16.0	15.0	13.8	12.7	11.6	62.3	**131.4**
Lease liabilities	11.0	11.8	8.1	3.4	2.7	7.8	**44.7**
Other financial liabilities	48.0	5.9	0.1	0.1	0.2	4.3	**58.7**
Bank overdrafts	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Derivatives (net)	0.0	-0.1	-8.1	-3.0	0.7	0.0	**-10.5**
TOTAL CONTRACTUAL MATURITIES	**106.9**	**59.6**	**49.6**	**40.1**	**42.0**	**310.3**	**608.5**

	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
Financial debt	27.7	36.4	27.1	46.9	27.2	262.6	**428.0**
Payment of interest	11.9	11.1	10.3	9.3	8.4	48.4	**99.3**
Lease liabilities	9.3	8.8	8.0	4.5	2.1	5.0	**37.8**
Other financial liabilities	34.6	0.7	0.6	0.2	0.1	0.8	**37.0**
Bank overdrafts	2.5	0.0	0.0	0.0	0.0	0.0	**2.5**
Derivatives (net)	-0.4	-0.2	0.0	-13.9	-4.9	0.0	**-19.5**
TOTAL CONTRACTUAL MATURITIES	**85.6**	**56.8**	**46.0**	**46.9**	**32.9**	**316.8**	**585.1**

9.2 CASH AND CASH EQUIVALENTS

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

Term deposits are measured at amortised cost and tested with regard to their expected credit losses.

On initial recognition and on subsequent measurement, securities measured at fair value through profit or loss are marked to market using prices quoted on organised markets at the reporting date.

Overdrafts are recognised as current financial liabilities.

In millions of euros	31.12.2023	31.12.2022
Investments, cash equivalents	406.4	353.0
Bank accounts and other	132.2	160.4
CASH AND CASH EQUIVALENTS	**538.6**	**513.4**

Investments classified as cash equivalents include interest-bearing term or sight deposits (2023: €50 million; 2022: €42 million) and UCITS fund units (2023: €356 million; 2022: €311 million). They include the Euromillions/Eurodreams fund (2023: €70 million; 2022: €105 million).

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

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

9.3 CASH FLOWS

The movement in provisions in 2023 was affected by the reversal of two provisions of €2.3 million and €7.5 million in respect of the disputes with former agent-brokers.

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

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

In 2023, the €59 million increase in operating working capital was mainly driven by an increase in public levies in connection to the good business momentum in December, and by the increase in unclaimed prizes at the year-end.

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

Acquisitions of property, plant and equipment and intangible assets, net of corresponding payables and advances, amounted to €125 million in 2023[1] (2022: €104 million).[2] They mainly concerned IT and back office developments and PoS gaming terminals. The proportion of investments made outside France is marginal.

Acquisitions of €212 million in investments in 2022 represent the price paid for ZEturf and PLI (including cash).

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

The Group completed the disposal of Sporting Group's B2C business in 2023, which gave rise to a cash receipt of €10 million.

The change in current and non-current financial assets (2023: +€304 million inflow) is due to the significant rise in interest rates in 2023, which led the Group to focus its investments on term deposits in order to optimise returns and improve liquidity.

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

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

The repayment of €298 million of financial debt in 2023 mainly concerns the repayment of the borrowings acquired in connection with the PLI and ZEturf acquisition, together with the current portion of existing borrowings. During 2023, the Group also made a voluntary early repayment of £15 million (€17 million) of the borrowings taken out in connection with the Sporting Group acquisition.

The repayment of €72 million of financial debt in 2022 mainly concerns the current portion of borrowings (€27 million) and the voluntary early repayment of £31 million (€37 million) of the borrowings taken out in connection with the Sporting Group acquisition.

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

The participating Euromillions and Eurodreams[3] 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 and Eurodreams winners, was €70 million at 31 December 2023 (2022: €105 million). This sum is presented in cash and cash equivalents.

(1) €116 million before liabilities relating to non-current assets and payments in advance.

(2) €97 million before liabilities relating to non-current assets and payments in advance.

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

9.4 NET FINANCIAL INCOME/(EXPENSE)

Includes:

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

In millions of euros	31.12.2023	31.12.2022
Cost of debt	**-13.8**	**-6.6**
Gains on disposals	25.7	-
Interest on investments	19.1	4.0
Derivatives (income)	-	-
Financial income on securities valued at fair value through profit or loss	14.1	8.4
Foreign exchange gains	0.9	2.6
Other financial income	8.0	0.9
Financial income	**67.7**	**15.8**
Derivatives (expenses)	-0.2	-2.1
Financial expenses on securities valued at fair value through profit or loss	-9.1	-28.5
Foreign exchange losses	-0.9	-4.1
Other financial expenses	-1.0	-0.8
Financial expenses	**-11.1**	**-38.0**
NET FINANCIAL INCOME/(EXPENSE)	**42.7**	**-28.7**

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

The changes in gains and losses on securities valued at fair value through profit or loss (2023: €5 million increase; 2022: €20 million decrease) resulted from the movements in the financial markets, which rose in 2023 after having fallen in 2022. The figure for 2023 includes the rise of €7 million in the value of the dedicated bond funds maturing in 2024. The Group intends to hold these assets to maturity. They will be repaid at their nominal value, and will thus revert to their initial valuation.

Amid a very difficult global environment for tech in 2023, with declining investments in start-ups and falling valuations, the fair value of the investments via FDJ Ventures shrank by €5 million.

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

9.5 FINANCIAL RISK MANAGEMENT POLICY

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

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

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

9.5.1 Credit risk from investments and derivatives

The credit risk or counterparty risk on investments and derivatives is monitored by the Treasury Committee, which includes the Finance Director and members of the Treasury and Financing 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 established by the Treasury Committee. Their selection is based on their rating and the maturity of the transaction. It is reviewed periodically, at least once every six months. If a counterparty is downgraded below the minimum rating, the Treasury Committee decides whether to maintain the existing transactions to maturity.

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

In millions of euros	31.12.2023	31.12.2022
Non-current financial assets at amortised cost	200.0	395.0
Non-current assets at fair value through profit or loss (excluding innovation funds)	256.5	374.3
Non-current derivatives	11.2	19.0
Total non-current financial assets (excluding innovation funds)	**467.7**	**788.3**
Current financial assets at amortised cost	186.6	192.2
Current financial assets valued at fair value through profit or loss	24.4	14.1
Current derivatives	0.0	0.7
Total current investment securities	**211.1**	**207.0**
Investments, cash equivalents	406.4	353.0
TOTAL INVESTMENTS (EXCLUDING INNOVATION FUNDS)	**1,085.2**	**1,348.3**

As at 31 December 2023, investments principally comprised:

- UCITS and similar assets of €564 million (2022: €615 million);
- investments with counterparties of €507 million (2022: €712 million). These comprise €434 million in term deposits (2022: €607 million), €73 million in EMTNs (2022: €85 million). At the end of 2022, they also included interest-bearing sight deposits of €20 million;
- derivatives of €11 million (2022: €20 million);
- accrued interest of €2 million (2022: €2 million).

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

Amounts receivable	Investments with counterparties at 31.12.2023 (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	129	-	1	1	-
A/Financial institutions	364	2	5	1	-
TOTAL	**493**				

9.5.2 Liquidity risk

Liquidity risk is defined as the Group's inability to meet its financial obligations at a reasonable cost. It includes in particular counterparty risks on certain games, the amounts of which may potentially be high and must be covered by cash that can be mobilised quickly. They are also covered by insurance (see Note 4.4.1 – "Management of counterparty risk").

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

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

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

During the year ended 31 December 2023, financial investments averaged €1,622 million. Loans taken out with banks totalled €386 million. This comprised:

- €309 million (excluding issuance costs) related to the financing for the exclusive operating rights payment;
- €64 million of debt related to the purchase of the Group's head office;
- €10 million of debt related to the acquisition of Sporting Group.

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

Furthermore, unused confirmed credit lines of €150 million have been in place since February 2021, maturing at various points up to February 2026.

The Group has determined it can meet its obligations over the next 12 months as from the review date of the annual financial statements by the Board of Directors. This estimate takes into account the level of investments as of December 31, 2023, as well as forecasts of activity, repayment of financial debts and investments including the future impact of the acquisition of Kindred which will be carried out by mobilizing a large share of the Group's liquidity and via a bridging loan which will subsequently be refinanced.

9.5.3 Interest rate risk

The interest rate risk of a financial asset is the risk of generating a capital loss on a security or incurring an additional cost due to changes in interest rates. 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 31 December 2023, investments totalling €110 million were directly exposed to this risk; their purpose is to offset the effects of a possible rise in the interest rates payable on variable-rate borrowings. A 1% increase or decrease across the entire yield curve would have no material impact on the fair value of the investments. The borrowings incurred (excluding issuance costs) in connection with the exclusive operating rights payment (€309 million) and the acquisition of Sporting Group (€10 million) bear interest at variable rates.

Although the significant interest rate rises that occurred in 2022 increased financing costs, the increase in interest costs was substantially limited by the existence of hedges covering 65% of the borrowings taken out to obtain the exclusive operating rights. At the same time, the unhedged portion of this loan (€108 million) is matched by variable-rate investments, further limiting interest rate sensitivity.

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

9.5.4 Market risk

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

The Group is exposed to market risk in connection with movements in its financial investments.

The Group implements an investment strategy aimed at mitigating this risk. The main component of this strategy is the definition of an asset allocation regulating the amounts that may be invested in each major asset class.

This allocation sets upper limits on assets exposed to risk:

- no more than 4% of total assets may be invested in equities or similar instruments;
- no more than 8% of assets may be invested in "diversification" instruments (convertible bonds, senior loans, real estate, etc.);
- no more than 8% of assets may be invested in bonds with a time to maturity in excess of three years.

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

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

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

9.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments consist of:

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

Financial assets and liabilities are recognised at fair value.

In millions of euros	IFRS 9 category and valuation		31.12.2023 Fair value	31.12.2022 Fair value
Cash	**Fair value through profit or loss**	**Level 1**	**132.2**	**160.4**
Cash equivalents			**406.4**	**353.0**
	Loans and receivables at amortised cost	*Level 2*	*336.4*	*247.6*
	Fair value through profit or loss	*Level 2*	*70.0*	*105.4*
Non-current financial assets	**-**		**559.9**	**867.0**
of which non-current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*200.0*	*395.0*
of which non-current financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Level 2*	*256.0*	*374.3*
of which non-consolidated securities (innovation fund)	*Fair value through profit or loss*	*Level 2*	*49.6*	*52.7*
of which non-consolidated securities (innovation fund)	*Fair value through profit or loss*	*Level 3*	*22.5*	*16.2*
of which other non-current financial assets	*Loans and receivables at amortised cost*	*Level 2*	*31.7*	*28.8*
Current financial assets	**-**	**Level 2**	**265.4**	**207.7**
of which current financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Level 2*	*24.4*	*14.1*
of which current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*186.6*	*192.2*
of which current derivatives	*Fair value through OCI*	*Level 2*	*0.0*	*0.7*
of which deposits and guarantees	*Loans and receivables at amortised cost*	*Level 2*	*54.3*	*0.7*
Trade and distribution network receivables (net value)			**559.5**	**465.8**
of which trade receivables	*Loans and receivables at amortised cost*	*Level 2*	*109.2*	*72.7*
of which distribution network receivables	*Loans and receivables at amortised cost*	*Level 2*	*450.3*	*393.1*
Other operating assets (excluding tax and social security receivables and prepaid expenses)		**-**	**193.8**	**202.4**
TOTAL FINANCIAL INSTRUMENTS – ASSETS			**2,117.3**	**2,256.2**
Non-current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**397.5**	**431.1**
Trade and distribution network payables			**478.5**	**465.7**
of which suppliers	*Financial liabilities at amortised cost*	*Level 2*	*190.4*	*201.9*
of which distribution network payables	*Financial liabilities at amortised cost*	*Level 2*	*288.1*	*263.8*
Current player funds	**Financial liabilities at amortised cost**	**Level 2**	**319.7**	**304.6**
Winnings payable/Player balances	**Financial liabilities at amortised cost**	**Level 2**	**363.3**	**319.8**
Other operating liabilities excluding tax and social security receivables and prepaid income	**Financial liabilities at amortised cost**	**Level 2**	**93.4**	**78.2**
Other current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**90.8**	**74.4**
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES			**1,741.7**	**1,673.9**

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

Note 10 Investments in joint ventures

In millions of euros	Total
Value of securities at 31.12.2021	**20.6**
Change in scope	-
Share of net income for 2022	1.1
Dividends	-2.7
Currency translation differences	-0.7
Value of securities at 31.12.2022	**18.3**
Change in scope	0.1
Share of net income for 2023	2.1
Dividends	-0.7
Currency translation differences	-0.8
VALUE OF SECURITIES AT 31.12.2023	**19.1**

The amount of current and non-current financial assets and liabilities relating to the holdings in joint ventures is not material.

10.1 SOCIÉTÉ DE GESTION DE L'ÉCHAPPÉE (SGE)

SGE manages the Groupama-FDJ cycling team. A 50% share in SGE was sold to Groupama on 6 December 2018; since then, the company has been accounted for using the equity method. Responsibility for dealing with ethical issues, defining the sports programme and managing all activities associated with amateur cycling remains with the association L'Échappée, which is separate from SGE. An expense of €8 million was recorded on the sponsorship contract between FDJ and SGE in 2023 (2022: €8 million).

10.2 LOTTERIES ENTERTAINMENT INNOVATION ALLIANCE (LEIA)

The Group holds a 20% stake in the Norwegian company Lotteries Entertainment Innovation Alliance AS, a digital gaming distribution platform located in Norway. The other shareholders are Danske Lotterie Spile, Denmark (20%), Norsk Tipping, Norway (20%), Veikkaus, Finland (20%) and Svenska Spel, Sweden (20%). The Group's business relationship with the company generated net income of €2.4 million in 2023 (2022: around €2.3 million).

10.3 BEIJING ZHONGCAI PRINTING (BZP)

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

The Group had no material business relations with BZP in 2023 and 2022. BZP paid dividends to FDJ Group, net of currency effects and withholding taxes, of €1 million in 2023 (2022: €3 million).

10.4 SERVICES AUX LOTERIES EN EUROPE (SLE)

The Group holds, via FDJ SA and PLI, a 32.99% stake in the joint venture Services aux Lotteries en Europe (SLE), a Belgian limited cooperative company located in Brussels which was established in October 2003 to organise joint operations in connection with the Euromillions and Eurodreams games (draws, centralised combinations, calculation of winnings and organisation of funds transfers between operators for prize payouts). The Company is jointly owned by the ten participating lotteries. In 2023, the Group earned income of €3 million from its business relations with SLE (2022: €2 million).

10.5 NATIONAL LOTTERIES COMMON SERVICES (NLCS)

The Group holds a 50% stake in the joint venture National Lotteries Common Services (NLCS), a French company established in February 2013 with the aim of pooling the expertise and resources of different lotteries in relation to sports betting. The other shareholder is the Portuguese state lottery SCML (Santa Casa de la Misericordia de Lisboa). No transactions with this company had a material impact on the Group. The Group's business relationship with the company generated net income of €1 million in 2023 (2022: nil).

Note 11 Assets (and liabilities) held for sale

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

The Group began a sale process in respect of the B2B assets operated by Sporting Group in late 2023. As the estimated realisable value was higher than the carrying amount of the assets held for sale, no remeasurement was recognised in the financial statements at 31 December 2023, in accordance with IFRS 5.

The assets and liabilities held for disposal in the Group's financial statements at 31 December 2022 were the Sporting Group B2C assets, which were sold in November 2023.

Note 12 Income tax expense

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

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

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

12.1 INCOME TAX EXPENSE

In millions of euros	31.12.2023	31.12.2022
Deferred tax	0.0	-4.2
Current tax	-141.0	-109.1
TOTAL INCOME TAX EXPENSE	**-141.0**	**-113.3**

The change in the tax expense in 2023 resulted mainly from the rise in the taxable base. The effective tax rate was 25.0% (2022: 27.0%).

12.2 CURRENT TAX ASSETS AND LIABILITIES

In millions of euros	31.12.2023	31.12.2022
Current tax assets	14.1	27.0
Current tax liabilities	7.4	1.3

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

12.3 DEFERRED TAX

	31.12.2023		31.12.2022	
In millions of euros	Assets	Liabilities	Assets	Liabilities
Non-deductible provisions	12.8		9.6	
Temporarily non-deductible expenses	10.0		7.3	
Other sources of temporary differences (1)	6.5	-113.5	7.2	-59.0
Tax loss carryforwards	0.6	-0.7		
Total deferred tax	**29.9**	**-114.1**	**24.1**	**-59.0**
NET DEFERRED TAX		**-84.2**		**-34.9**

(1) The other sources of temporary differences primarily concern accelerated depreciation and amortisation. Deferred tax assets at 31 December 2023 include a deferred tax liability of €10 million on right-of-use assets and a deferred tax asset of €11 million on the associated lease liabilities (IFRS 16).

In addition, carry forwards losses of €20 million are not recognised in the Group's financial statements due to uncertainty as to their future recovery.

12.4 RECONCILIATION OF THE THEORETICAL TAX RATE AND THE EFFECTIVE TAX RATE

In millions of euros	2023	2022
Consolidated accounting profit before tax excluding income from joint ventures	563.9	420.1
Theoretical standard income tax rate	25.8%	25.8%
Theoretical income tax expense	**145.6**	**108.5**
Effects of items generating differences from theoretical tax expense:		
– Permanent differences	-5.9	-1.8
– Effect of tax rates (differences between countries and application of reduced rates) on current and deferred tax	-5.3	-5.1
– Tax credits	-2.5	-1.0
– Taxable losses net of utilisations	6.6	13.1
– Other items	2.4	-0.4
Total differences between effective tax and theoretical tax	**-4.6**	**4.9**
EFFECTIVE INCOME TAX EXPENSE	**141.0**	**113.3**
Effective tax rate	25.0%	27.0%

In 2023, the difference between the theoretical and effective tax rates related mainly to application of tax breaks on software and the tax losses of foreign subsidiaries. In 2022, the difference between the theoretical and effective tax rates related mainly to the tax losses of foreign subsidiaries.

Tax credits relate mainly to R&D tax credit and sponsorship activities.

The Group's effective tax rate for the 2023 financial year is 25%, compared to 27% for the 2022 financial year.

The international tax reform developed by the OECD, known as "Pillar 2", aimed in particular at establishing a minimum tax rate of 15%, will come into force in France from the 2024 financial year. Based on current regulations of the countries in which the Group operates, the financial consequences should be limited.

Note 13 Earnings per share

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

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

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

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

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

	31.12.2023	31.12.2022
Net profit attributable to owners of the parent *(in millions of euros)*	425.1	307.9
Weighted average number of ordinary shares* over the period	190,806,384	190,816,794
Effect of dilutive instruments (performance shares)	0	0
Weighted average number of ordinary shares (diluted) over the period	190,806,384	190,816,794
Basic earnings per share *(in euros)*	**2.23**	**1.61**
Diluted earnings per share *(in euros)*	**2.23**	**1.61**

* Net of treasury shares.

FDJ considers that it has acquired the shares previously held by Soficoma. However, in view of the ongoing litigation with Soficoma, the weighted average number of ordinary shares does not take this transaction into account (see Note 14 below).

Note 14 Equity

14.1 SHARE CAPITAL

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

A breakdown of share ownership is provided in Note 1.1.

14.2 TREASURY SHARES (1)

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

A share purchase and sale programme authorised by the Board of Directors at its meeting of 19 December 2019 has been implemented, pursuant to the authorisation granted by the General Meeting of Shareholders of 4 November 2019, for the purpose of concluding a liquidity agreement in accordance with the rules laid down by the Autorité des marchés financiers (AMF). The maximum amount of €6 million has been allocated to the liquidity agreement, which runs until 19 December 2023.

Shares are also purchased in connection with the performance share awards made on 30 June 2021, 26 April 2022 and 27 April 2023.

At 31 December 2023, there were 384,810 treasury shares, representing a deduction of €13.7 million from consolidated equity (2022: 185,319 shares representing a deduction of €6.7 million).

(1) Note that 5,730,000 of the Company's shares are the subject of litigation with Soficoma before the Aix-en-Provence Court of Appeal (see Note 16 "Proceedings and other disputes"). FDJ considers that it purchased these shares on 18 May 2017. The General Meeting of Shareholders of 18 June 2018 resolved to cancel the shares in question, on condition that the application made to the Commercial Court is granted, i.e. that the Court finds that (i) Soficoma, pursuant to Article 15(b) of the Articles of Association, was required to sell its shares within three months of the meeting of the Board of Directors that found it to be in breach of the conditions governing its capacity to remain a shareholder of FDJ, (ii) FDJ has satisfied its obligation to pay the price of the shares by depositing the price with the Caisse des Dépôts et Consignations, (iii) Soficoma forfeited its status of shareholder on the date of that deposit, i.e. on 18 May 2017, and (iv) FDJ is authorised to enter the transfer of those shares from Soficoma to FDJ in its registers.

14.3 RESERVES

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

Until early 2022, rare risks (very low frequency of occurrence with a very high amount – multiple game events occurring over a given period) and extreme risks (extremely low frequency of occurrence, very high amount) were covered by a statutory reserve. Following an updated evaluation of these risks and the associated insurance cover, the shareholders of FDJ resolved at the Combined Ordinary and Extraordinary General Meeting of 26 April 2022 to abolish the statutory reserve and cover the residual risks via the optional reserve. The €97 million balance (including a €5 million increase made immediately prior to the transfer) was therefore transferred to the optional reserve.

14.4 PAYMENT OF DIVIDENDS

The dividend in respect of 2023, which will be submitted to the vote at the General Meeting of Shareholders of 25 April 2024 approving the financial statements for the year ended 31 December 2023, is €340 million, or €1.78 per share.

- 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.

Note 15 Related-party transactions

15.1 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 are as follows:

In millions of euros		31.12.2023	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	193.7	202.2

In millions of euros		31.12.2023	31.12.2022
Statement of financial position – Liabilities	Public levies (including unclaimed prizes)	596.8	459.0

In millions of euros		31.12.2023	31.12.2022
Income statement	Public levies	4,191.6	4,147.4

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

15.2 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.

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

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

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

15.3 EXECUTIVE COMPENSATION

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

The main executive managers sit on the Group Management Committee, which has 21 members.

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

In millions of euros	31.12.2023	31.12.2022
Short-term employee benefits	7.2	6.7
Long-term employee benefits	3.0	2.0
TOTAL	**10.3**	**8.7**

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

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

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

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

LEGAL PROCEEDINGS BROUGHT BY 83 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 was heard on 19 September 2023, with judgment due to be handed down 13 December 2023. By judgment dated 13 December 2023, the Nanterre Commercial Court dismissed the claims of the 83 agent-brokers and ordered them each to pay the sum of €800 to La Française des Jeux under Article 700 of the French Code of Civil Procedure, i.e. a total of €66,400. The decision is not yet final, as the time limit for appeals has not yet passed.

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 matter is ongoing and the parties are exchanging statements of position.

Concurrently, Soficoma filed a lawsuit against FDJ on 27 December 2017 in the Commercial Court of Nanterre, requesting confirmation of its status as a shareholder in FDJ and an order against FDJ for the payment of its dividends. Proceedings are stayed due to the case currently pending before the Court of Appeal of Aix-en-Provence.

PROCEEDINGS BEFORE THE COUNCIL OF STATE

In a letter dated 20 May 2021, the Council of State called on FDJ to present observations in a proceeding initiated in December 2019 by four claimants. These applicants – The Betting and Gaming Council, Betclic Enterprises Limited, the European Gaming and Betting Association and SPS Betting France Limited – have brought fourteen actions for ultra vires against Ordinance no. 2019-1015 of 2 October 2019 reforming the regulation of games of gambling and chance, Decree no. 2019-1060 of 17 October 2019 on the terms of application of strict State control over the company La Française des Jeux, Decree no. 2019-1061 of 17 October 2019 on the framework for the gaming offer of La Française des Jeux and Pari Mutuel Urbain, Decree no. 2019-1105 of 30 October 2019 on the transfer to the private sector of the majority of the share capital of the société anonyme La Française des Jeux, the Order of 6 November 2019 setting the terms of the transfer to the private sector of the majority of the share capital of the company La Française des jeux, the Order of 20 November 2019 setting the price and terms of allocation for shares in the company La Française des Jeux, Decree no. 2019-1563 of 30 December 2019 on the approval of the articles of association of the company La Française des Jeux and Decree no. 2020-494 of 28 April 2020 on the terms of provision of the gaming offer and gaming data. The applicants seek the annulment of the statutory instruments reforming the regulation of gambling games.

In five judgments dated 14 April 2023 and one judgment dated 12 July 2023, the Council of State held that the exclusive rights granted to FDJ were justified on grounds of public order and the control of addiction risks, that the 25-year term of the exclusive rights granted to FDJ was not excessive, that the granting of exclusive rights to FDJ 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 by a decision handed down 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.

TAX AUDIT

A tax audit is currently being performed on FDJ SA for the fiscal years 2020 to 2022.

The tax authority is querying the company's use of revenue (Net Gaming Revenue) as a basis for the calculation of the contribution on added value (CVAE) and is thus disputing the deductibility of public levies and VAT. The amount in question for 2020 is approximately €53 million before tax (including late-payment interest). The company and its advisors firmly reject the position adopted by the tax authority in its interim proposed adjustment and believe that there are sound arguments to support the treatment currently applied. The Group has therefore not recognised any provision for risk as at 31 December 2023.

Furthermore, the company has filed for a repayment of overpaid VAT in relation to lottery and sports betting transactions in the French overseas departments (which benefit from reduced VAT rather than the rate applied of 20%) during the period not yet time-barred, i.e. from December 2020 onwards.

As the Group considers that the risk of non-repayment is small, income of €20.8 million before tax has been recognised in the financial statements for 2023. This comprises €14.1 million for the 2021 and 2022 financial years, disclosed within other non-recurring operating income, and €6.7 million for 2023, disclosed within revenue.

Note 17 Off-balance-sheet commitments

Other commitments are detailed in the table below:

In millions of euros	31.12.2023	31.12.2022
Commitments given		
Deposits and first-demand guarantees	45.1	38.0
Sponsorship agreement	6.1	15.6
Investment funds	59.0	47.1
Performance bonds*	162.4	203.4
Image rights for cyclists and commitment to the association L'Échappée	0.2	1.0
Property rent	6.6	3.3
Mortgage on goods acquired	68.2	77.4
Pledged intangible assets	4.4	0.4
Pledged receivables	-	0.8
Contractual undertakings for the sale of property, plant and equipment and intangible assets	4.8	-
Other commitments given	0.0	0.9
TOTAL COMMITMENTS GIVEN	**356.8**	**387.9**
Commitments received		
Performance bonds and commitments to return advance payments	200.4	172.7
Guarantees for remittance of stakes and payment of winnings	545.8	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	**1,136.2**	**1,061.5**

* Includes printing contracts worth €38.3 million in 2023 (2022: €59.5 million).

17.1 COMMITMENTS GIVEN

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

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

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

17.2 COMMITMENTS RECEIVED

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

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

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

Unused confirmed credit lines of €150 million have been in place since February 2021, maturing at various points up to February 2026.

17.3 RECIPROCAL COMMITMENTS

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

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

17.4 SCHEDULE OF LEASE COMMITMENTS

Lease commitments at 31 December 2023 and 31 December 2022 were payable as follows:

In millions of euros	31.12.2023	31.12.2022
Less than 1 year	2.3	1.2
Less than 5 years	4.3	2.1
More than 5 years	-	-
Lease commitments*	**6.6**	**3.3**

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

IFRS 16 lease liabilities totalled €45 million at 31 December 2023 (2022: €38 million).

Note 18 Other post-closing events

On 1 February 2024, the French competition authority indicated that an appeal had been lodged with the Council of State against the decision of 15 September 2023 authorising the ZEturf/FDJ transaction. The appellant has three months from 11 December 2023 to submit evidence and claims in support of the appeal. FDJ has no further information at this stage.

Note 19 Scope of consolidation

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

Name of entity	Head-quarters	Activity	Consolidation method 2023 (1)	Consolidation method 2022 (1)	Percentage of interest 2023	Percentage of interest 2022
La Française des Jeux	France	Organisation of lottery games and sports betting	FC	FC	100%	100%
FDJ Gaming Solutions France (FGS France)	France	Development and supply of digital lottery technologies	FC	FC	100%	100%
FDJ Gaming Solutions (FGS)	France	Holding	FC	FC	100%	100%
Beijing ZhongCai Printing	China	Printing of lottery tickets	EM	EM	46.25%	46.25%
La Pacifique des Jeux	France	Operation of games of chance in French Polynesia	FC	FC	99.99%	99.99%
FDJ Développement	France	Distribution of lottery and betting games in the French Antilles and Guiana	FC	FC	100%	100%
La Française d'Images	France	Technical audiovisual services	FC	FC	100%	100%
Société de Gestion de l'Échappée	France	Management and promotion of a cycling team	EM	EM	50%	50%
FDP	France	Distribution of lottery and betting games in mainland France	FC	FC	100%	100%
Services aux Loteries en Europe	Belgium	Provision of services for national lottery agents in connection with the operation of Euromillions	EM	EM	32.99%	26.57%
FDJ Gaming Solutions UK (FGS UK)	United Kingdom	Development of sports betting technology	FC	FC	100%	100%
National Lotteries Common Services (NLCS)	France	Provision of services associated with the operation of sports betting	EM	EM	50.00%	50.00%
Lotteries Entertainment Innovation Alliance AS (LEIA)	Norway	Operation of digital gaming platforms	EM	EM	20.00%	20.00%

Name of entity	Head-quarters	Activity	Consolidation method 2023 (1)	Consolidation method 2022 (1)	Percentage of interest 2023	Percentage of interest 2022
Online Betting and Gaming Holding	France	Holding	FC	FC	100%	100%
Online Betting and Gaming France	France	Organisation of sports betting	FC	FC	100%	100%
Sporting Group Holdings Limited (formerly Sporting Index Holdings Ltd)	United Kingdom	Holding	FC	FC	100%	100%
Sporting Index Ltd	United Kingdom	Sports betting (fixed and variable odds)	-	FC	-	100%
Sporting Solutions Services Limited (formerly SPIN Services Ltd)	United Kingdom	Development of sports betting technology	FC	FC	100%	100%
Spin Services Canada Inc.	Canada	Development of sports betting technology	FC	FC	100%	100%
FGS Canada	Canada	Development of sports betting technology	FC	FC	100%	100%
FDJ Services	France	Finance and payment services	FC	FC	100%	100%
DVRT 13	France	Entertainment services	FC	FC	100%	100%
FGS New Market	France	Development of sports betting technology	FC	FC	100%	100%
Sporting Solution America Inc.	United States	Development of sports betting technology	FC	FC	100%	100%
FDJ Services Holding	France	Finance and payment services	FC	FC	100%	100%
Adstellam (L'Addition)	France	Finance and payment services	FC	FC	95%	95%
Aleda	France	Finance and payment services	FC	FC	100%	100%
RBP Luxembourg	Luxembourg	Holding	FC	-	100%	-
ZEturf France	Malta	Organisation of sports and horse-race betting	FC	-	100%	-
ZEtote System	Malta	Development and supply of digital sports betting technologies	FC	-	100%	-
MasseCom SAS	France	Development and supply of digital sports betting technologies	FC	-	100%	-
TURF Belgium SA	Belgium	Organisation of sports and horse-race betting	FC	-	100%	-
ZEbetting & Gaming Nederland NV	Netherlands	Organisation of sports and horse-race betting	FC	-	100%	-
ZEbetting & Gaming España SA	Spain	Organisation of sports and horse-race betting	FC	-	100%	-
ZEbetting & Gaming Banen B.V.	Netherlands	Organisation of sports and horse-race betting	FC	-	100%	-
ZEbetting & Gaming B.V.	Netherlands	Organisation of sports and horse-race betting	FC	-	100%	-
ZEturf GBL	Mauritius	Organisation of sports and horse-race betting	FC	-	51%	-
Turf Data Selection SARL	France	Development and supply of digital sports betting technologies	EM	-	50%	-
Premier Lotteries Ireland Holding DAC	Ireland	Holding	FC	-	100%	-
Premier Lotteries Ireland Midco DAC	Ireland	Holding	FC	-	100%	-
Premier Lotteries Ireland DAC	Ireland	Organisation of lottery games	FC	-	100%	-

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

Changes in the consolidation scope are described in Note 3.1.

Note 20 Statutory Auditors' fees

The Statutory Auditors' fees for 2023 and 2022 were as follows:

	31.12.2023			
	Audit services		Non-audit services	
In thousands of euros	Pricewaterhouse Coopers Audit	Deloitte & Associés	Pricewaterhouse Coopers Audit	Deloitte & Associés
FDJ (issuer)	525	515	75	84
Subsidiaries (controlled entities)	81	194	-	23
STATUTORY AUDITORS' FEES	**606**	**709**	**75**	**107**

In addition, missions were carried out in 2023 by other entities of the PWC network as part of M&A projects for 682 thousand euros.

	31.12.2022			
	Audit services		Non-audit services	
In thousands of euros	Pricewaterhouse Coopers Audit	Deloitte & Associés	Pricewaterhouse Coopers Audit	Deloitte & Associés
FDJ (issuer)	462	449	50	108
Subsidiaries (controlled entities)	135	146	-	-
STATUTORY AUDITORS' FEES	**597**	**595**	**50**	**108**

Non-audit services in 2023, as in 2022, mainly concerned the independent third party review of the non-financial performance report, work on internal controls and various certifications.

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