CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Consolidated income statement

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

In millions of euros	Note	31.12.2021	31.12.2020
Stakes	*4.1*	*18,975.6*	*15,959.2*
Player payout	*4.1*	*-12,971.1*	*-10,851.8*
Gross gaming revenue	***4.1***	***6,004.5***	***5,107.5***
Public levies	*4.1*	*-3,816.0*	*-3,242.7*
Other revenue from sports betting	*4.1*	*13.7*	*13.9*
Net gaming revenue	*4.1*	***2,202.1***	***1,878.7***
Revenue from other activities	***4.1***	***53.5***	***40.9***
Revenue	4.1	**2,255.7**	**1,919.6**
Costs of sales	4.2.1	-1,232.8	-1,079.0
Marketing and communication expenses	4.2.1	-414.7	-329.7
General and administrative expenses	4.2.1	-199.4	-172.5
Other operating income	4.2.1	0.6	2.7
Other operating expenses	4.2.1	-16.3	-16.3
Recurring operating profit	4.2.1	**393.2**	**324.7**
Other non-recurring operating income	4.2.3	35.3	2.2
Other non-recurring operating expenses	4.2.3	-36.8	-34.2
Operating profit		**391.8**	**292.7**
Cost of financial debt		-5.8	-5.4
Other financial income		27.9	14.4
Other financial expenses		-1.3	-4.3
Net financial income	8.4	**20.8**	**4.6**
Share of net income from joint ventures	9	4.1	1.3
Profit before tax		**416.6**	**298.7**
Income tax expense	10.1	-122.5	-85.0
Net profit for the period		**294.2**	**213.7**
Attributable to :			
- owners of the parent		294.2	213.7
- non-controlling interests		0.0	0.0
Basic earnings per share (in euros)	11	**1.54**	**1.12**
Diluted earnings per share (in euros)	11	**1.54**	**1.12**

Consolidated statement of comprehensive income

In millions of euros	31.12.2021	31.12.2020
Net profit for the period	**294.2**	**213.7**
Cash flow hedging (before tax)	2.2	-1.5
Net investment hedging on foreign activities (before tax)	-4.6	5.7
Net change in currency translation differences (before tax)	6.5	-2.8
Tax on items subsequently transferable to profit or loss	0.5	-1.1
Items subsequently transferred or transferable to profit or loss	**4.5**	**0.2**
Actuarial gains and losses	3.4	2.4
Tax on items that may not be subsequently transferable to profit or loss	-1.3	-0.6
Items that may not be subsequently transferable to profit or loss	**2.1**	**1.8**
Other comprehensive income	**6.6**	**1.9**
Total comprehensive income for the period	**300.8**	**215.6**
Attributable to :		
- owners of the parent	300.8	215.6
- non-controlling interests	0.0	0.0

Consolidated statement of financial position

In millions of euros			
ASSETS	Note	**31.12.2021**	**31.12.2020**
Goodwill	5	0.0	26.9
Exclusive operating rights	6.1	340.3	355.5
Other intangible assets	6.1	182.1	165.7
Property, plant and equipment	6.2	359.6	374.2
Non-current financial assets	8.1	944.7	571.4
Investments in joint ventures	9	20.6	14.7
Non-current assets		**1,847.2**	**1,508.3**
Inventories		13.0	14.9
Trade and distribution network receivables	4.6.1	358.5	255.4
Other current assets	4.6.2	261.3	214.8
Current tax assets	10.2	13.0	15.8
Current financial assets	8.1	93.7	215.7
Cash and cash equivalents	8.2	601.7	673.2
Current assets		**1,341.1**	**1,389.8**
TOTAL ASSETS		**3,188.3**	**2,898.0**

In millions of euros			
LIABILITIES	Note	**31.12.2021**	**31.12.2020**
Share capital		76.4	76.4
Statutory reserves		91.7	91.7
Retained earnings (including profit for the period)		654.1	533.7
Reserves of other comprehensive income		6.9	0.3
Equity attributable to owners of the parent	12	**829.1**	**702.1**
Non-controlling interests		0.0	0.0
Shareholder's equity		**829.1**	**702.1**
Provisions for retirement benefits and similar commitments	4.8.3	47.7	48.6
Non-current provisions	7	12.5	47.6
Deferred tax liabilities	10.3	21.0	21.3
Non-current financial liabilities	8.1	486.3	510.0
Non-current liabilities		**567.4**	**627.5**
Current provisions	7	12.8	13.3
Trade and distribution network payables	4.7.1	385.7	249.0
Current tax liabilities	10.2	1.1	0.3
Current player funds	4.5	256.6	192.4
Public levies liabilities	4.7.2	501.7	412.0
Winnings payable / Player balances	4.7.3	370.0	288.8
Other current liabilities	4.7.4	203.2	194.4
Current financial liabilities	8.1	60.6	218.2
Current liabilities		**1,791.8**	**1,568.5**
TOTAL LIABILITIES		**3,188.3**	**2,898.0**

The consolidated statement of financial position as at 31 December 2020 incorporates the change of accounting policy concerning the apportionment over time of the cost of retirement benefits under IAS 8, which has been applied retrospectively following the decision of the IFRS IC in May 2021. The effect of retrospective application is set out in Note 2.2.1 Change of accounting policy.

Consolidated statement of cash flows

In millions of euros	Note	31.12.2021	31.12.2020
OPERATING ACTIVITIES			
Consolidated net profit for the period		**294.2**	**213.7**
Change in asset depreciation, amortisation and impairment of non-current assets		157.6	127.8
Change in provisions		-23.4	3.9
Capital gains or losses on disposal		1.3	1.3
Income tax expense		122.5	85.0
Other non-cash items included in the consolidated income statement		1.1	0.1
Net financial income		-20.8	-4.6
Share of net income from joint ventures		-4.1	-1.3
Non-cash items		**234.2**	**212.1**
Use of provisions - payments		**-10.0**	**-10.7**
Interest received		**3.1**	**9.6**
Income taxes paid		**-119.7**	**-91.8**
Change in trade receivables and other current assets		-146.6	54.5
Change in inventories		1.9	-4.3
Change in trade payables and other current liabilities		346.6	312.3
Change in other components of working capital		-0.9	-2.0
Change in operating working capital		**201.1**	**360.5**
Net cash flow from operating activities	**8.3**	**602.9**	**693.3**
Investing activities			
Acquisitions of property, plant and equipment and intangible assets		-75.5	-459.8
Disposals of property, plant and equipment and intangible assets		0.1	0.1
Change in current and non-current financial assets		-216.0	110.0
Change in loans and advances granted		-9.9	-36.8
Dividends received from joint ventures and shareholdings		0.1	0.9
Other		-0.2	-9.7
Net cash flow used in investing activities	**8.3**	**-301.4**	**-395.1**
Financing activities			
Issue of long-term debt		0.0	380.0
Repayment of the current portion of long-term debt		-188.9	-66.6
Payment of lease liabilities		-7.6	-7.4
Dividends paid to ordinary shareholders of the parent company		-166.7	-83.4
Interest paid		-5.5	-8.3
Other		-3.6	-0.2
Net cash flow used in financing activities	**8.3**	**-372.3**	**214.2**
Impact of changes in foreign exchange rates		-0.6	-0.9
Net increase/decrease in net cash		**-71.3**	**511.5**
Cash and cash equivalents at 1 January		673.2	201.5
Cash and cash equivalents at 31 December		601.7	673.2
Current bank overdrafts at 1 January		-0.3	-40.2
Current bank overdrafts at 31 December		0.0	-0.3

Consolidated statement of changes in equity

In millions of euros	Share capital	Statutory reserves	Retained earnings (incl. profit for the period)	Cash flow hedging	Currency translation differences (incl. net investment hedging)	Actuarial gains and losses	Reserves of other comprehensive income	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity at 31.12.2019	**76.4**	**87.5**	**407.4**	**-0.1**	**1.9**	**-3.9**	**-2.1**	**569.2**	**0.0**	**569.2**
Effects of changes in accounting policy*			**2.9**			**0.5**	**0.5**	**3.4**		**3.4**
Equity at 01.01.2020 (restated)	**76.4**	**87.5**	**410.4**	**-0.1**	**1.9**	**-3.4**	**-1.6**	**572.6**	**0.0**	**572.6**
Net profit for the period			***213.7***					**213.7**	***0.0***	***213.7***
Other comprehensive income				-1.1	1.2	1.8	1.9	1.9		1.9
Total comprehensive income for the period	**0.0**	**0.0**	**213.7**	**-1.1**	**1.2**	**1.8**	**1.9**	**215.6**	**0.0**	**215.6**
Allocation of prior year net profit		***4.2***	**-4.2**							
2019 dividends paid			-86.0					-86.0		-86.0
Other			-0.2					-0.2		-0.2
Equity at 31.12.2020	**76.4**	**91.7**	**533.7**	**-1.1**	**3.1**	**-1.7**	**0.3**	**702.1**	**0.0**	**702.1**
Net profit for the period			***294.2***					**294.2**	***0.0***	***294.2***
Other comprehensive income				1.5	3.0	2.1	6.6	6.6		6.6
Total comprehensive income for the period	**0.0**	**0.0**	**294.2**	**1.5**	**3.0**	**2.1**	**6.6**	**300.8**	**0.0**	**300.8**
Allocation of prior year net profit		***0.0***	**0.0**					**0.0**		**0.0**
2020 dividends paid			-171.9				0.0	-171.9		-171.9
Other			-1.9				0.0	-1.9		-1.9
Equity at 31.12.2021	**76.4**	**91.7**	**654.1**	**0.4**	**6.2**	**0.4**	**6.9**	**829.1**	**0.0**	**829.1**

** See Note 2.2.1 Change of accounting policy*

Income and expenses recognised in other comprehensive income mainly consist of actuarial gains and losses on retirement benefit obligations (2021 and 2020).

The other changes relate mainly to treasury shares held under a liquidity agreement or to performance share scheme, which are treated as deductions from equity

1 Overview of the Group

1.1 General information

La Française des Jeux (FDJ) is a public limited company (société anonyme) governed by French law, subject to all regulations on commercial companies in France, and in particular the provisions of the French Commercial Code, in accordance with the provisions of the legal framework as described in Note 1.2. Its registered office is located at 3/7, quai du Point du Jour, 92650 Boulogne-Billancourt. It has been admitted to trading on the Euronext Paris market since 21 November 2019. As at 31 December 2021, 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 tight control over the Company. As a result, the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers, as well as any changes in shareholdings that cross the threshold 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 2020, the Group, which comprises 20 consolidated entities, runs a gaming operation and distribution business in France (metropolitan and overseas departments), four French overseas territories and Monaco. It operates internationally, notably through its equity investments in the following companies:

- Sporting Group, a UK group comprising five companies, with two core businesses: i) betting and risk management services for sports betting operators, and ii) sports betting (spread betting and fixed odds);
- Beijing ZhongCai Printing (BZP), a Chinese company that prints lottery tickets;
- Services aux Loteries en Europe (SLE), a Belgian cooperative established to hold and administer draws for participating lotteries in connection with EuroMillions;
- Lotteries Entertainment Innovation Alliance AS (LEIA), a Norwegian company that operates a digital gaming platform;
- FGS Canada, a Canadian company that develops sports betting technology.

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

1.2 Regulatory environment of the FDJ Group (the Group)

FDJ operates in the gaming sector, a highly regulated industry

under strict State control.

The online sports betting business, which is a non-exclusive activity, is governed by Law no. 2010-476 of 12 May 2010 and conducted within the framework of a five-year agreement which was last renewed by the ANJ in 2020. The Pacte Law of 23 May 2019 confirmed FDJ's exclusive rights to operate online and point-of-sale lottery games (draw games and instant games) and point-of-sale sports betting activities for a period of 25 years. It also defines the basis, rates and territorial scope of the public levies on all lottery games and sports betting, regulates the payout ratios for lottery games and sets upper limits on payouts for online and point-of-sale sports betting.

[1] Union des Blessés de la Face et de la Tête (UBFT) and Fédération Nationale André Maginot (FNAM)

1.3 Highlights

Activity

- **Return of the environment to normal**
  - The entire network of more than 30,000 FDJ points of sale open from the start of June;
  - A standard calendar, for both sporting competitions and lottery marketing and promotional events.
- **Business growth across all product ranges**
  - Strong growth for Loto and Euromillions, driven notably by record jackpots and numerous long cycles;
  - Success for new instant games available at points of sale, such as “La grosse roue” and “A prendre ou à laisser”, the third phygital game;
  - Growth in Parions Sport Point de Vente stakes thanks to the continued enrichment of the offer and digitalisation, which now accounts for nearly 85% of stakes. Parions Sport En Ligne continues to record strong growth, reflecting the attractiveness of its offer, amid a fast-developing market.
- **Business growth across all sales channels**
  - Stakes in the sales network were up 16%. Strong momentum continued in the digital channel, with stakes up 42% vs 2020. Online stakes accordingly represent more than 11% of total stakes.
    - In lotteries alone, online stakes were up 37% vs 2020. This performance is still attributable mainly to the increase in the number of players, which exceeded 4 million at the year-end. More than two years ahead of pre-health crisis expectations, online lottery stakes now amount to nearly €1.6 billion and account for nearly 11% of total lottery betting.
- **Acceleration of adjacent activities**
  - Internationally, a B2B offer was successfully launched in North America. It involves the rollout of a comprehensive service to manage a point-of-sale and online sports betting offering in two Canadian provinces, Proline+ in Ontario and PlayAlberta in Alberta;
  - The rollout of the point-of-sale payment service for public treasury bills (tax collection, fine collection, utility bills, etc.) continued. This service is now available in more than 12,000 points of sale, up from 9,000 at the end of 2020, and has recorded 2 million transactions since its launch. Moreover, the French Prudential Control and Resolution Authority (ACPR), which is attached to the Banque de France, has given FDJ’s Payment and Services activity accreditation as a payment institution, enabling it to develop a collection activity on behalf of third parties in addition to the French Public Treasury (DGFiP).
- **CSR commitments were assessed and strengthened**

In 2021, FDJ strengthened its social commitments and maintained a very high level of non-financial performance, with:

- A strengthened commitment to responsible gaming and the fight against underage and excessive gambling, with:
  - 10% of the Group’s total advertising purchases to be devoted to this commitment from 2022, compared with 10% of the television advertising budget previously;
  - Intensification of the action plan during UEFA Euro 2020, with TV campaigns to prevent

underage gambling and digital video to raise awareness about excessive gambling;

- A €25 million endowment to the FDJ Corporate Foundation for its 2023-2027 programme, a 28% increase vs the previous (2018-2022) endowment;
- The implementation of the Rebond fund, a fund to support local businesses in vulnerable areas, to which FDJ has contributed nearly €15 million;
- A €2 million donation from the FDJ Corporate Foundation to support 15,000 young people in difficulty. This brings FDJ Group's total exceptional donations to various associations supporting vulnerable people to nearly €5 million since the beginning of the health crisis;
- Moody's ESG A1+ rating maintained, and a 100/100 rating obtained on the "Pénicaud" gender equality index.

Proceedings brought against FDJ by 67 agent-brokers concluded

On 6 August 2015, 67 agent-brokers brought proceedings against La Française des Jeux seeking damages following the termination of their agent-broker contracts. In a judgment issued on 10 November 2021, the Court of Cassation (the highest court of appeal) dismissed the 67 agent-brokers' appeal and so put a definitive end to the proceedings. The reversal of the associated €34 million provision was recorded in other non recurring operating income.

Impairment testing

Impairment tests carried out at the year-end revealed an impairment on the Sporting Group CGU.[2] At 31 December 2021, the CGU's value in use was measured at £37 million (€44 million), with net assets of £60 million. Based on these figures, an impairment of £24.2 million (€28.8 million), covering the whole remaining goodwill, was recorded in other non-operating expenses (see Note 5).

Endowment to the FDJ Corporate Foundation

On 16 December 2021, the Board of Directors decided to renew the FDJ Corporate Foundation for a term of five years from 3 January 2023, with a€25 million action plan for the period from 2023 to 2027. This undertaking has been recorded in expenses for the current period.

Closed player funds (€156 million) paid to the State under the Pacte Law

Under the Pacte Law, player funds – i.e. counterparty funds, permanent funds and reserve funds – closed on 1 January 2020 must be paid to the State by 30 December 2022. FDJ paid these funds (€156 million) in 2021. They had been disclosed under financial debt as at 31 December 2020. In 2020, FDJ paid €380 million to the French State the financial consideration securing exclusive operating rights and €165 million as an advance payment of public levies.

European Commission inquiry

Following the privatisation of FDJ, two complaints were lodged with the European Commission, recorded as State aid cases SA.56399 and SA.56634, for the alleged granting of State aid in the form of guarantees, preferential tax treatment, and exclusive rights granted for insufficient remuneration. The

[2] Cash-Generating Unit

complainants were the Association française des jeux en ligne (AFJEL), in a complaint dated 31 January 2020, and The Betting and Gaming Council (BGC) in a complaint dated 5 March 2020.

On 26 July 2021, the European Commission announced that it would conduct a detailed investigation of France regarding the adequacy of the €380 million payment made in "remuneration of the exclusive rights awarded" for point-of-sale sports betting and for lottery.

The Commission's decision to open the investigation was published on 3 December 2021 in the list of state aid cases on its website and in the Official Journal of the European Union. The decision sets out the grounds that led it to query the arrangements from the perspective of the law on state aid. The case is ongoing and the parties are exchanging statements of position. FDJ submitted its observations to the European Commission on 3 January 2022. No timetable has yet been announced by the Commission.

The Commission has closed the matter regarding the guarantee, confirming that there was no guarantee in the sense of state aid, while the preliminary inquiry pursuant to the complaints on tax treatment remains in course.

2 Accounting policies and framework

2.1 Basis for preparation of the financial statements

The consolidated financial statements of FDJ and its subsidiaries ("the Group"), published for the 2021 financial year, were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union at 31 December 2021.

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2021 on 15 February 2022.

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 2021 are available on the website groupefdj.com (under Finance/Financial Publications).

2.1.1 New standards, interpretations and amendments applicable in 2021

The amendments and interpretations approved by the European Union whose application was mandatory as of 1 January 2021 (amendments to IFRS 4 Insurance Contracts, provisional exemption from application of IFRS 9, phase 2 of the amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 in connection with interbank benchmark rate reform,[3] amendments to IFRS 16 regarding Covid-19-related rent concessions after 30 June 2021) had no material impact on the Group's financial statements. The IFRS IC decision published in 2021 on configuration and customisation costs in software-as-a-service (SaaS) arrangements had no effect on the Group's financial statements. The IFRS IC decision on apportioning the costs of lump-sum retirement benefits over time constitutes a change of accounting policy, as set out in Note 2.2.1, "Change of accounting policy".

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

- IFRS 14 "Regulatory Deferral Accounts"

[3] The necessary contractual amendments have been made for the instruments concerned

- Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between the Group and its associates or joint ventures
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- Amendments to IAS 1 – Classification of liabilities as current or non-current; presentation of financial statements
- Amendments to IAS 1 – Disclosure of accounting policies
- Amendments to IAS 8 – Definition of accounting estimates
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

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

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

The Group has not applied any standards or interpretations early as at 31 December 2021. The Group does not anticipate any material future impact.

2.2 Accounting policies

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

The consolidated financial statements have been prepared on a going concern basis in accordance with the independence of financial periods. They have been prepared on a historical cost basis, except in the case of financial assets and liabilities (see Notes 4.6, 4.7, 8.1 and 8.2 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 Change of accounting policy

Application of the IFRS IC decision of April 2021 on apportioning the costs of lump-sum retirement benefits over time constitutes a change of accounting policy. This change has been applied retrospectively in accordance with IAS 8.

The impact of retrospective application has been recognised in the Group's equity as at 1 January 2020 without the presentation of pro forma financial statements as at 31 December 2020. This change affects retirement benefit obligations. It led to an increase of €3.4 million in consolidated reserves (net of tax), a decrease of €4.6 million in provisions for retirement benefits and similar commitments, and an increase of €1.3 million in deferred tax liabilities as at 1 January 2020.

2.2.2 Consolidation

The consolidated financial statements for the year ended 31 December 2021 include the financial statements of the parent company, FDJ SA, controlled subsidiaries and joint ventures (see note 17).

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

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

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

All companies prepare their accounts as at 31 December.

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

2.2.3 Foreign currency translation

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

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

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

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

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

2.2.4 Use of judgements and estimates

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

In response to changes in the economic and financial environment and the Covid-19 health crisis, the Group has strengthened its risk management procedures. The Group has incorporated these factors in its estimates, such as business plans and the discount rates used for impairment testing and provision calculations.

Due to the uncertainties inherent in any valuation process, the Group reviews its estimates based on regularly updated information. The future results of the transactions concerned may differ from these estimates.

Material estimates made by the Group mainly cover the following items:

- discount rate and leave assumptions for employee benefits (Note 4.8.3.);
- assessment and quantification of legal risks to determine provisions for risks and litigations (Note 7);
- discount rate and business plan assumptions for the purpose of measuring the recoverable amount of goodwill (Note 5);
- useful lives and recoverable amounts for the purpose of measuring the recoverable amount of intangible assets and property, plant & equipment (Note 6);
- assessment of the risk associated with non-recovery of past-due payments for the purpose of measuring the recoverable value of receivables from the distribution network (Note 4.6);
- fair value of financial assets not listed on active markets (Note 8);
- measurement assumptions used to value performance shares (EBITDA, profit per share, probability of achieving targets, risk-free rate, share price) (Note 4.8);
- leases (principally the maximum period of 9 years assumed for property leases of over €5,000).

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

- identification (or not) of leases in certain agreements (Note 6.2, IFRS 16);
- operating segment combinations for the presentation of sectors (Note 4.3).

3 Changes in consolidation scope

3.1 Changes in the consolidation scope during 2021

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

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

3.2 Changes in the consolidation scope during 2020

Certain Sporting Group entities ceased operations and were consequently liquidated during the second half of the year. These were Romney, Betstat, Touchbet and RPA Software (Malta), and Spynsol, Spynsolln and BGPH (United Kingdom). RPA AB (Sweden) was sold to a non-Group company with a view to its liquidation.

All of these actions followed on from the decisions taken to strategically refocus the business in 2019 and discontinue the proprietary trading activities of Sporting Group, which in 2020 was made up of Sporting Index Ltd, Spin Services Ltd and Spin Services Canada Inc., all of them held by Sporting Index Holdings Ltd.

After Svenska Spel (Sweden) acquired a stake in LEIA on 1 October 2020, the Group's equity interest in this company fell from 25% to 20%. This transaction had no material impact on the Group's financial statements as at 31 December 2020.

FDJ Services, a French company that provides payment and payment-related services[4] within the meaning of the French Monetary and Financial Code, was established on 16 December 2020. The company is wholly owned by FDJ and is fully consolidated. There was no material impact on the Group's financial statements as at 31 December 2020.

DVRT 13, a French company providing entertainment services, was established on 28 December 2020. The company is wholly owned by FDJ and is fully consolidated. There was no material impact on the Group's financial statements at 31 December 2020.

4 Operating data

4.1 Net gaming revenue (NGR) and revenue

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

Player payout (see Note 4.7.3 for the corresponding liability)

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

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

Gross gaming revenue (GGR)

GGR is the difference between stakes and player payout.

Public levies (see Note 4.7.2 for the corresponding liability)

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

[4] Within the terms of the licence in the process of being issued by the Autorité de Contrôle Prudentiel et Résolution (ACPR, the French supervisory authority for the banking and insurance sector, which oversees financial system stability and client protection and is tasked with the prevention of money laundering).

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%**

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* – generalised social contribution).

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

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

Tax and social security levies on 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**.

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

VAT

VAT, as governed by Chapter 1 of Title II of Book 1 of the General Tax Code, is charged on Net Gaming Revenue. The applicable rate is 20%.

Net gaming revenue (NGR)

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

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

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

- for ***draw games***, FDJ's service is completed when it has recorded the placing of the gamess, 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.

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

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

NGR also includes the revenue generated by Sporting Group's B2C business[5] (spread betting[6] and fixed odds betting).

In millions of euros	31.12.2021	31.12.2020
Draw games	740.1	643.7
Instant games	983.6	847.9
Total lottery	**1,723.7**	**1,491.6**
Sports betting	464.0	372.0
Other	14.4	15.1
Total NGR	**2,202.1**	**1,878.7**
Revenue from other activities	53.5	40.9
Revenue	**2,255.7**	**1,919.6**

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

[6] Spread betting consists of predicting if a number of actions (or events) occurring during a match will be greater or smaller than the range of actions (spread) set by the trader.

The net gaming revenue represents FDJ Group's remuneration on its gaming activities. It is monitored by product range. NGR for 2021 was €2,202.1 million, a rise of €323.5 million relative to 2020 (+17.2%). Revenue from other activities, predominantly consisting of international services and the payment & services business, was €53.5 million in 2021, a rise of €12.6 million relative to 2020 (+30.8%). Total Group revenue was thus €2,255.7 million in 2021, a rise of €336.1 million relative to 2020. This rise of 17.5% reflects the rise in NGR.

4.2 Operating profit

4.2.1 Recurring operating profit

Costs of sales was €1,233 million (+14.3%). Of this total, €901 million (+16.7%) comprised commissions paid to retailers; the change in this figure correlates to the increase in offline stakes.

Marketing and communication expenses include advertising and offer design costs, as well as the IT costs related to the development and operation of games and services. They came to €415 million (+25.8%), the rise being driven by the increase in development costs for the gaming offer amid rapid growth in the online segment and by marketing campaigns to promote games, sports betting and the Group's image.

General and administrative expenses mainly include personnel expenses and operating costs for corporate functions, as well as building costs and IT infrastructure costs. They came to €199 million (+15.5%).

Note that some operating expenses, notably advertising/promotional and administration costs, were reduced in 2020 as a result of the plan put in place at the start of the health crisis to cut costs by over €80 million.

The Group's *recurring operating profit* was thus €393 million, a rise of 21.1%.

EBITDA (recurring operating profit less depreciation and amortisation) was €522 million, a rise of 22.3%.

4.2.2 Income statement items by nature of costs

In millions of euros	2021	2020
Personnel expenses	293.2	268.1
Net depreciation and amortisation	128.6	101.9
IT outsourcing expenses	53.5	40.9

See Note 4.8.2 for comments on the change in personnel expenses.

The increase in net depreciation and amortisation charges is due to purchases of new property, plant and equipment and intangible assets, as presented in Notes 6.1 and 6.2, and to the revision of the expected useful life of certain capitalised development costs.

4.2.3 Other operating income and expenses

Material and 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 2021, these items produced a net expense of €1.5 million, the main components of which were:

- asset impairments in relation to the Sporting Group CGU (€29 million expense; see Highlights, Note 1.3 and Note 5)
- the reversal of an unutilised provision (€34 million income) following the dismissal by the Court of Cassation of the lawsuit brought by the agent-brokers (see section 1.3 Highlights)

In 2020, non-recurring operating income and expenses produced a net expense of €32.0 million. This primarily consisted of asset impairments (€25.8 million) and restructuring costs (€4.4 million) related to the discontinuation of Sporting Group's proprietary trading activity.

4.3 Segment reporting

Segment reporting is presented in accordance with IFRS 8 "Operating Segments". The operating segments used by the Group are those regularly reviewed by the corporate Officers 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, which includes online and point-of-sale sports betting activities; and
- ABUs (Acceleration Business Units), which comprise activities under development (international services, payments & services, and entertainment).

The "Holding" column, which combines central and brand-related costs (corporate campaigns), serves to reconcile 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.

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. EBITDA is not monitored by operating segment.

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

	31.12.2021						
in millions of euros	Lottery BU	Sports Betting BU	ABUs	Holding	**Total before depreciation and amortisation**	Depreciation and amortisation	**Group total**
Stakes	14,726	4,216	33	0	18,976		18,976
Gross gaming revenue (GGR)	5,037	966	1	0	6,004		6,004
Net gaming revenue (NGR)	1,724	464	14	0	2,202		2,202
Revenue	**1,728**	**464**	**63**	**0**	**2,256**		**2,256**
Costs of sales	**-949**	**-234**	**-9**	**0**	**-1,192**	**-41**	**-1,233**
Marketing and communication expenses	**-159**	**-109**	**-56**	**-35**	**-360**	**-55**	**-415**
Contribution margin	**621**	**121**	**-2**	**-35**	**704**	**-96**	**608**
General and administrative expenses & Other operating income and expenses				**-182**	**-182**	**-33**	**-215**
EBITDA					**522**		
Depreciation and amortisation						**-129**	
Recurring operating profit							**393**

in millions of euros	31.12.2020						
	Lottery BU	Sports Betting BU	ABUs	Holding	**Total before depreciation and amortisation**	Depreciation and amortisation	**Group total**
Stakes	12,733	3,186	40	0	15,959		15,959
Gross gaming revenue (GGR)	4,337	769	2	0	5,107		5,107
Net gaming revenue (NGR)	1,492	372	15	0	1,879		1,879
Revenue	**1,495**	**372**	**52**	**1**	**1,920**		**1,920**
Costs of sales	**-847**	**-183**	**-9**	**0**	**-1,039**	**-40**	**-1,079**
Marketing and communication expenses	**-145**	**-86**	**-46**	**-24**	**-301**	**-28**	**-330**
Contribution margin	**502**	**103**	**-3**	**-23**	**579**	**-68**	**511**
Administrative and general expenses & Other operating income and expenses				**-152**	**-152**	**-34**	**-186**
EBITDA					**427**		
Depreciation and amortisation						**-102**	
Recurring operating profit							**325**

The proportion of Group revenue generated outside the Group's home country (France) was marginal and remained steady (2% in 2021 and 2% in 2020).

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

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	**31.12.2021**	**31.12.2020**
Recurring operating profit	393	325
Net depreciation and amortisation	-129	-102
EBITDA	**522**	**427**

Net depreciation and amortisation was €129 million. The increase of €27 million was mainly caused by the shortening of the amortisation periods for certain capitalised development costs against a backdrop of constant technological innovation, and by the start of amortisation in January 2021 of the partnership agreement on the Paris Olympic and Paralympic Games in 2024.

4.4 Operating risk management

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;
- for sports betting: repeated winnings over extensive periods on competitions won by the favourite athletes.

The counterparty risk of lottery games is hedged 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 2021, the policy covered the cumulative net impact on NGR of potential counterparty losses over the financial year, subject to a deductible of €6 million and capped at €130 million in aggregate, subject to the limit of €100 million winnings per prize draw pursuant to Article 8 of Decree 2019-1061 of 17 October 2019 on the framework for the gaming offer of La Française des Jeux and Pari Mutuel Urbain. The insurance premium is disclosed in general and administrative expenses. Any claims payments are included in other operating income. No claims were paid under this policy in 2021 or 2020. In addition to this insurance policy, rare and extreme counterparty risks may also be covered by the statutory reserve (see Note 12.4).

4.4.2 Management of receivables risk

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

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

Other receivables are impaired on a case-by-case basis.

The schedules of receivables not yet paid and not impaired, excluding receivables from entities accounted for using the equity method and prepaid expenses (see 4.6.2), are as follows:

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

In millions of euros	31.12.2020								
	Gross amount		Provisions for overdue amounts	Net amount	Net amounts past due	Net amounts overdue by			
	Non-overdue	Overdue				0-3 months	3-6 months	6-12 months	> 1 year
Trade and distribution network receivables	245.7	27.9	-18.3	255.4	9.6	7.7	0.9	0.7	0.3
Other current receivables	190.9	2.3	0.0	193.2	2.3	1.4	0.3	0.5	0.1
Current receivables	**436.7**	**30.3**	**-18.4**	**448.6**	**11.9**	**9.2**	**1.1**	**1.2**	**0.4**

4.4.3 Management of foreign exchange risk

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

Foreign currencies to which the Group was materially exposed are the US dollar (in 2021 and 2020), for a maximum amount of $29.1 million (2020: $32.4 million), and the pound sterling (in 2021 and 2020), for a maximum amount of £9.1 million (2020: £6.4 million).

The fair value of USD hedging derivatives was €0.5 million at the end of December 2021 (2020: -€1.6 million). This exposure mainly arose from foreign-currency purchases of gaming materials. The fair value of GBP hedging derivatives was -€0.7 million at the end of December 2021 (2020: -€0.1 million). This relates to the hedging of purchases and receivables denominated in GBP.

In 2021, an increase of $0.10 per €1 in the EUR/USD exchange rate on derivatives held and classified as hedging derivatives would have reduced the valuation of the instruments by €2.6 million. A decrease of $0.10 would have increased their valuation by €3.4 million. An increase of £0.10 per €1 in the EUR/GBP exchange rate on derivatives held and classified as hedging derivatives would have increased the valuation of the instruments by €1.1 million. A decrease of £0.10 would have reduced their valuation by €1.5 million.

In 2020, 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 €2.2 million. A decrease of $0.10 would have increased their valuation by €2.7 million. An increase of £0.10 per €1 in the EUR/GBP exchange rate on derivatives held and classified as hedging derivatives would have increased the valuation of the instruments by €0.5 million. A decrease of £0.10 would have reduced their valuation by €0.7 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 Player funds

Reserve 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 comprise funds intended for the organisation of games. They amounted to €257 million at 31 December 2021 (2020: €192 million).

4.6 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 reviewed with regard to credit risk and the probability of loss.

4.6.1 Trade and distribution network receivables

In millions of euros	31.12.2021	31.12.2020
Trade receivables (gross)	38.1	24.7
Distribution network receivables (gross)	337.1	249.0
Impairment	-16.7	-18.3
Total trade and distribution network receivables	**358.5**	**255.4**

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

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

Distribution network receivables represent stakes accepted by retailers at the end of the year but not yet debited from the retailers by FDJ. The year-end amount varies, depending on the day of the week on which 31 December falls. The growth in the amount in 2021 is due to a calendar effect and to an increase in stakes wagered during the final few days of the year.

4.6.2 Other current assets

In millions of euros	31.12.2021	31.12.2020
Prepaid expenses	21.6	21.6
Other current receivables	239.8	193.2
Total other current assets	**261.3**	**214.8**

Other current receivables at 31 December 2021 include an advance payment of €202 million on public levy liabilities (2020: €165.4 million).

4.7 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.

4.7.1 Trade payables and distribution network payables

In millions of euros	31.12.2021	31.12.2020
Trade payables	173.0	105.5
Distribution network payables	212.6	143.5
Total trade and distribution network payables	**385.7**	**249.0**

Amounts payable to the distribution network consist of prizes paid to players by retailers and network commissions for the year-end period. These amounts are paid weekly. The year-end amount varies, depending on the day of the week on which 31 December falls. This calendar effect, together with an increase in stakes wagered during the final few days of the year, is the main reason for the change in 2021.

4.7.2 Public levies liabilities

In millions of euros	31.12.2021	31.12.2020
Liabilities – General State budget	243.2	224.8
Liabilities – Sports betting levies	63.0	75.2
Liabilities – Other public levies	45.2	41.5
Sub-total	**351.5**	**341.4**
Unclaimed prizes	150.2	70.6
Public levies liabilities	**501.7**	**412.0**

Public levies are paid over on a monthly basis, except in the case of unclaimed prizes, which are paid during the first half of next financial period. The €80 million year-on-year increase in unclaimed prizes is due to an extension in 2020 of the claim period.

4.7.3 Winnings payable/ Player balances

Winnings payable and player balances totalled €370 million at 31 December 2021 (2020: €189 million). They mainly comprise:

- winnings payable, i.e. unexpired, unpaid winnings owed to players (2021: €229 million; 2020: €241 million);
- available funds in player balances held in accounts on fdj.fr or parionssportenligne.fr (2021: €51 million; 2020: €40 million)
- winnings due to online players in course of payment (2021: €81 million; 2020: €1 million); the change is due to large prizes won at the year-end that had not yet been cashed out.

4.7.4 Other current liabilities

In millions of euros	31.12.2021	31.12.2020
Prepaid income	38.0	46.7
Other payables	165.2	147.8
Other current liabilities	**203.2**	**194.4**

Deferred gaming income comprises stakes wagered in one year for draws or events taking place in the subsequent year. The amount at 31 December 2021 was €38 million (2020: €47 million). They are recognised as stakes within a maximum period of five weeks. The amount in 2020 included EuroMillions stakes for a draw held on 1 January 2021.

Other payables mainly comprise tax and social security payables. The amount at 31 December 2021 was €145 million (2020: €133 million).

4.8 Personnel expenses and employee benefits

4.8.1 Group headcount

Group weighted average headcount, covering all types of employment contracts including temporary staff, was as follows in 2021 and 2020:

	31.12.2021	31.12.2020
Weighted average headcount	2,697	2,614

Year-end headcount was as follows:

	31.12.2021	31.12.2020
Total year-end headcount	2,732	2,611

4.8.2 Personnel expenses

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

In millions of euros	31.12.2021	31.12.2020
Wages and salaries	154.7	143.3
Social security contributions	75.5	71.8
Employee profit-sharing and incentives	34.6	31.8
Long-term benefits	2.8	-1.8
Other	25.5	23.1
Total personnel expenses	**293.2**	**268.1**

The rise in personnel expenses was largely due to the increase in the weighted average headcount.

4.8.3 Employee benefits

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

Long-term benefits include retirement benefits (defined benefit plans), which are post-employment benefits 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.

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.

Post-employment benefits 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.

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+ 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	**31.12.2021**	**31.12.2020***
Retirement benefits	32.1	33.2
Long-service awards	8.7	8.3
Healthcare costs	6.8	7.1
Provisions for retirement benefits and similar commitments	**47.7**	**48.6**

(*) after change of accounting policy, see Note 2.2.1

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

		31.12.2021	**31.12.2020**
Discount rate		0.80%	0.35%
Wage growth *		3.00%	3.00%
Of which inflation		*2.00%*	*2.00%*
Employee turnover rate *	management	0.95%	0.95%
	non-management	0.57%	0.57%
Mortality table		INSEE TH-TF 2000-2002	INSEE TH-TF 2000-2002

** Age-adjusted*

In millions of euros	31.12.2021	31.12.2020
Actuarial obligation* at the beginning of the period	**48.6**	**56.9**
Effects of changes in accounting policy (IFRIC)	-	-4.6
Current service cost**	2.8	-1.8
Interest on the actuarial obligation	0.2	0.4
Actuarial gains (losses)	-3.4	-2.4
Benefits paid	-0.5	0.0
Actuarial obligation at the end of the period	**47.7**	**48.6**

** Actuarial obligation relating to retirement benefits, long-service awards and health costs*
*** The service cost in 2021 included a reversal of €1.0 million, offset by departure costs (2020: €5.5 million)*

There has been a change of accounting policy, in application of the IFRS IC decision on the calculation method for obligations in respect of retirement benefits (see Note 2.2.1 – Change of accounting policy). Provisions for retirement benefits were reduced by €4.6 million (before tax), with a corresponding reduction in consolidated reserves. The change of accounting policy does not have a material impact on current service costs.

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.

According to the results of the sensitivity tests performed on both financial years, a 25 bp increase or decrease in the discount rate would lead respectively to an increase or decrease of 2.5% in the current provision for retirement benefits.

The average duration was 13 years at 31 December 2021 (2020: 12 years).

4.8.4 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.

Performance shares were awarded on 30 June 2021 to the corporate Officers and certain Group employees. The performance share entitlements were measured at fair value as at the award date, i.e. 30 June 2021, in accordance with the principles set out above. Entitlements were estimated to 115,520 shares as at 31 December 2021. The entitlements have a vesting period of three years and are conditional on continued service.

Share awards are subject to the achievement of performance targets (EBITDA, profit per share, total shareholder return for FDJ shareholders, identified stakes ratio and Moody's ESG rating). If the 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 fair value of the free shares, calculated as at the award date of 30 June 2021, was €44.20 per share. This was based on the assumptions below:

Share price	€49.58
Expected dividends during the vesting period	5.3%
Volatility of FDJ shares	23.0%
Weighting for non-market performance targets (base 100%)	85.0%
Weighting for performance targets linked to total shareholder return (base 100%)	15.0%
Valuation method	Monte Carlo

The estimated expense is €6.5 million (including employer's social security contributions) over the term of the plan, of which €1.1 million is expensed in 2021. During the year, 40,000 shares were purchased for a total of €1.7 million for distribution to the beneficiaries when the plan matures.

4.9 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 2021 was €13 million (2020: €15 million).

5 Goodwill

Goodwill is the difference between the acquisition price and the fair value of the identifiable assets acquired and 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 value in use or the fair value less costs of disposal (where higher).

The value in use of a CGU is determined with reference to the value of the discounted future cash flows expected from these assets, within the framework of the economic assumptions and operating conditions expected by the Company's Management. An impairment loss is recorded when the value in use or the fair value less costs of disposal 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)	31.12.2020	Acquisitions Impairment	Currency translation differences	31.12.2021
Goodwill (gross)	67.0	-	4.2	71.1
Impairments	-40.0	-28.8	-2.3	-71.1
Goodwill (net)	**26.9**	**-28.8**	**1.9**	**-**

(in millions of euros)	31.12.2019	Acquisitions Impairment	Currency translation differences	31.12.2020
Goodwill (gross)	70.4	-	-3.4	67.0
Impairments	-14.0	-26.8	0.7	-40.0
Goodwill (net)	**56.4**	**-26.8**	**-2.7**	**26.9**

Historical notes

FDJ Group acquired Sporting Group in May 2019. Goodwill of £57.2 million was recognised upon the transaction.

A first impairment of £10 million was recognised in December 2019, following the results of impairment testing based on the Group's new strategy plan.

An additional impairment of £23.5 million was recognised in 2020 against the backdrop of the health crisis, which had a significant effect on Sporting Group's business due to the cancellation or postponement of most sports events.

Update as at 31 December 2021

While the first six months of 2021 were in line with forecasts, the performance of the Sporting Group CGU deteriorated in the second half of the year. The performance of the UK sports betting market was affected by unexpected sports results and by stricter rules imposed by the Gambling Commission (the UK regulator) on the source of gamers' funds, amid ongoing difficult conditions due to the pandemic.

Against this backdrop, the new management put in place during 2021 carried out a strategy update, which led to a reorganisation of the company, decisions on the future of certain projects and increased capital expenditure. Although the long-term vision remains unchanged, these decisions, which are reflected in the new business plan approved by the Business Steering Committee, will be a drain on cash flow generation over the course of the next few years.

At 31 December 2021, the impairment test carried out on the basis of the foregoing yielded an enterprise value of £37 million. As a result, the remaining goodwill of £24.2 million (€28.8 million) was written off in full.

The impairment test was based on the new business plan and incorporated the assumptions below:

- incorporation into the B2B business of FGS UK's managed services offering together with its historic clients, with an upward revision of the growth outlook for B2B (potential in the North American market, new partnerships, etc.);
- downward revision of the outlook for the B2C business, due to market conditions and the revision of some operational projects;
- increased capital expenditure on the B2B business throughout the business plan period in connection with the development of the managed services offering;
- revised UK tax rates (corporation tax increasing from 19% to 25% from 2023, social security contributions rising by +1.25% from 2022);

The new business plan assumes that the business will progressively expand, as the Group considers that the long term outlook and strategic rationale have not been called into question.

The terminal value represents the total enterprise value.

The discount rate used was 14.8% after factoring in IFRS 16 (2020: 14.3%), and the average weighted long-term growth rate was 1.75% (2020: 2.0%).

A sensitivity test was performed on the enterprise value:

- a 1% change in the discount rate would affect the enterprise value by around £5 million;
- a one-quarter-point change in the growth rate represents £0.8 million;
- a three-point drop in margins in the final year would reduce the enterprise value by £9 million.

Amid the current highly uncertain environment, these assumptions represent the Group's best estimates based on the internal and external data available to date.

6 Property, plant and equipment and intangible assets

6.1 Exclusive operating rights and other intangible assets

Exclusive operating rights
FDJ secured exclusive rights to operate lottery activities both online and in the offline distribution network, and to operate sports betting activities in the offline distribution network, for a period of 25 years. Amounting to €380 million, this asset is being amortised over this term, from 23 May 2019, the date of enactment of the Pacte Law (2019-486).

Research and development costs and intangible assets in progress
Research expenses incurred by the Group for proprietary activities are recognised as expenses as and when incurred.

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

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

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

Amortisation
Intangible assets are amortised on a straight-line basis over their estimated useful lives, unless those lives are indefinite. Development costs are amortised on a straight-line basis over the expected useful life of the asset, starting at the commissioning date. Development costs are amortised on a straight-line basis over a period of between one and 15 years, mostly over five years in 2020. With effect from 2021, the amortisation period for a part of capitalised development costs was reduced from five years to three years. Certain such assets now have shorter useful lives, becoming obsolete more quickly as a result of the technological environment, constant innovation in practices and competitive trends. The assets concerned relate to digital-only lottery games and competitive sports betting. Software is amortised over a period of five years.

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	31.12.2021			31.12.2020		
	Gross	**Amortisation Impairments**	**Net**	**Gross**	**Amortisation Impairments**	**Net**
Exclusive operating rights	380.0	-39.7	340.3	380.0	-24.5	355.5
Development costs	220.1	-144.4	75.7	191.4	-104.5	86.9
Software	78.4	-69.4	9.0	138.8	-128.4	10.5
Intangible assets in progress and other intangible assets	111.8	-14.4	97.3	71.7	-3.3	68.3
Total intangible assets	**790.3**	**-267.9**	**522.3**	**781.9**	**-260.7**	**521.2**

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

** Reclassifications from “assets in progress” to “available for use”.*

*** 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.

An intangible asset has been recognised in relation to a partnership and licence agreement for the Paris Olympic and Paralympic Games in 2024. It is being amortised on a straight-line basis over four years from 1 January 2021.

The effect of the change in the estimation methods for development costs has been recognised prospectively at €12.2 million.

No material impairment losses were recognised on intangible assets in 2021 or 2020.

(in millions of euros)	31.12.2019	Acquisitions Allowances	Disposals Reversals	Reclassifi cations*	Change in scope	Other movements**	31.12.2020
Exclusive operating rights	380.0	-	-	-	-	-	380.0
Development costs	155.4	16.3	-1.5	29.0	-6.9	-0.9	191.4
Software	137.0	0.5	-	1.6	-	-0.2	138.8
Advances and payments on account	-	6.4	-	6.4	-	-	12.8
Intangible assets in progress and other intangible assets	67.2	24.1	-0.1	-30.5	0.0	-1.8	58.9
Gross amounts	**739.6**	**47.4**	**-1.7**	**6.4**	**-6.9**	**-3.0**	**781.9**
Amort. / Impairment – Exclusive operating rights	-9.3	-15.2	-	-	-	-	-24.5
Amort. / Impairment – Development costs	-86.8	-26.2	1.4	-	6.9	0.2	-104.5
Amort. / Impairment – Software	-123.0	-5.5	-	-	-	0.2	-128.4
Amort. / Impairment – Other intangible assets	-1.4	-2.0	-	-	-	0.1	-3.3
Amortisation and impairments	**-220.6**	**-49.0**	**1.4**	**-**	**6.9**	**0.5**	**-260.7**
Net intangible assets	**519.0**		**-0.2**	**6.4**	**-**	**-2.5**	**521.2**

** Includes reclassifications from "in progress" to "available for use".*
*** 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 modified retrospective approach provided for in IFRS 16 and to apply the exemptions relating to short-term leases and leases of low-value items (less than €5,000). The discount rate used is the incremental borrowing rate, i.e. that which the Group would be required to pay for borrowings over a similar term with similar collateral.

(In millions of euros)	31.12.2021			31.12.2020		
	Gross	**Depreciation Impairments**	**Net**	**Gross**	**Depreciation Impairments**	**Net**
Land	96.6	-	96.6	96.6	-	96.6
Building facilities and amenities	240.0	-83.1	156.9	236.2	-77.7	158.5
Rights of use (IFRS 16)	46.4	-18.1	28.2	39.6	-14.8	24.8
Furniture, technical installations & PoS equipment	236.6	-191.8	44.7	236.4	-175.6	60.9
Hardware	81.8	-70.6	11.2	74.8	-64.9	9.9
Local services equipment	24.1	-21.7	2.4	23.5	-20.4	3.1
Other property, plant and equipment	45.5	-40.2	5.3	43.7	-38.2	5.5
Property, plant and equipment in progress	13.3	-	13.3	14.3	-0.4	13.9
Advances and payments on account	1.0	-	1.0	1.0	-	1.0
Total property, plant and equipment	**785.2**	**-425.5**	**359.6**	**766.1**	**-391.9**	**374.2**

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

Net property, plant and equipment	**374.2**		**-1.2**	**-**	**11.4**	**359.6**

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

(in millions of euros)	**31.12.2019**	**Acquisitions Allowances**	**Disposals Reversals**	**Reclassifications***	**Change in scope**	**Other movements ****	**31.12.2020**
Land	96.6	-	-	-	-	-	96.6
Building facilities and amenities	231.1	5.0	-0.2	0.7	-	-0.4	236.2
Right-of-use assets (IFRS 16)	38.0	-	-0.2	-0.2	-	2.0	39.6
Furniture, technical installations & PoS equipment	234.8	9.9	-10.7	2.4	-	-	236.4
Hardware	70.1	4.3	-0.2	0.6	-	-	74.8
Local services equipment	23.2	1.5	-0.4	0.1	-0.4	-0.5	23.5
Other property, plant and equipment	40.8	2.7	-	0.2	-	-	43.7
Property, plant and equipment in progress	10.9	8.5	-1.0	-4.0	-	-	14.3
Advances and payments on account	1.4	-	-	-	-	-0.4	1.0
Gross amounts	**746.8**	**32.0**	**-12.7**	**-0.2**	**-0.4**	**0.7**	**766.1**
Depreciation – Building installations and amenities	-67.1	-11.0	0.2	-	-	0.4	-77.7
Depreciation – Right-of-use assets (IFRS 16)	-7.6	-7.6	0.2	0.2	-	0.1	-14.8
Depreciation – Furniture, technical installations & PoS equipment	-161.9	-24.4	10.7	-	-	-	-175.6
Depreciation – Hardware	-59.6	-5.5	0.2	-	-	-	-64.9
Depreciation – Local services equipment	-19.2	-2.3	0.3	-	0.4	0.4	-20.4
Depreciation – Other property, plant and equipment	-36.0	-2.2	-	-	-	-	-38.2
Impairment – Property, plant and equipment in progress	-1.4	1.0	-	-	-	-	-0.4
Depreciation and impairments	**-352.7**	**-52.1**	**11.5**	**0.2**	**0.4**	**0.8**	**-391.9**
Net property, plant and equipment	**394.0**		**-1.2**	**-0.0**	**-0.0**	**1.5**	**374.2**

** Reclassifications from “in progress” to “available for use”*
*** Currency translation differences*

In 2021, as in 2020, investments in property, plant and equipment mainly concerned point of sale equipment.

7 Provisions and contingent liabilities

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

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

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

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

In millions of euros	31.12.2020	Allowances	Reversals		Other movements	31.12.2021
			Utilised	Not utilised		
Total non-current provisions	47.6	0.1	-0.3	-34.6	-0.3	12.5
Total current provisions	13.3	10.4	-8.6	-2.3	-	12.8
Total provisions	**60.9**	**10.5**	**-8.9**	**-36.8**	**-0.3**	**25.3**

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

The Court of Cassation (the highest court of appeal) has dismissed the appeal brought before it by the agent-brokers (see Note 1.3 and 14) and so put a definitive end to the proceedings, leading to the reversal of a €34 million provision.

Current provisions mainly cover litigation related to operations.

8 Cash and financial instruments

8.1 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 8.2) based on their liquidity, maturity and risk of changes in value.

Term deposits

Term deposits are measured at amortised cost and tested on the basis of their expected credit losses. They are classified as non-current financial assets, current financial assets or cash equivalents (see Note 8.2) based on their liquidity, maturity and risk of changes in value.

EuroMillions "My Million" deposits and security deposits

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

Financial debt

Financial debt is measured at amortised cost.

Derivative financial instruments

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

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

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

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

In millions of euros	31.12.2021	31.12.2020
Non-current financial assets at amortised cost	435.0	320.0
Non-current financial assets at fair value through profit or loss	433.2	182.1
Non-current derivatives	2.7	0.0
Other non-current financial assets	73.8	69.2
Total non-current financial assets	***944.7***	***571.4***
Current financial assets at amortised cost	52.4	210.0
Current financial assets at fair value through profit or loss	40.0	5.0
Current derivatives	0.5	0.5
Deposits and guarantees	0.7	0.2
Total current financial assets	***93.7***	***215.7***
Total financial assets	**1,038.3**	**787.1**
Long-term financial debt	462.2	490.2
Non-current lease liabilities	23.6	19.3
Other non-current financial liabilities	0.5	0.5
Total non-current financial liabilities	***486.3***	***510.0***
Current financial debt	26.9	26.9
Current lease liabilities	6.2	6.8
Current derivatives	0.8	1.7
Bank overdrafts	0.0	0.3
Other financial liabilities	26.6	182.6
Total current financial liabilities	***60.6***	***218.2***
Total financial liabilities	**546.9**	**728.2**

Other non-current financial assets mainly include:

- the deposit linked to the secured trust agreement (2021: €60 million; 2020: €50 million), measured at amortised cost. This deposit is intended to protect the credit balances of online sports betting and lottery players;
- the EuroMillions deposit (2021: €7.5 million; 2020: €11.4 million), measured at fair value through profit or loss.

In 2021, with interest rates at all-time lows or indeed negative for the vast majority of deposit terms, FDJ continued its policy of investing in five-year term accounts where these offered a positive return, either renewing with the same bank or moving funds to new counterparties. It also maintained its policy of diversifying in order to improve returns, within the limits of the asset allocation policy.

In 2021, term deposits of €210 million, disclosed in financial assets at amortised cost, matured while €165 million was invested in new term deposits. In addition, just under €200 million was invested in two bond funds; both funds are UCITS and are highly liquid in the very short term. It is intended to hold these investments until 2024. They are presented under non-current financial assets at fair value through profit or loss. Other medium- or long-term investments in UCITS (financial assets at fair value through profit or loss) have also been made.

in millions of euros	**31.12.2020**	**Cash flows**			**Non-cash flows**					**31.12.2021**
		Repayment of financial debt	**Change in overdrafts**	**Lease payments (IFRS 16)**	**Total cash flows**	**Currency translation differences**	**Reclassification current/non-current financial debt**	**Other**	**Total non-cash flows**	
Long-term financial debt	490.2	-5.9			-5.9	4.6	-27.0	0.2	-22.1	462.2
Non-current lease liabilities	19.3				0.0	0.1	-7.0	11.3	4.4	23.6
Other financial liabilities	0.5				0.0				0.0	0.5
Total non-current financial liabilities	***510.0***	***-5.9***	***0.0***	***0.0***	***-5.9***	***4.7***	***-34.0***	***11.5***	***-17.8***	***486.3***
Current financial debt	26.9	-27.0			-27.0		27.0	0.1	27.1	26.9
Current lease liabilities	6.8			-7.6	-7.6		7.0		7.0	6.2
Current derivatives	1.7				0.0			-0.9	-0.9	0.8
Bank overdrafts	0.3		-0.3		-0.3				0.0	0.0
Other financial liabilities	182.6	-156.0			-156.0				0.0	26.6
Total other current financial liabilities	***218.2***	***-183.0***	***-0.3***	***-7.6***	***-190.8***	***0.0***	***34.0***	***-0.8***	***33.2***	***60.6***
Total financial liabilities	**728.2**	**-188.9**	**-0.3**	**-7.6**	**-196.7**	**4.7**	**0.0**	**10.7**	**15.4**	**546.9**

Current and non-current financial debt totalled €489 million at 31 December 2021 (2020: €517 million). This consisted of:

- a loan of €347 million (net of €3 million issuance costs) to fund the securing of the exclusive operating rights, of which €328 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 covering €228 million of the principal have been put in place (€176 million hedged until June 2026 and €53 million until September 2027);
- an €80 million loan for the acquisition of the Group’s registered office, of which €72 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 £55 million loan (€65 million), all of which is non-current, taken out in May 2019 in connection with the acquisition of Sporting Group, with an original nominal value of £100 million. The loan is repayable in two tranches in 2024 and 2025. It bears interest at a variable rate (Sonia), which has been hedged until June 2022. A voluntary repayment of £5 million was made during the period.

Under the Pacte Law, player funds – i.e. counterparty funds, permanent funds and reserve funds – closed on or after 1 January 2020 must be paid to the State by 30 December 2022. The Group made this payment (€156 million) in 2021; it had been presented in other financial liabilities at 31 December 2020.

2021- In millions of euros	**In under one year**	**In over 1 year**	**In over 2 years**	**In over 3 years**	**In over 4 years**	**In over 5 years**	**Total**
Non-current financial assets at amortised cost		115.0	80.0	60.0	110.0	70.0	**435.0**
Non-current financial assets at fair value through profit or loss		433.2	-	-	-	-	**433.2**
Non-current derivatives		-	-	-	1.9	0.8	**2.7**
Other non-current financial assets		73.5	-	-	-	0.3	**73.8**
Total non-current financial assets	***-***	***621.7***	***80.0***	***60.0***	***111.9***	***71.1***	***944.7***
Current financial assets at amortised cost	52.4						**52.4**
Current financial assets at fair value through profit or loss	40.0						**40.0**
Current derivatives	0.5						**0.5**
Deposits and guarantees	0.7						**0.7**
Total current financial assets	***93.7***	***-***	***-***	***-***	***-***	***-***	***93.7***
Total financial assets	**93.7**	**621.7**	**80.0**	**60.0**	**111.9**	**71.1**	**1,038.4**
Non-current financial debt		26.5	48.4	26.6	71.1	289.6	**462.2**
Lease liabilities		5.5	5.0	4.1	3.9	5.1	**23.6**
Other non-current financial liabilities		-	0.1	-	-	0.3	**0.5**
Total non-current financial liabilities	***-***	***32.0***	***53.5***	***30.7***	***75.0***	***295.0***	***486.3***
Current financial debt	26.9						**26.9**
Lease liabilities	6.2						**6.2**
Current derivatives	0.8						**0.8**
Bank overdrafts	-						**0.0**
Other current financial liabilities	26.6						**26.6**
Total current financial liabilities	***60.5***	***-***	***-***	***-***	***-***	***-***	***60.5***
Total financial liabilities	**60.5**	**32.0**	**53.5**	**30.7**	**75.0**	**295.0**	**546.8**

2020 - In millions of euros	In under one year	In over 1 year	In over 2 years	In over 3 years	In over 4 years	In over 5 years	Total
Non-current financial assets at amortised cost		50.0	115.0	50.0	60.0	45.0	**320.0**
Non-current financial assets at fair value through profit or loss		177.1	5.0	-	-	-	**182.1**
Other non-current financial assets		68.7	-	-	-	0.5	**69.2**
Total non-current financial assets	*-*	*295.8*	*120.0*	*50.0*	*60.0*	*45.5*	*571.4*
Current financial assets at amortised cost	210.0						**210.0**
Current financial assets at fair value through profit or loss	5.0						**5.0**
Current derivatives	0.5						**0.5**
Deposits and guarantees	0.2						**0.2**
Total current financial assets	*215.7*	*-*	*-*	*-*	*-*	*-*	*215.7*
Total financial assets	**215.7**	**295.8**	**120.0**	**50.0**	**60.0**	**45.5**	**787.1**
Non-current financial debt		27.6	26.6	48.9	71.1	316.1	**490.2**
Non-current lease liabilities		4.7	4.3	3.8	2.9	3.6	**19.3**
Other non-current financial liabilities		0.1	-	-	-	0.4	**0.5**
Total non-current financial liabilities	*-*	*32.4*	*30.9*	*52.6*	*74.1*	*320.1*	*510.0*
Current financial debt	26.9						**26.9**
Current lease liabilities	6.8						**6.8**
Current derivatives	1.7						**1.7**
Bank overdrafts	0.3						**0.3**
Other current financial liabilities	182.6						**182.6**
Total current financial liabilities	*218.2*	*-*	*-*	*-*	*-*	*-*	*218.2*
Total financial liabilities	**218.2**	**32.4**	**30.9**	**52.6**	**74.1**	**320.1**	**728.2**

8.2 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 on the basis of 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	31.12.2021	31.12.2020
Investments, cash equivalents	221.2	218.5
Bank accounts and other	380.4	454.7
Cash and cash equivalents	**601.7**	**673.2**

Investments classed as cash equivalents include interest-bearing term or sight deposits (2021: €65 million; 2020: €80 million) and UCITS fund units (2021: €156 million; 2020: €139 million). The latter mainly include the EuroMillions fund (2021: €103 million; 2020: €86 million).

The change in cash and cash equivalents is detailed in Note 8.3.

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

.

8.3 Cash flows

The increase in depreciation, amortisation and impairment charges is mainly due to the additional amortisation caused by the shortening of the useful lives of certain capitalised development costs, the amortisation of the partnership agreement for the Paris Olympic and Paralympic Games in 2024, and by asset impairments.

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

In 2020, the €360 million increase in change in operating working capital was mainly driven by:

- initial application of the Pacte Law, which led to a payment of €108 million to the French State following the abolition of player funds, as well as to a switch from weekly to monthly payment of public levies, the latter being offset by the requirement to make an advance payment
- the extension of the deadlines for claiming prizes and winnings offered by FDJ during the second lockdown; and
- a calendar effect concerning distribution network receivables and payables.

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

Acquisitions of property, plant and equipment and intangible assets, net of corresponding payables and advances, amounted to €76 million in 2021 (2020: €460 million). They mainly concerned IT and back-office developments and PoS gaming terminals. In 2020, they also included the €380 million payment made to secure the exclusive operating rights.

The €216 million net outflow in relation to current and non-current financial assets (2020: net inflow of €110 million) is mainly the result of the maturity (+€210 million) and renewal (-€165 million) of term deposits and the establishment of dedicated bond funds (-€200 million outflow). The change in 2020 was mainly due to maturing term deposits (+€163 million).

The repayment of €189 million of financial debt includes the payment of €156 million to the State following the closure of player funds in application of the Pacte Law, €27 million in current borrowings and the early repayment of £5 million (€6 million) of the borrowings taken out in connection with the acquisition of Sporting Group.

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

The participating Euromillions lotteries[7] 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. Participants deposit collateral in a fund, which is managed by the trustee (which has sole authority to execute payments). FDJ's share of these amounts, which are held exclusively for the benefit of Euromillions winners, was €103 million at 31 December 2021 (2020: €97.3 million). This sum is presented in cash and cash equivalents.

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

8.4 Net financial income

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

In millions of euros	31.12.2021	31.12.2020
Cost of financial debt	**-5.8**	**-5.4**
Gains on disposals	2.3	3.4
Interest on investments	2.9	6.7
Derivatives (income)	0.0	0.0
Financial income on securities valued at fair value through profit or loss	19.7	3.4
Foreign exchange gains	0.6	0.2
Other financial income	2.3	0.6
Financial income	**27.9**	**14.4**
Derivatives (expenses)	-0.4	-1.0
Financial expenses on securities valued at fair value through profit or loss	0.0	0.0
Foreign exchange losses	-0.7	-2.8
Other financial expenses	-0.2	-0.5
Financial expenses	**-1.3**	**-4.3**
Net financial income	**20.8**	**4.6**

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 net change in gains on securities at fair value through profit or loss (up by €16 million in 2021 relative to 2020) is due to market evolution and to the performance of the innovation funds, which support the development of start-ups in fields closely linked to FDJ's core business.

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. In 2020, foreign exchange gains and losses notably included the ineffective portion of the retranslation of the external debt denominated in sterling, taken out to hedge the net position of Sporting Group.

8.5 Financial risk management policy

In the management of its cash surplus, the Group faces four main categories of risk:
- credit risk (related to counterparty default risk);
- liquidity risk (in the event the Group is unable to meet its payment obligations);
- interest rate risk (mainly related to falls 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.

8.5.1 Credit risk on investments and derivatives

The credit risk or counterparty risk on investments and derivatives is monitored by the Treasury Committee, which includes the Finance Director and members of the Treasury and Investments Department. This risk can be defined as the loss that the Group would bear in the event 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. The selection is based on a double criteria, the rating and the maturity of the transaction. The least 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 the risk of counterparty default with a potentially material impact on its financial position and results to be limited, due to the policy in place for managing counterparties and more particularly because of the minimum long-term rating stipulated for these transactions.

In millions of euros	31.12.2021	31.12.2020
Non-current financial assets at amortised cost	435.0	320.0
Non-current assets at fair value through profit or loss (excluding innovation funds)	377.4	150.7
Non-current derivatives	2.7	-
Total non-current financial assets (excluding innovation funds)	*815.1*	*470.7*
Current financial assets at amortised cost	52.4	210.0
Current financial assets valued at fair value through profit or loss	40.0	5.0
Current derivatives	0.5	0.5
Total current investment securities	*93.0*	*215.5*
Investments, cash equivalents	221.2	218.5
Total investments (excluding innovation funds)	**1,129.3**	**904.7**

As at 31 December 2021, investments principally comprised:

- UCITS and similar assets of €518 million (2020: 245 million),
- investments with counterparties of €606 million (2020: €660 million). These comprise €505 million in term deposits (2020: €550 million), €45 million in interest-bearing demand deposits (2020: €60 million) and €56 million in EMTNs (2020: €50 million),
- derivatives of €3 million (2020: €1 million),
- accrued interest of €2 million.

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

	Investments with counterparties at 31.12.21 (in millions of euros)	Number of counterparties by size of exposure			
		€0-€25 million	€25-€50 million	€50-€100 million	€100-150 million
RATING					
AA / Financial institutions	235			1	1
A / Financial institutions	371	5	4	2	
TOTAL	**606**				

8.5.2 Credit risk on trade receivables

The Group considers the risk of retailer default with a potentially material impact on its financial position and results to be limited due to its credit risk mitigation policy, which requires all new retailers to provide a guarantee issued by a bank or insurance company or a security deposit in cash.

The health crisis did not significantly increase the risk of default, thanks to the existing risk mitigation system, network support measures established by the Group and State aid granted to retailers.

8.5.3 Liquidity risk

Liquidity risk is defined as the Group's inability to meet its financial obligations at a reasonable cost. It includes in particular the counterparty risk 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 2021, financial investments averaged €1,456.1 million. Loans taken out with banks totalled €492.3 million at the year end, comprising:

- €346.8 million (excluding issue costs) related to the financing for the exclusive operating rights payment;
- €80 million related to the purchase of the Group's head office;
- €65 million related to the acquisition of Sporting Group.

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

Furthermore, €150 million in unused confirmed credit facilities have been in place since February 2021, with maturities varying from one to five years.

Given the level of financial investments at 31 December 2021, and based on business, investment and debt repayment forecasts, the Group has determined it can meet its obligations over the next 12 months as from the review date of the annual financial statements by the Board of Directors.

8.5.4 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 a change in interest rates. The interest rate risk of a financial liability is the risk of incurring an additional cost due to a change 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 2021, the share of financial investments exposed to this direct risk was negligible. A 0.5% increase or decrease across the entire yield curve would have no material impact on the fair value of the financial investments. The borrowings incurred in connection with the exclusive operating rights payment (€346.8 million) and the acquisition of Sporting Group (€65 million) bear interest at variable rates. A 0.5% increase across the entire yield curve would have an impact of less than €1 million.

8.5.5 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 class of assets.

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, 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 2021, financial investments subject to market risk amounted to €573.7 million (2020: €306.7 million).

8.6 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*		**31.12.2021** **Fair value**	**31.12.2020** **Fair value**
Cash	**Fair value through profit or loss**	**Level 1**	**380.4**	**454.7**
Cash equivalents			**221.2**	**218.4**
	Loans and receivables at amortised cost	*Level 2*	*118.5*	*132.6*
	Fair value through profit or loss	*Level 2*	*102.7*	*85.8*
Non-current financial assets	-		**944.7**	**571.4**
of which non-current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*435.0*	*320.0*
of which non-current financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Level 2*	*377.4*	*150.7*
of which non-consolidated securities (innovation fund)	*Fair value through profit or loss*	*Level 2*	*42.6*	*18.7*
of which non-consolidated securities (innovation fund)	*Fair value through profit or loss*	*Level 3*	*13.2*	*12.9*
of which other non-current financial assets	*Loans and receivables at amortised cost*	*Level 2*	*76.5*	*69.0*
Current financial assets	-	**Level 2**	**93.7**	**215.7**
of which current financial assets at fair value through profit or loss	*Fair value through profit or loss*	*Level 2*	*40.0*	*5.0*
of which current financial assets at amortised cost	*Loans and receivables at amortised cost*	*Level 2*	*52.4*	*210.0*
of which current derivatives	*Fair value through OCI*	*Level 2*	*0.5*	*0.5*
of which deposits and guarantee	*Loans and receivables at amortised cost*	*Level 2*	*0.7*	*0.2*
Trade and distribution network receivables (net value)			**358.5**	**255.4**
of which trade receivables	*Loans and receivables at amortised cost*	*Level 2*	*38.1*	*24.7*
of which distribution network receivables	*Loans and receivables at amortised cost*	*Level 2*	*320.4*	*230.7*
Other operating assets (excluding tax and social security receivables and prepaid expenses)		-	**212.4**	**175.6**
TOTAL FINANCIAL INSTRUMENTS – ASSETS			**2,210.9**	**1,891.2**
Non-current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**486.3**	**510.0**
Trade and distribution network payables			**385.7**	**249.0**
of which suppliers	*Financial liabilities at amortised cost*	*Level 2*	*173.0*	*105.5*
of which distribution network payables	*Financial liabilities at amortised cost*	*Level 2*	*212.6*	*143.5*
Current player funds	**Financial liabilities at amortised cost**	**Level 2**	**256.6**	**192.4**
Winnings payable / Player balances	**Financial liabilities at amortised cost**	**Level 2**	**370.0**	**288.8**
Other operating liabilities excluding tax and employee receivables and prepaid income	**Financial liabilities at amortised cost**	**Level 2**	**68.6**	**60.3**
Other current financial liabilities	**Financial liabilities at amortised cost**	**Level 2**	**60.6**	**218.2**
TOTAL FINANCIAL INSTRUMENTS – LIABILITIES			**1,627.8**	**1,518.7**

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

9 Investments in joint ventures

In millions of euros	Total
Value of securities at 31.12.2019	**14.5**
Change in scope	0.1
Share of net income for 2020	1.3
Dividends	-0.9
Currency translation differences	-0.4
Value of securities at 31.12.2020	**14.7**
Change in scope	-
Share of net income for 2021	4.1
Dividends	-
Currency translation differences	1.8
Value of securities at 31.12.2021	**20.6**

9.1 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. L'Échappée, the association responsible for dealing with ethical issues, defines the sports programme and manages all activities associated with amateur cycling. An expense of €4.0 million was recorded on the sponsorship contract between FDJ and SGE in 2021 (2020: €6.7 million).

9.2 Lotteries Entertainment Innovation Alliance (LEIA)

The Group holds a 20% stake[8] 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 around €2.4 million in 2021 (2020: around €1 million).

9.3 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 share repurchase on 21 May 2021 whereby Berjaya Ltd ceased to be a shareholder in BZP, and the subsequent reduction in share capital, had no effect on the valuation of the BZP shares. In percentage terms, FDJ's equity interest rose from 37% to 46.25%.

The Group had no material business relations with BZP in 2021. BZP paid dividends to FDJ Group, net of currency effects and withholding taxes, of €0.9 million in 2020 (no dividend was paid in 2021).

[8] The Group held a 25% stake in LEIA on 1 January 2020. The Group's holding, along with that of the other shareholders, was reduced to 20% on 1 October 2020 when Svenska Spel acquired in interest in the company.

9.4 Services aux Loteries en Europe (SLE)

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

9.5 National Lotteries Common Services (NLCS)

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

10 Income tax

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

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

Current tax is the amount of tax due for the period. Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities and their tax bases, as well as from tax loss carryforwards. They are 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.

10.1 Income tax expense

In millions of euros	**31.12.2021**	**31.12.2020**
Deferred tax	0.7	5.1
Current tax	-123.1	-90.1
Total income tax expense	**-122.5**	**-85.0**

In 2021, the rise in the income tax expense resulted mainly from the rise in profit before tax. The effective tax rate was 29.7% (2020: 28.6%).

10.2 Current tax assets and liabilities

In millions of euros	**31.12.2021**	**31.12.2020**
Current tax assets	13.0	15.8
Current tax liabilities	1.1	0.3

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

10.3 Deferred tax

In millions of euros	31.12.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
Non-deductible provisions*	10.1		10.5	
Temporarily non-deductible expenses	6.2		7.3	
Other sources of temporary differences**	3.3	-46.7	3.7	-44.3
Tax loss carryforwards	6.1		1.5	
Total deferred tax	**25.6**	**-46.7**	**23.0**	**-44.3**
Net deferred tax		**-21.0**		**-21.3**

* includes the change of accounting policy concerning IAS 19/IFRIC in 2020 (-€1.2 million)
** mainly comprises deferred tax on the elimination of regulated provisions, depreciation and amortisation and financial assets at fair value through profit or loss

Deferred tax assets of €6 million have been recognised in respect of loss carryforwards, including €4.3 million recognised in the current period, based on current projections with utilisation expected no later than 2026.

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

In millions of euros	2021	2020
Consolidated accounting profit before tax excluding income from joint ventures	412.5	297.3
Theoretical standard income tax rate	28.4%	32.0%
Theoretical income tax expense	**117.2**	**95.2**
Effects of items generating differences from theoretical tax expense:		
- Permanent differences	17.3	-12.0
- Effect of tax rates (differences between countries and application of reduced rates) on current and deferred tax	-0.1	0.6
- Tax credits	-12.4	-2.5
- Taxable losses net of utilisations	-0.7	4.1
- Other items	1.2	-0.4
Total differences between effective tax and theoretical tax	**5.3**	**-10.2**
Effective income tax expense	**122.5**	**85.0**
Effective tax rate	29.7%	28.6%

The main sources of differences are the impairments described in 4.2.3 “Other non-recurring operating income and expenses” and the tax losses of foreign subsidiaries.

Tax credits relate mainly to sponsorship activities.

11 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 average 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 with the impact of any potential dilutive ordinary shares.

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

	31.12.2021	31.12.2020
Net profit attributable to owners of the parent (in millions of euros)	294.2	213.7
Weighted average number of ordinary shares (*)	190,956,080	190,962,466
Basic earnings per share (in euros)	**1.54**	**1.12**
Diluted earnings per share (in euros)	**1.54**	**1.12**

** Excludes treasury shares.*

FDJ considers that it has repurchased 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).

As the Group did not issue any dilutive or non-dilutive instruments during the periods presented, diluted earnings per share are therefore equal to basic earnings per share.

12 Equity

12.1 Share capital

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

A breakdown of share ownership is provided in Note 1.1.

12.2 Treasury shares[9]

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 to facilitate

[9] 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 14 – Ongoing legal proceedings and other disputes). FDJ considers that it purchased these shares on 18 May 2017. The General Meeting of Shareholders of 18 June 2018 resolved to cancel the shares in question, on conditions that the application made to the Commercial Court is granted, i.e. that the Court finds that (i) Soficoma, pursuant to Article 15(b) of the Articles of Association, was required to sell its shares within three months of the meeting of the Board of Directors that found it to be in breach of the conditions governing its capacity to remain a shareholder of FDJ, (ii) FDJ has satisfied its obligation to pay the price of the shares by depositing the price with the Caisse des Dépôts et Consignations, (iii) Soficoma forfeited its status as 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.

trading in FDJ shares. The maximum amount of €6 million has been allocated to the liquidity agreement, which runs until 31 December 2022.

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

Shares are also purchased in connection with the performance share award scheme initiated on 30 June 2021.

At 31 December 2021, there were 112,063 treasury shares representing a deduction of €4.5 million from consolidated equity. (2020: 26,333 shares representing a deduction of €0.9 million).

12.3 Reserves

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

FDJ's Articles of Association (Article 29.A) provide for the constitution of a reserve to deal with rare (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). This reserve, referred to as the "statutory reserve", can be used in the event of the occurrence of the risks described below, in particular where the counterparty risk insurance (see Note 4.7.1) is not sufficient to cover the risks of the game.

The risks covered are the following:

- operating risks that may arise at any time during the life cycle of the games (design, production of gaming materials, logistics, marketing, etc.). These are measured at 0.3% of prior year stakes (net of tax effects). In 2021, the exceptional drop in stakes did not give rise to a reduction of the proportion of the reserve allocated to operational risk, which remains at the same level as in 2020 (€52 million);
- rare and extreme counterparty risks, measured as and when a major change occurs in the gaming offer or in player behaviour. At 31 December 2021 and 2020, €40 million was allocated to the statutory reserve to cover these risks

The statutory reserve at 31 December 2021 thus amounted to €92 million (2020: €92 million).

12.4 Payment of dividends

The dividend in respect of 2021, to be submitted to the vote of the General Meeting of Shareholders of 26 April 2022 approving the financial statements for the year ended 31 December 2021, is €237 million, i.e. €1.24 per share.

The dividend in respect of 2020, approved by the General Meeting of Shareholders of 16 June 2021 approving the financial statements for the year ended 31 December 2020, was €172 million, i.e. €0.90 per share.

13 Related party transactions

13.1 French State

The State exercises strict control over FDJ. It has a right of veto (granted to the Government Commissioner) over decisions taken by FDJ's decision-making bodies, while amendments to FDJ's Articles of Association require State approval (by decree), and the appointment of the Chairman, Chief Executive Officer and Deputy Chief Executive Officers is subject to prior approval by Ministers of the Economy and the Budget, following consultation of the National Gaming Authority (ANJ).

The Exclusive Rights Decree of 17 October 2019 set ranges and/or caps on payout ratios by type of game, while Article 138 I° of the Pacte Law established a levy in favour of the French State, applicable on stakes wagered from 1 January 2020 and calculated on the basis of gross gaming revenue, i.e. stakes wagered less the amounts payable to winners. The rate of this levy is set at 54.5% for traditional draw games whose top prizes are distributed on a parimutuel basis and at 42% for other lottery games. The terms and conditions for the annual collection of the levies are defined by decree.

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

In millions of euros		**31.12.2021**	**31.12.2020**
Consolidated statement of financial position - Assets	Exclusive operating rights (gross value)	380.0	380.0
Consolidated statement of financial position - Assets	Advance payment of public levies	202.1	165.4

In millions of euros		**31.12.2021**	**31.12.2020**
Consolidated statement of financial position - Liabilities	Public levies (including unclaimed prizes)	501.7	412.0
Consolidated statement of financial position - Liabilities	Player funds closed at 1 January 2021	-	156.0

In millions of euros		**31.12.2021**	**31.12.2020**
Income statement	Public levies	3,816.0	3,242.7

According to the agreement concluded between the French State and FDJ on 17 October 2019, when the exclusive rights expire or are terminated early, the assets strictly necessary for the operation of exclusive rights will revert to the State in exchange for compensation at the market value of the buildings and the net carrying amount of other fixed assets.

Transactions between FDJ and other public sector entities (France Télévisions, EDF, SNCF, La Poste etc.) are all carried out under normal market conditions.

13.2 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 provides for €19.5 million, of which €7 million was donated in 2016, €8 million in 2017, €3 million in 2019 and €1.5 million in 2021. The balance of La Française des Jeux’s commitment is €3.7 million, which is covered by a bank guarantee.

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 action plan for the period from 2023 to 2027.

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

13.3 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	31.12.2021	31.12.2020
Short-term employee benefits	5.8	4.9
Long-term employee benefits	0.8	0.2
Total	**6.6**	**5.1**

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

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

In millions of euros	31.12.2021	31.12.2020
Short-term employee benefits	1.8	1.7
Long-term employee benefits	2.9	2.2

The fair value of the free shares awarded during the period to the principal executives under the share-based payment scheme enacted on 30 June 2021 was €2.9 million.

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

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

Legal proceedings brought by 85 agent-brokers

Members of the French gaming retailers' syndicate (UNDJ – Union Nationale des Diffuseurs de Jeux) sued La Française des Jeux in May 2012 before the Commercial Court of Nanterre, requesting that the 2003 rider to the agent-broker contract be terminated by a court decision. The case is currently pending before the Court.

Legal proceedings brought by 67 agent-brokers

On 6 August 2015, 67 agent-brokers brought proceedings against La Française des Jeux in the Commercial Court of Paris. They made claims for damages following the termination of their agent-broker agreements. On 3 October 2016, the Tribunal dismissed the agent-brokers' claims in their entirety. They appealed this ruling in November 2016 to the Paris Court of Appeal. In its judgment of 27 March 2019, the Paris Court of Appeal upheld the ruling in its entirety. In June 2019, the agent-brokers appealed this judgment to the Court of Cassation. On 10 November 2021, the Court of Cassation rejected their appeal, thereby putting a definitive end to the proceedings brought by the 67 agent-brokers.

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 request. Soficoma appealed this ruling on 20 June 2019 to the Court of Appeal of Aix-en-Provence. The case is pending before the Court of Appeal.

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 currently stayed due to the case currently pending before the Court of Appeal of Aix-en-Provence. Soficoma has applied for the case to be resumed and FDJ has again applied for proceedings to be stayed pending resolution of the primary proceedings currently before the Court of Appeal of Aix-en-Provence. The Commercial Court of Nanterre is to rule on 15 February 2022.

Proceedings before the Council of State

By letter of 20 May 2021, the Council of State called FDJ to present observations in proceedings brought by four applicants in December 2019. These applicants – The Betting and Gaming Council, Betclic Enterprises Limited, the European Gaming and Betting Association and SPS Betting France Limited – have brought fourteen actions for ultra vires against Ordinance no. 2019-1015 of 2 October 2019 reforming the regulation of games of gambling and chance, Decree no. 2019-1060 of 17 October 2019 on the terms of application of strict State control over the company La Française des Jeux, Decree no. 2019-1061 of 17 October 2019 on the framework for the gaming offer of La Française des Jeux and Pari Mutuel Urbain, Decree no. 2019-1105 of 30 October 2019 on the transfer to the private sector of the majority of the share capital of the *société anonyme* La Française des Jeux, the Order of 6 November 2019 setting the terms of the transfer to the private sector of the majority of the share capital of the company La Française des jeux, the Order of 20 November 2019 setting the price and terms of allocation for shares in the company La Française des Jeux, Decree no. 2019-1563 of 30 December 2019 on the approval of the articles of association of the company La Française des Jeux and Decree no. 2020-494 of 28 April 2020 on the terms of provision of the gaming offer and gaming data. The applicants seek the annulment of the statutory instruments reforming the regulation of gambling games. These actions are pending before the Council of State. FDJ filed a statement on 6 August 2021 and the applicants submitted new statements on 11 October 2021. The case is currently being considered.

Proceedings before the European Commission

Following the privatisation of FDJ, two complaints were lodged with the European Commission, recorded 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 European Commission's decision to open the investigation was published on 3 December 2021 in the list of State aid cases on its website and in the Official Journal of the European Union. The decision sets out the grounds that led it to query the arrangements from the perspective of the law on State aid. The case is ongoing and the parties are exchanging statements of position. FDJ submitted its observations to the European Commission on 3 January 2022. No timetable has yet been announced by the Commission.

The Commission has closed the matter of the guarantee, confirming that there was no guarantee in the sense of State aid. With respect to the matter of preferential tax treatment, the preliminary inquiry in response to the complaints remains ongoing.

15 Off-balance-sheet commitments

Other commitments are detailed in the table below:

In millions of euros	31.12.2021	31.12.2020
Commitments given		
Deposits and first-demand guarantees	40.9	32.4
Sponsorship agreement	22.6	30.2
Investment funds	45.7	44.5
Performance bonds*	102.8	113.6
Image rights for cyclists and commitment to the Association L'Échappée	0.8	1.2
Escrow account	-	1.1
Property rent	4.9	2.4
Mortgage on goods acquired	86.4	95.4
Paris 2024 partnership	-	22.2
Other commitments given	0.8	0.9
Total commitments given	**305.0**	**344.1**
Commitments received		
Performance bonds and commitments to return	140.4	115.1
Guarantees for remittance of stakes and payment of	459.6	378.4
Counterparty risk insurance	130.0	150.0
Confirmed credit facilities	150.0	-
Total commitments received	**880.0**	**643.5**

** Includes printing contracts worth €23.6 million in 2021 (2020: €33.8 million)*

15.1 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 new registered office.

Investment funds are mainly innovation 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 and One Ragtime-ARIA.

15.2 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 (2020: €150 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.

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

15.3 Reciprocal commitments

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

15.4 Schedule of lease commitments

Lease commitments at 31 December 2021 and 31 December 2020 were payable as follows:

In millions of euros	31.12.2021	31.12.2020
Under 1 year	1.7	0.8
Under 5 years	3.2	1.6
More than 5 years	-	-
Lease commitments*	**4.9**	**2.4**

** 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 €29.8 million at 31 December 2021 (2020: €26.0 million).

16 Post-closing events

On 8 February 2022, a repayment of £25 million (€30 million) was made on the loan taken out to finance the acquisition of Sporting Group.

17 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	Headquarters	Activity	2021 consolidation method (1)	2020 consolidation method (1)	2021 Percentage of control	2020 Percentage of control
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%	37%
La Française de Motivation	France	Business travel consulting agency Travel agency	-	FC	-	100%
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	FC	FC	-	100%
La Française d'Images	France	Technical audiovisual services	FC	FC	100%	100%
Société de Gestion de L'Échappée	France	Management and promotion of a cycling team	EM	EM	50%	50%
FDP	France	Distribution of lottery and betting games in mainland France	FC	FC	100%	100%
Services aux Loteries en Europe	Belgium	Provision of services for national lottery agents in connection with the operation of Euromillions	EM	EM	26.57%	26.57%
FDJ Gaming Solutions (FGS)	United Kingdom	Development of sports betting technology	FC	FC	100%	100%
National Lotteries Common Services (NLCS)	France	Provision of services associated with the operation of sports betting	EM	EM	50.00%	50.00%
Lotteries Entertainment Innovation Alliance AS (LEIA)	Norway	Operation of digital gaming platforms	EM	EM	20.00%	20.00%
Sporting Group Holdings Limited (formerly Sporting Index Holdings Ltd)	United Kingdom	Holding company	FC	FC	100%	100%
Sporting Index Ltd	United Kingdom	Sports betting (fixed and variable odds)	FC	FC	100%	100%
Sporting Solutions Services Limited (formerly SPIN Services Ltd)	United Kingdom	Development of sports betting technology	FC	FC	100%	100%
SPIN Services Canada Inc.	Canada	Development of sports betting technology	FC	FC	100%	100%
FGS Canada	Canada	Development of sports betting technology	FC	FC	100%	100%
FDJ Services	France	Finance and payment services	FC	FC	100%	100%
DVRT13	France	Entertainment services	FC	FC	100%	100%

(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.

18 Statutory auditors' fees

The statutory auditors' fees for 2021 and 2020 were as follows:

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

	Accounts audit services		Non-audit services	
31.12.2020 - In millions of euros	**PricewaterhouseCoopers Audit**	**Deloitte & Associés**	**PricewaterhouseCoopers Audit**	**Deloitte & Associés**
FDJ (issuer)	430	430	50	102
Subsidiaries (controlled entities)	240	142	-	-
Statutory auditors' fees	**670**	**572**	**50**	**102**

Non-audit services in 2021, as in 2020, mainly concerned the Independent Third Party review of the non-financial performance report, work on internal controls and various certifications.