



INFORMATION TO SHAREHOLDERS RELATIVE TO 2020 AGM

Dear Shareholder,

On behalf of the Board of Directors (the "Board") of La Française des Jeux ("FDJ" or "the Company"), we are reaching out to you ahead of our first Annual General Meeting ("AGM") scheduled for 18 June 2020.

As you are aware, FDJ has been listed on Euronext since 21 November 2019, after the French State decided a placement of part of its stake in the Company representing a maximum of 52% of our share capital. The Board and the Management were satisfied with the great success of the public offering that has provided an opportunity to many of our employees, as well as retail and institutional investors to invest in the capital of FDJ, the largest player in the French gaming industry. As a newly listed company, we would like to initiate a long-term collaboration with our shareholders and work together to improve our governance and sustainability practices.

COVID-19

Since the onset of this unprecedented health crisis, FDJ has mobilised its efforts to limit the effects on its employees and its stakeholders, in a spirit of responsibility and continuity, while ensuring business continuity. Taking into account the impact on our activity, and while FDJ had available cash in excess of EUR 800 million, the Group has already started to implement an action plan aimed at saving more than EUR 80 million, or more than 10% of its annual fixed costs, over the rest of 2020.

Given the uncertainty surrounding the length and severity of the COVID-19 impact, the Board considers it best to take a prudent approach to preserve cash, in order to provide the Company with maximum flexibility. After careful consideration, the Board has decided to propose to the AGM to maintain the payment of a dividend but to reduce its amount by 30% to €0.45 per share. The final dividend is subject to shareholder approval at the AGM and would be payable on 30 June 2020.

Executive Compensation Update

Further to our press release of 21 April 2020, FDJ confirms that in light of the ongoing health crisis, the outlook and objectives for 2020-2025, as presented in the 2019 Universal Registration, have been suspended.

In the above context, the Board considered it appropriate to postpone the implementation of a long-term incentive plan for senior executives until 2021. In addition, Stéphane Pallez, our Chairwoman and CEO, and Charles Lantieri, Deputy CEO, have voluntarily forgone their fixed annual compensation by one month, in order to join the solidarity action to which FDJ employees have contributed by donating more than 1,400 days of leave to the "Tous unis contre le virus" alliance and other charities supported by the FDJ Corporate Foundation.

Board changes

While FDJ is a newly listed company, the Board endeavours to follow the best corporate governance principles and to align with the recommendations of the AFEP-MEDEF Code in a timely manner.

As announced on 12 February 2020, the Board has endorsed the nomination of Predica (proposed under Item 5), which owns 5.05% of ISC (as at 25 May 2020) and which would be represented on the Board, if elected, by Françoise Debrus. Following a rigorous review against all relevant independence criteria, the Board has concluded that Françoise Debrus is independent.

A French national born in 1960, Françoise Debrus serves as Head of Investments at Crédit Agricole Assurances since March 2009. If elected, she will bring to the Board her financial and investment expertise and will contribute to increasing the Board independence to 50% (and to 63% excluding the candidates nominated by the State). The full biographical details are included in the Appendix of the Board Report on the AGM.

Shareholders will also have to elect one of the two employee shareholder representatives, in line with the French regulatory framework.

Compensation

Prior to our AGM, we would like to offer some additional commentary to our approach to pay and the proposed resolutions. Whilst executive remuneration prior to the IPO was regulated by the State, the Company needed to align its compensation policy with the general market practice, especially given that FDJ was promoted to the SBF 120 index in March 2020.

2019 Executive Remuneration – Items 9 & 10

The 2019 executive compensation policy pre-IPO was in line with the framework defined by the French State for State-owned companies.

The Chairwoman & CEO received a fixed pay of EUR 274,884 and an annual bonus of EUR 66,581 (24% of fixed pay). The details of her performance against the pre-set plan objectives are set out in the section 1.1.3.1.2 of the Report on Corporate Governance. She has not received any multi-year remuneration.

Recognizing the successful floating of FDJ and the significant efforts and time commitment from the executive officers, the Board has awarded exceptionally one-off cash bonuses to the Chairwoman and CEO, which equated to €40,000, and to the Deputy CEO, which equated to €30,000.

2020 Executive Compensation Policy – Item 11

Prior to designing the new pay structure, the Board undertook a thorough review of the existing practices at FDJ, taking into account the level and complexity of the responsibilities, experience and expected contribution, as well as the Group's comparable position in the market. As a result of the analysis, the pay package has been restructured.

Salary: The Board has proposed to set the fixed remuneration for 2020 as follows: €320,000 for the Chairwoman and CEO, and €248,000 for the Deputy CEO.

LTIP: In order to better align the remuneration of the executives with shareholders, with the objective of creating long-term sustainable value, the Company proposes an amendment of the short-term bonus with a new maximum cap of 32.5% of fixed pay, in case of outperformance, and the introduction of a long-term incentive plan, terms of which are detailed in the section 1.1.3 of the 2019 Universal Registration Document. LTIP awards will be limited to 45% of the total compensation of the executives (or 53% in case of outperformance). As indicated previously, no LTIP grants to executives will be awarded in 2020. Moreover, a new shareholder vote will be needed before any LTIP grant in 2021. As the Company is engaging with shareholders on governance topics, the first time since its IPO in Nov. 2019, we understand that some of our shareholders prefer a longer performance period and the Board will take this feedback into consideration before granting any award in 2021. The Board would like to highlight that variable incentives still remain at moderate levels that fall far below general market practice.



Discretion: Considering the uncertainty of the market in light of the COVID-19 crisis and the recent listing of the Company, the Board has requested to be given some flexibility in determining executive pay. Neither the Compensation Committee nor the Board has the intention to deviate from the principles of the policy. The Board also recognises that the proposed incentive framework or its outcomes may need to be adjusted to reflect the actual performance of executive directors, in line with the shareholder's experience, while taking into account the evolution of the remuneration and employment conditions of our employees. As Française des Jeux is committed to transparency, all of the decisions of the Board will be communicated to shareholders and disclosed in the meeting materials related to the 2021 AGM for your approval.

Capital Authorizations - Items 14-22

Shareholder approval is sought for the approval of routine financial authorities (Items 14 to 22). The authority limits are in line with market practice. The share issuance authority on a pre-emptive basis is limited to 20% of ISC, and to 10% of ISC on a non-pre-emptive basis. Moreover, the financial authorizations could not be used during a takeover period.

The share buyback authority (proposed under item 12) will be capped at 10% of ISC (issued share capital). The share buyback program could be continued during a takeover period, not as a defense mechanism but in order to allocate shares to employees or executive directors in the scope of incentive plans. We remind shareholders that given the capital structure and the regulatory framework of FDJ, including a shareholding ceiling at 10% of capital requiring State approval, a takeover is not considered likely.

We hope our shareholders will find the above commentary helpful to better understand our approach to practices and recognize our rationale for the proposed changes and will support the Board in its efforts to improve our governance and pay structures.

The Board seeks your support for all the items coming to a vote at this year's AGM and would be glad to receive any feedback, answer your questions or comments regarding the 2020 AGM agenda.

If you wish to share your views with us, please feel free to contact Marc Willaume, Investor Relations & Financial Communication at invest@lfdj.com.

Yours faithfully,

Marc Willaume

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