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FDJ UNITED'S Transformation Story: A Game Changer

Stéphane Pallez,
Chief Executive Officer and
Chairperson of FDJ UNITED



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FDJ UNITED'S TRANSFORMATION STORY: A GAME CHANGER

Stéphane Pallez
*Chief Executive Officer and Chairperson
of FDJ UNITED*



Paul Jason: We're eager to dive into FDJ UNITED's Play Forward 2028 strategy. But first, let's revisit how you got here, beginning with the corporate transformation you initiated within six months of your arrival at FDJ. In 2014, you secured unanimous approval from the FDJ Board for FDJ 2020. What were the primary objectives of this five-year strategic plan, and to what extent did you achieve the goals you set in 2015?

Stéphane Pallez: As you noted, the vision for *Play Forward 2028* is based on the success of our previous strategic roadmap *FDJ 2020*. Within the first plan, we achieved our main transformation goals, built on digitalization, innovation, and diversification. Our goals have been embedded in our equity story with the IPO of FDJ in November 2019, even though the transformation had started years earlier.

The story of our company is one of constant transformation, and there is never a point when you can say the work is finished.

From the beginning, we recognized that digital technology would transform everything. Our customers are informed, discerning, and expect FDJ UNITED to adapt in this rapidly changing world. Digitalization became the driving force

of our strategy, applied across the whole organization, even as we continued to invest in and modernize our retail network, since retailers have always been—and will remain—essential partners in our journey.

We also foresaw that sports betting, especially online, would grow faster than lottery. To gain competitiveness, we invested heavily in that vertical in the French market first.

Achieving these goals required a major company-wide transformation: overhauling logistics and IT systems, modernizing the sales organization, and reshaping our commercial relationships with retailers.

The results speak for themselves. Online lottery grew from 3% in 2014 to 15% of our stakes today. We continued to sustain our retail lottery business by investing in customer experience and product innovation. We became more competitive in online sports betting and grew our market share. We also fundamentally transformed our IT systems to support the development of our digital operations across all of our activities.

So yes, we achieved our first objectives. But transformation is a never-ending story.

And then there's COVID, which was not in anyone's business plans in 2019.

Stéphane Pallez: COVID was a difficult period for everyone, including us, but we reacted rapidly to adapt. While retail outlets stayed open, customer visits declined, but many turned to online play, and a large number of new players registered with us since we had already invested in building our digital platform. While COVID was a deeply unfortunate period, it also marked a moment of accelerated digital transformation for FDJ UNITED, as it did for many companies.

Online play must have exceeded projections. Did it fall back afterward?

Stéphane Pallez: Online play soared during COVID, then naturally leveled off as customers were able to return to retail. The extraordinary digital lottery growth rates of 60% in 2020 and 40% in 2021 could not continue. Today, growth is around 15%, still very dynamic, and from a much larger base of customers (6 million).

What matters to reach players is to maintain many points of contact across multiple channels. Our retail network remains a powerful touchpoint and is essential to the scale of our business, to our retail business owners, and for our players to enjoy the fullness of what we have to offer.

Do your retailers see online playership as a threat to their business?

Stéphane Pallez: In this world, we do not believe in a separation between the online and offline worlds, but rather in the development and strengthening of omnichannel retailing. We are now working on a program that empowers our retailers to be an integral part of our customer acquisition programs. Retailers will invite players at points of sale to create accounts that allow them to play both offline and online.

This is a new and ambitious long-term objective. One of our key performance indicators will no longer be just measuring the number of digital clients, but also the share of customers who are engaging with us both in-store and online. *We are deepening our partnership with retailers; integrating them directly into our relationship with players is new territory.* It will take time and adjustment to align expectations across players, retailers, and FDJ UNITED. But it

is an exciting new chapter for the future.

That's remarkable. You're empowering retailers with a big-picture understanding of the value of connecting with customers across every channel.

Stéphane Pallez: Exactly. We have already established MOAs (Memorandums of Agreement) with retailers on this objective, and we have started to experiment with the process in points of sale. We want our retailers to be fully integrated and engaged in a holistic ecosystem. Of course, this will require ongoing dialogue to keep everyone aligned and confident in the value of these initiatives, including for responsible gaming.

The competitive environment, consumer tastes, and all manner of external factors are shifting constantly. How do you adjust for that?

Stéphane Pallez: It's vital to combine short-, medium-, and long-term vision with the agility to seize opportunities as they arise. For example, we knew that to remain

relevant in the global online market, we first had to be stronger in our domestic market. We therefore decided to become a full-fledged operator across all game verticals opened for competition in the French market. We launched online poker organically, and we seized the opportunity to acquire ZEturf, an online horse-race betting operator.

These moves were consistent with our vision: to compete in online gaming, we needed to offer customers access to all segments, in a seamless, system-enabled way.

That led us to the next step: the French market alone could not provide the scale necessary to be fully competitive in the European market, where large companies can achieve greater efficiencies by spreading fixed costs over higher revenues. Anticipating increased competition and the importance of scale, we expanded our focus beyond France.

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Stéphane Pallez was appointed Chairperson and CEO of La Française des Jeux (**rebranded FDJ UNITED in Q1 2025**) in November 2014. Her arrival marked the beginning of a transformation that continues at high speed today. Within six months, she secured unanimous FDJ Board approval for "FDJ 2020", designed to accelerate digital transformation while driving ambitious revenue and profit growth. Mission accomplished—and just the beginning.

In 2019, Mrs. Pallez oversaw FDJ's privatization through an IPO (the State retains 20% equity). From 2019 to 2024, FDJ UNITED executed a strategy to expand digital and international operations while strengthening its traditional French retail network. FDJ UNITED expanded internationally, acquiring Premier Lotteries Ireland (PLI) in 2023 and completing a nearly €2.5bn acquisition of Kindred Group, a leading online betting and gaming operator, in late 2024. These moves extend FDJ UNITED's strategies globally and confirm its position as a leading B2C operator. International revenue rose from 3% to 26% of total revenue, and digital sales grew from 5% to 35%. Over the same period, revenue climbed by 80% to €3.8bn, with average annual organic growth of over 5%, and net profit increased nearly 1.8x to €351m. **Today, FDJ UNITED serves more than 33 million players with a diversified, responsible portfolio: lottery and sports betting offline in France, lottery in Ireland, and online gaming (sports betting, horse-race betting, poker, casinos) across key European markets.** With operations in more than 10 regulated markets, international business now contributes roughly one-third of revenue and almost half of the workforce.

Looking ahead, FDJ UNITED expects to add over one million new players in France by 2028, building on 27 million players in 2024. Growth will be driven by extending the POS network into large food retailers—potentially 20% of outlets by 2028, offsetting closures in the bar-tobacco-press network—and by continued expansion of online play, expected to represent 20% of lottery revenue by 2028. As far as online betting and gaming is concerned, the Group aims to be in the top 3 in most of its main European markets.



The Next Four Years

Let's talk about Play Forward 2028.

Stéphane Pallez: We published our four-year plan, *Play Forward 2028*, in June of this year. This is the next step forward in the transformation we began years ago.

During this period, we aim to pursue sustainable growth in our lottery business through our two distribution channels, complemented by an omnichannel approach. The main driver of growth for the French lottery is expected to be the recruitment of more than one million additional players, compared to 27 million players in 2024. This influx will be driven both by the expansion of the point-of-sale network and by the development of the digital channel, which is expected to account for 20% of our lottery business in 2028. And, as explained, we are convinced that an omnichannel strategy is essential to meet the needs of our customers, improve our responsible gaming tools, and create value.

In our online betting and gaming activities, the acquisition of Kindred, completed at the end of 2024, is of course the cornerstone of our new strategic plan. *We believe online gaming is a sector where scale is essential to compete with the global online betting operators.* With Kindred, we now have that scale. The next stage is to realize the efficiencies, synergies, and marketing excellence that come with it and will sustain further growth.

In 2025 and 2026, we will migrate all our online businesses onto common platforms: a unified sports betting platform (KSP: Kindred Sportsbook Platform), an online casino platform, and consolidated systems for customer experience, CRM, and PAM. By the end of 2026, this migration will be complete. The result will be fully local operations in each market, empowered by the advantages of common platforms.

This infrastructure reduces costs, but it also strengthens marketing, product innovation, and overall efficiency. It gives us control of our IT platforms and our customer operations, while still allowing us to adapt to local differences. This is a profound transformation, one that requires time and sustained investment. We expect the foundations to be in place by 2026,

with more benefits accruing through 2027 and 2028.

And what will the customer-facing platform look like? Will there be a one-stop destination for all game categories?

Stéphane Pallez: For the online betting and gaming business, the technology backbone will be common, but the customer-facing platforms will be adapted to each market, in line with regulations, culture, and user expectations. Customers will be able to access all games, from sports betting to online casinos, in markets where these activities are authorized, and increasingly they will enjoy a personalized experience. Digitization and AI are making it possible to tailor offerings to individual preferences, behaviors, and tastes.

Equally important, the system gives players tools to manage their play responsibly and helps us manage financial risks, particularly in sports betting and casinos. Our goal is to empower players to manage their relationship with us in a way that is fun, safe, and suited to their personal preferences.

The process of navigating across multiple channels and game categories will be seamless, easy, and intuitive, organically integrating the player's journey with FDJ UNITED. Building out our IT platform ensures that CRM and PAM tools are optimized to full effect, allowing the player to co-create their own tailored experience. That is the future we are working towards.

For our lottery business, customers will have a more and more digital experience but, of course, in a separate relationship from online betting and gaming since we are in a different legal framework.

The Absorption of Kindred into FDJ United

Kindred's online player base has been integrated with FDJ UNITED?

Stéphane Pallez: Yes, it is for the online player base in locally regulated markets. *As promised at the launch of our tender offer, after the completion of Kindred's acquisition, we withdrew from all non-locally regulated markets where it had been active and established a new online betting and gaming business unit within FDJ UNITED which complies fully with the laws of every jurisdiction.*

Was it difficult to integrate this multi-billion-euro operator into FDJ UNITED and reshape the way business is conducted?

Stéphane Pallez: From the beginning of this operation, we saw the planning and the execution of integration as a key ingredient for success. And also, from the start, we framed it as a much larger and fundamental project than solely integration.

Therefore, we prepared thoroughly for this phase, as much as we could, ahead of the final completion of the deal. We designed in advance the organization of the Group post-acquisition, so we were able to work from day one in the new organization as one team to bring to life and further develop together this new international group, its new decision processes, and furthermore its new culture.

As we all know, this is never achieved in one day but requires high involvement and energy at all levels. I am impressed and proud of the level of change we have already managed to achieve together.

It strikes me that FDJ UNITED's acquisition of Kindred effectively raises the standard of regulatory compliance. We're here at the EL Congress Bern 2025, and you are embracing its theme of "Safeguarding the European Lottery Model; Building a Better World", and turning words into action.

Stéphane Pallez: FDJ UNITED aims to be the leader in locally regulated gaming markets, standing firmly with those who defend the authority of each country to define its own framework. The long-term health, stability, and sustainability of our industry depend on universal respect for the rule of law. That principle extends far beyond the European lottery model.

European lotteries have long set the highest standards of integrity, accountability, and compliance, and they continue to lead by example. FDJ UNITED embraces the privilege and responsibility of being part of the global lottery community and stands firmly to support the goal of fighting illegal and gray-market operations.

This was always our vision. Kindred had already begun the process of reshaping its business to comply fully with jurisdictional regulations worldwide when we decided on this operation. Our acquisition accelerated that transformation. Full compliance was an absolute precondition for moving forward with the deal.

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Following through on those commitments demonstrates your ability to align shareholder value with broader societal and stakeholder interests.

Stéphane Pallez: Yes, absolutely. And it should be no surprise. From the very beginning, we made clear to our shareholders that FDJ UNITED's business and financial model is fully consistent with serving society's interests while also delivering attractive dividends to shareholders. FDJ UNITED embodies the ethos of a 21st-century enterprise: financially strong, socially responsible, and convinced that long-term success depends on aligning shareholder value with service to society.

We made sure that Kindred's teams share this vision, particularly in terms of commitment to responsible gaming. Today, we are committed to further developing FDJ UNITED's positive impact on society and serving our shareholders at the same time.

The transformational impact of FDJ's 2019 IPO

A common rationale for an IPO is to raise capital for an ambitious growth plan. What was the purpose of FDJ's IPO?

Stéphane Pallez: For us, it was not about raising capital in the short term. FDJ was in a very strong financial position: very low debt, high reserves, and robust cash generation. There was no pressing need for new capital. The IPO was therefore initiated because the French state had decided to sell the majority of its shares through our IPO to accompany the transformation of our business. The aim was also to use this opportunity to give French individual shareholders access to one of France's most iconic companies and create a new interest for investing in the stock market. Indeed, the IPO was a huge success. There was particularly high demand from individuals to become shareholders of FDJ. Today, 18% of our shares are held by individual investors (i.e. not institutional investors) which is very high by French market standards.

Of course, the IPO also delivered other benefits. Becoming a listed company accelerated our technological, organizational, and cultural transformation. It made us even more effective in operational

execution, innovation, and ultimately more valuable to our shareholders.

Of course, FDJ was already operating with high standards before the IPO. But, as a listed company, we are now held accountable to the highest standards of transparency, financial discipline, and integrity—on top of the high standards we already adhered to as a state-owned operator.

Wow. I wouldn't wish those extra layers of oversight on anyone!

Stéphane Pallez: There is definitely more oversight and a broader, more diverse set of shareholders and stakeholders. We see that as a positive asset. Accountability across different interest groups only makes us stronger. *The operator of the 21st century must expect to be held to higher standards of transparency, integrity, and operational excellence.* We are embracing this opportunity to constantly challenge ourselves to lead the way.

Being a public company also requires more frequent and intensive communication with shareholders than we were accustomed to as a state lottery. We used this opportunity to explain our mission and commitments more deeply, connect with our shareholders and the general public more often, and reinforce trust in our purpose and model. The IPO gave us a stage to tell our story: who we are, what we do, what our values are, and how we combine business with societal purpose. The result has been greater visibility to articulate our goals, our strategy, and our values. And that in itself was a major step forward for the company.

I hadn't thought of it that way—that diversifying your stakeholder base and embracing new accountability actually strengthens the company. It's a powerful vision, an uncompromising commitment to excellence.

Stéphane Pallez: And a powerful engine for continuous investment in sustainable growth!

Today FDJ UNITED is organized around two major business units which are our two main engines for profitable growth. First, our French activities, based on our exclusive rights to offline and online lottery, and on sports betting at points of sale. Secondly, online betting and gaming, now a European-scale business.

Beyond these two pillars, we have two additional areas of business development to fuel and enrich our future growth. One is international lottery. In 2023, we acquired Premier Lotteries Ireland (PLI), operator of the National Lottery in Ireland. This was a major milestone—the first time we took responsibility for running another lottery with exclusive rights in a European country. This business unit is not only responsible for PLI oversight and development but is also exploring other opportunities to leverage our technological, organizational, and industry expertise internationally.

The last business unit is Payment and Services. The initiative to expand into payment and services grew directly out of our commitment to retailers in France. We asked how we could leverage our retail network to add value beyond lottery products. The answer was to offer simple payment services that attract customers into stores. So, customers can now pay several types of bills (rent, water bills, etc.) at a retail terminal in tobacconists and newsagents. Many like this option because it is trustworthy, convenient and local. This supports retailers, strengthens their relationship with customers, and diversifies FDJ UNITED's business into proximity services. This kind of entrepreneurial thinking is part of our evolution as a listed company. It encourages us to look beyond our core business, innovate and explore new routes to generate long-term value and positive social impact.

Hence, creativity and entrepreneurial drive as an enterprise-wide mindset.

Stéphane Pallez: Exactly. That is why, for instance, we are now investing in training all our employees in artificial intelligence. AI is already essential in CRM and PAM, and as our scale grows, it will help us deliver personalization for clients, operational efficiency in our services, and value across all business areas. Customers are becoming accustomed to AI-enabled services, and they will expect it everywhere. For FDJ UNITED, AI is not optional. It is a vital part of our future as an innovative company in constant transformation. ■