FL/ENTERTAINMENT

Interim Financial Report and Unaudited Condensed Consolidation Interim Financial Statements

For the six-month period ended June 30, 2022

1. INTERIM MANAGEMENT REPORT

Preliminary considerations

On September 29, 2022, the board of directors approved the financial report and the unaudited condensed financial statements for the half-year ended June 30, 2022.

The condensed financial statements were prepared in accordance with IAS 34 – IFRS as adopted by the European Union and applicable to interim financial information.

The financial report for the first half of 2022 should be read in conjunction with the "Prospectus[1]" filed on July 1, 2022, with the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "AFM").

1.1 Business overview

	Six months ended June 30,		
	2022	**2021**	**% Change**
Revenues	1,801	1,515	18.9%
Adjusted EBITDA*	301	259	16.0%
Adjusted EBITDA margin*	16.7%	17.1%	(0.4) pts
Adjusted Net Income*	139	129	7.9%
Adjusted Free Cash Flow*	249	208	19.7%
Adjusted Cash Conversion*	83%	80%	2.6 pts
	H1 2022	**FY21**	**% Change**
Net financial debt*	2,525	2,269	11.3%
Net financial debt adjusted from the transaction	2,155		
Leverage*	3.3x	3.7x	

**** Non-IFRS measure*** *- This Interim Financial Review and Unaudited Condensed Consolidated Interim Financial Statements includes certain alternative performance indicators which are not defined in the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board as endorsed by the EU. The descriptions of these alternative performance indicators and reconciliations of non-IFRS to IFRS measures are included in this report (please refer to Note 4 to the Condensed Financial Statements for the half-year ended June 30, 2022).*

- Half-year revenue grew by € 286 million, reaching € 1,801 million. Content production and distribution business revenue rose to € 1,404 million while the Sports betting and online gaming business generated € 397 million.
- Adjusted EBITDA rose by 16.1% to € 301 million.
- Adjusted Free Cash Flow improved by 19.7% to € 249 million.

1.2 Significant events during the first half of 2022

Incorporation of FL Entertainment ("FLE")

FLE has been incorporated on the 10 March 2022 as a private limited liability company under the Dutch law, with a tax residency in France. FL Entertainment BV changed its legal structure from B.V. (Private

[1] The prospectus can be downloaded at https://fl-entertainment.com/wp-content/uploads/2022/07/prospectus.pdf

limited company) to N.V. (Public limited company) on July 1st, 2022 (refer to Note 19.1 to the Condensed Financial Statements for the half-year ended June 30, 2022).

Business combination agreement

On May 10, 2022, F.L. Entertainment N.V., announced that it had entered into a definitive business combination agreement with Pegasus Entrepreneurial Acquisition Company Europe B.V., a special purpose acquisition company ("SPAC") to become a listed company on Euronext Amsterdam.

The transaction consists of (i) the business combination of FL Entertainment and Pegasus Entrepreneurs resulting in a public listing of FL Entertainment on Euronext Amsterdam, (ii) the equity roll-over of the minority shareholders in the Banijay Group (Vivendi, Fimalac and De Agostini) and the Betclic Everest Group (SBM International) to become shareholders of FL Entertainment, and (iii) raising of 646 M€ of proceeds.

The Business Combination has been completed on 1 July 2022. As a result, FL Entertainment is listed on Euronext Amsterdam since 1 July 2022.

In connection with the Business Combination, the Company entered into subscription agreements with certain investors (the "PIPE Investors") in a private investment in public equity transaction (the "PIPE Financing") in the aggregate amount of 204,230,000 €. In return for their investment, the PIPE Investors will receive a total of 20,423,000 newly issued Ordinary Shares. This transaction occurred on 5 July 2022.

Group reorganization

The Group conducted reorganization between entities within Financière Lov group and with minority interests in order to achieve the transaction described above. For more details, please refer to Note 3.1.3 to the Condensed Interim Financial Statements for the half-year ended June 30, 2022.

Following the rationalization of the shareholder structure, the valuation of the Banijay Group's shares has been reassessed upwards. As a consequence, the Banijay Group's liabilities in connection with the LTIP and incentive debt and its liabilities in connection with the outstanding put option agreements have been reassessed after the reorganization.

Liquidation of Bet-at-home Entertainment Ltd

On December 22, 2021, Sub-Group BEG announced the liquidation of Bet-at-home Entertainment Ltd, a Maltese entity of Bet-at-home operating the casino activity under license a MGA (Malta Gaming Authority) license, consolidated at 53.90% as of December 2021, which took effect in the first semester of 2022.

Russia-Ukraine conflict

The Group is closely monitoring developments in the conflict between Russia and Ukraine. However, the Group has limited exposure to the Russian market (only Content production and distribution business). In the first half of 2022, its Russian subsidiaries generated a net revenue contribution of € 17 million (0.9 % of revenue for the half-year ended June 30, 2022) and a current operating profit of € 1 million (0.6 % of total current operating profit for the half-year ended June 30, 2022). On March 3, 2022, the Group (Banijay) announced that it would not activate any new agreements in the region relating to production, distribution (sales and licensing) and general commercial matters, thereby freezing its activity there until further notice.

1.3 Analysis of results for the half-years ended June 30, 2022 and 2021.

	Six months ended June 30, 2022				2021				
	Content production and distribution	Sports betting and online gaming	Holding	**Total Group**	Content production and distribution	Sports betting and online gaming	Holding	**Total Group**	**% Change**
Revenues	1,404	397	0	**1,801**	1,106	409	0	**1,515**	18.9%
External expenses	(607)	(253)	(1)	**(861)**	(447)	(267)	(0)	**(713)**	20.8%
Staff costs	(656)	(49)	0	**(705)**	(535)	(80)	0	**(615)**	14.7%
Other operating income	3	13	0	**16**	3	4	0	**7**	136.5%
Other operating expenses	(7)	(6)	(7)	**(19)**	(22)	(6)	(0)	**(28)**	-30.4%
Depreciation and amortization expenses	(55)	(6)	0	**(60)**	(48)	(6)	(0)	**(54)**	12.3%
Impairment losses and provisions, net of reversals	0	0	0	**0**	0	0	0	**0**	
Operating profit (loss)	**82**	**96**	**(7)**	**170**	**57**	**54**	**(0)**	**112**	**52.8%**
Financial income	1	0	0	**1**	0	0	0	**0**	-
Interest expense.	(64)	(6)	(4)	**(74)**	(61)	(3)	(3)	**(66)**	11.6%
Cost of net debt	**(64)**	**(6)**	**(4)**	**(74)**	**(61)**	**(3)**	**(3)**	**(66)**	**11.5%**
Other finance income (costs)	(64)	(1)	(21)	**(86)**	(8)	(1)	(2)	**(11)**	710.8%
Net financial income/(expenses)	**(127)**	**(8)**	**(24)**	**(159)**	**(68)**	**(3)**	**(5)**	**(77)**	**107.9%**
Share of net income from associates & joint ventures	(2)	0	0	**(2)**	(1)	0	0	**(1)**	11.2%
Earnings before income tax expenses	**(47)**	**88**	**(31)**	**10**	**(12)**	**51**	**(5)**	**34**	**-71.2%**
Income tax expenses	(16)	(12)	0	**(28)**	(4)	(6)	(0)	**(9)**	195.2%
Profit (loss) from continuing operations	**(62)**	**76**	**(31)**	**(18)**	**(16)**	**45**	**(5)**	**24**	**-175.1%**
Profit (loss) from discontinued operations	0	0	0	**0**	0	0	0	**0**	
Net income (loss) for the period	**(62)**	**76**	**(31)**	**(18)**	**(16)**	**45**	**(5)**	**24**	**-175.1%**

Segmental information

In € millions	Six months ended June 30, 2022	2021	% Change
Content production and distribution business			
Revenues	1,404	1,106	27.0%
Operating profit/loss	82	57	44.2%
Adjusted EBITDA	198	151	31.2%
Consolidated net income	(62)	(16)	289.9%
Sports betting and online gaming business			
Revenues	397	409	-3.0%
Operating profit/loss	96	54	76.0%
Adjusted EBITDA	103	108	-4.6%
Consolidated net income	76	45	67.3%
Holding			
Revenues	-	-	
Operating profit/loss	(7)	(0)	-
Adjusted EBITDA	(1)	(0)	-
Consolidated net income	(31)	(5)	523.3%

Revenues

For the first half of 2022, the Group's consolidated revenues were € 1,801 million, compared to € 1,515 million (€ 1,562 million at constant exchange rates) for the same period in 2021.

The Group's revenues were impacted by the fluctuations in foreign exchange rates. At constant foreign exchange rates, revenues would have increased by 15.3 %.

For a detailed analysis of revenues by business segment, please refer to the press release dated September 29, 2022 and to Note 5 to the Condensed Financial Statements for the half-year ended June 30, 2022.

- *Content production and distribution business*

The **Content production and distribution business** amounted to 78 % of the Group's consolidated revenues for the half-year ended June 30, 2022, compared to 73 % for the half-year ended June 30, 2021. Revenues for this segment were € 1,404 million in the first half of 2022, a rise of € 298 million or 27 % compared to the first half of 2021, and is allocated as follow:

In € millions	Six months ended June 30, 2 022	2 021	% Change
Production	1 168.3	929.4	25.7%
Distribution	159.6	110.5	44.4%
Others	76.3	66.1	15.3%
Content production and distribution	**1,404.2**	**1,106.0**	**27%**

The first half of 2021 was still impacted by COVID-19 pandemic as there were still lockdowns in some countries as well as travel restrictions, which was not the case during the first half of 2022. Consequently, the production revenue grew by 26% thanks to a dynamic production cycle mainly in the US, UK and Germany with returning seasons of big brand programs and the development of new shows. In addition, the distribution revenue increased by 44% driven by more revenues generated with OTT players.

- *Sports betting and online gaming*

The **Sports betting and online gaming business** amounted to 22 % of the Group’s consolidated revenues for the half-year ended June 30, 2022, compared to 27 % for the half-year ended June 30, 2021. Revenues for this segment were € 397 million in the first half of 2022, a decline of € (12) million or (3)% compared to the first half of 2021. The decrease in revenue is due to the end of some jurisdictions on Bet-at-home perimeter following the liquidation of Bet-at-home Entertainment Ltd and the end of online casino activity in Austria which was partly offset by the increase in revenue provided by the acquisitions of new players in other geographies despite an unfavorable seasonality compared to last year as the European Football Championship had taken place in the first half of 2021.

Operating profit (loss)

Operating profit was € 170 million, compared to € 112 million for the first half of 2021, an increase of € 59 million (53 %). Operating profit included:

- **External expenses** of € (861) million, compared to € (713) million for the first half of 2021. The change was mainly due to an increase in content production costs in line with the increase in production revenue, partly offset by a cost saving of marketing costs for Sports betting and online gaming business and a decrease of betting tax.
- **Staff costs** of € (705) million, compared to € (615) million for the first half of 2021. The increase was mainly driven by higher staff costs for Content production and Distribution business in line with the increase in production revenue, a higher LTIP charges following the upward reassessment of the Banijay Group's shares offset by a reduction of LTIP plan charges for Sports betting and online gaming business as a plan ended in December 21.
- **Other operating and expenses** resulting in a net charge of € (4) million, compared to € (21) million for the first half of 2021. This mainly relates to the costs incurred for the Group reorganization as well as the management fees paid to Lov Group Invest partly offset by the impact of the liquidation of Bet-at-H Entertainment Ltd.
- **Depreciation and amortization expenses** which increased by € (7) million to € (60) million for the half-year ended June 30, 2022, from € (54) million for the half-year ended June 30, 2021.

The **Content production and distribution segment** contributed € 82 million to the Group’s operating profit, a rise of € 25 million, or 43 % compared to the first half of 2021.

The **Sports betting and online gaming business** contributed € 96 million to the Group’s operating profit, a rise of € 41 million, or 76 % compared to the first half of 2021.

Adjusted EBITDA

Adjusted EBITDA is not a financial measure calculated in accordance with IFRS. Adjusted EBITDA is used to measure performance as management believes that this measurement is the most relevant in evaluating the results of the segments. The presentation of this financial measure may not be comparable to similarly titled measures reported by other companies due to differences in the ways the measures are calculated.

The reconciliation between operating profit / (loss) is presented in the table below:

In € millions	Six months ended June 30, 2022 Content production and distribution	Sports betting and online gaming	Holding	Total Group
Operating profit (loss)..	**82**	**96**	**(7)**	**170**
Restructuring costs and other non-core items...	0	(12)	7	**(5)**
LTIP and employment-related earn-out and option expenses....................................	62	14	0	**77**
Depreciation and amortization (excluding D&A fiction[1]).......................................	53	6	0	**59**
ADJUSTED EBITDA...	**198**	**103**	**(1)**	**301**

[1] No amortization of fiction production recognized in 2022.

In € millions	Six months ended June 30, 2021 Content production and distribution	Sports betting and online gaming	Holding	Total Group
Operating profit (loss)...	**57**	**54**	**(0)**	**112**
Restructuring costs and other non-core items...	16	(1)	0	15
LTIP and employment-related earn-out and option expenses....................................	30	49	0	79
Depreciation and amortization (excluding D&A fiction[1]).......................................	48	6	0	54
ADJUSTED EBITDA...	**151**	**108**	**(0)**	**259**

[1] No amortization of fiction production recognized in 2021.

For the first half of 2022, adjusted EBITDA amounted to € 301 million, compared to € 259 million for the first half of 2021.

Adjusted EBITDA per segment

- *Content production and distribution segment*

The **Content production and distribution segment** amounted to 66 % of the Group’s adjusted EBITDA for the half-year ended June 30, 2022, compared to 58 % for the half-year ended June 30, 2021. Adjusted EBITDA for this segment was € 198 million in the first half of 2022, a rise of € 47 million or 31 % compared to the first half of 2021. The growth is primarily due to the increased revenue mentioned earlier and a higher profitability obtained through continuous efforts on production costs and higher proportion of the distribution business which delivered higher margins than the production business.

- *Sports betting and online gaming*

The **Sports betting and online gaming business** amounted to 34 % of the Group's adjusted EBITDA for the half-year ended June 30, 2022, compared to 36 % for the half-year ended June 30, 2021. Adjusted EBITDA for this segment was € 103 million in the first half of 2022, a decline of € (5) million or (4.6) % compared to the first half of 2021. The decrease was mainly attributable to a low sports calendar compared with H1 2021 (Euro Foot in June 2020), positive impact of lockdowns in 2021 and some activities at Bet-at-home which were discontinued in the course of H1 2022.

Net financial income (expense)

	Six months ended June 30,								
	2022				2021				
	Content production and distribution	Sports betting and online gaming	Holding	**Total Group**	Content production and distribution	Sports betting and online gaming	Holding	**Total Group**	**% Change**
Interests paid on bank borrowings and bonds	(64)	(6)	(4)	(74)	(61)	(3)	(3)	(66)	11.6%
Cost of gross financial debt	**(64)**	**(6)**	**(4)**	**(74)**	**(61)**	**(3)**	**(3)**	**(66)**	**11.6%**
Interests received on cash and cash equivalents	1	0	0	1	0	0	0	0	27.0%
Gains on assets contributing to net financial debt	**1**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**27.0%**
Cost of net debt	**(64)**	**(6)**	**(4)**	**(74)**	**(61)**	**(3)**	**(3)**	**(66)**	**11.5%**
Interests paid on current accounts liabilities	0	(0)	0	(0)	0	0	(0)	(0)	151.4%
Interests received on current accounts receivables	0	0	1	1	0	0	1	1	4.6%
Interests on lease liabilities	(2)	(0)	0	(2)	(2)	(0)	0	(2)	5.6%
Change in fair value of financial instruments	(68)	0	(21)	(90)	(3)	0	(3)	(3)	2514.1%
Currency gains (losses)	9	(1)	0	8	(1)	(0)	0	(1)	-1137.3%
Other financial gains (losses)	(2)	(0)	(0)	(2)	(2)	(0)	0	(2)	21.8%
NET FINANCIAL INCOME (EXPENSE)	**(127)**	**(8)**	**(24)**	**(159)**	**(68)**	**(3)**	**(5)**	**(77)**	**117.0%**

For the first half of 2022, net financial result was an expense of € (159) million, compared to € (77) million for the first half of 2021. Of this amount:

- The cost of net debt as of June 2022 amounted to € (74) million, compared to € (66) million for the first half of 2021 and was mostly related to a higher level of interest charges for €(7) million mainly explained by a FX effect on USD debt interests for €(4) million (Content production and distribution business) and a timing effect of interest charges related to Betclic loan issued on 13 December 2021 for €(3) million.

- Other financial income and expenses as of June 2022 amounted to € (86) million, compared to (11) million for the first half of 2021 and were mainly driven by the change in fair value of financial instruments explained in part by the put on Banijay Group's shares held by managers following the upward reassessment of the Banijay Group's shares and by the change in fair value of Vivendi convertible bond derivatives that has been reimbursed following the Business Combinations on July 5th, 2022.

The Group's total financial debt as of June 30, 2022, amounted to € 3,341 million, compared to € 2,728 million as of December 31, 2021. The financial debt is broken down as follows:

- € 2,394 million for Content production and distribution business as of June 30, 2022 compared to € 2,293 million as of December 31, 2021 (€+100 million), mainly explained by FX impact on USD debt (€+65 million) and an increase in local production financing facilities (€+19 million)
- € 252 million for Sports betting and online gaming business compared to € 268 million as of December 31, 2021 mostly explained by the partial reimbursement of the € 165 million Senior Loan (€+17 million) offset by higher issuing costs (€ -2 million)
- €695 million for Holding compared to € 163 million related to the Vivendi bonds as well as the vendor loans granted by some shareholders as part of the *Group reorganization* of a total amount of 525 M€, which were reimbursed, for a large part, after the Business Combination.

Net financial debt increased from € 2,269 million as of December 31, 2021, to € 2,525 million as of June 30, 2022, respectively € 1,986 million for Content production and distribution business[2] (€ + 37 million), € 120 million for Sports betting and online gaming (€ (54) million) and € 418 million for Holding (€ + 274 million). The increase of € 256 million is mostly due to vendor loans (€ + 525 million) as explained above, acquisitions and disposals (€+46 million), interest H1 2022 (€+74 millions), offset by Escrow account for the cash to be received as part of the Business Combination (€-275 million) and Adjusted Free cash flow of the period (€-132 million). Please refer to Note 16.3 to the Condensed Financial Statements for the half-year ended June 30, 2022.

The Group's leverage[3], defined as Net Debt divided by 12 month Adjusted EBITDA stood at 3.9x compared to the 3.7x registered on December 31, 2021. The Adjusted Net debt, as defined in the Note 19.5 to the Condensed Financial Statements for the half-year ended June 30, 2022, amounted to € 2,155 million after taking into account the net cash received as of July 5, 2022, reducing the leverage at 3.3x.

Income tax expenses

The tax charge for the first half of 2022 was € (28) million compared to € (9) million in the first half of 2021, representing an effective tax rate of 17.8 % in the first half of 2022 compared with 11.2 % in the first half of 2021. The change is mainly driven by (i) the use of significant loss carry forward previously in 2021 for Sports betting and online gaming partly balanced by (ii) a higher use of loss carry forward

[2] The differences with the financial net debt usually disclosed within Banijay Group bondholders investor presentation are (i) the transaction costs deducted from the nominal value of the debts at FL Entertainment level for (€ -37 million as of June 30, 2022), (ii) lease debt under IFRS 16 that are not included at FL Entertainment level (€ - 156 million as of June 30, 2022) and (iii) an additional amount of cash at Banijay Group Holding level (€ -1 million) and (iv) hedging through derivative instruments (€ - 49 million)

[3] Ratio between 12 month Adjusted EBITDA and Net financial debt

previously not recognized and a higher level of activation of loss carry forward in the UK during the period for Content production and distribution business.

For more details, please refer to Note 9 to the Condensed Financial Statements for the half-year ended June 30, 2022.

Net income/(loss) for the period

As a result of the changes described above, the Group's net income/(loss) decreased by € (42) million to € (18) million for the half-year ended June 30, 2022, from € 24 million for the half-year ended June 30, 2021.

Net income/(loss) for the period per segment

Content production and distribution business

Net income/(loss) for the period decreased by € (46) million to a loss of € (62) million for the half-year ended June 30, 2022, from a loss of € (16) million for the half-year ended June 30, 2021.

Sports betting and online gaming business

Net income for the period increased by € 30 million to a profit of € 76 million for the half-year ended June 30, 2022, from a profit of € 45 million for the half-year ended June 30, 2021.

1.4 Analysis of Cash flow for the half-years ended June 30, 2022 and 2021.

	Six months ended June 30,								
	2022				2021				
	Content production and distribution	Sports betting and online gaming	Holding	**Total Group**	Content production and distribution	Sports betting and online gaming	Holding	**Total Group**	% Change
Net cash flows provided by operating activities	103	74	0	176	48	82	(0)	130	35.5%
Net cash flows provided by (used for) investing activities	(37)	(5)	0	(42)	(39)	0	0	(39)	8.3%
Net cash flows from (used in) financing activities	(80)	(24)	0	(104)	(87)	(29)	0	(116)	-10.6%
Effect of foreign exchange rate differences	25	0	0	25	(9)	0	0	(9)	-392.5%
Net increase (decrease) of cash and cash equivalents	**11**	**44**	**0**	**56**	**(87)**	**53**	**0**	**(33)**	**-267.0%**
Cash and cash equivalents at the beginning of the period	343	88	1	432	272	115	1	389	11.3%
Cash and cash equivalents at the end of the period	**354**	**132**	**2**	**488**	**185**	**169**	**2**	**355**	**37.5%**

Change in cash flow from operating activities

Net cash provided by operating activities amounted to € 176 million for the half-year ended June 30, 2022, compared to € 130 million in the half-year ended June 30, 2021. This increase reflected the growth of Content production and distribution business (€+54 million) offset by the decrease of Sports betting and online gaming business (€-8 million). This overall increase was mainly attributable to the following items:

- The increase in operating profit (€+62 million with respectively €+28 million for Content production and distribution business and €+41 million for Sports betting and online gaming business)
- The favorable variance in non-cash adjustments (€ + 91 million) mostly driven by a higher change in fair value of financial instruments impact (€ + 83 million)
- The favorable variance in working capital (€ +14 million)

Change in cash flow from investing activities

Net cash used in investing activities increased from € (39) million for the half-year ended June 30, 2021, to € (42) million in the half-year ended June 30, 2022. The increase was primarily driven by € (1.9) million due to lower proceeds from sales of consolidated companies compared to June 30, 2021 and € (1.5) million of capital increase in Sports betting and online gaming not consolidated subsidiary (Betclic Overseas) during the period.

Change in cash flow from financing activities

Net cash provided by financing activities amounted to € (104) million for the half-year ended June 30, 2022. The decrease from € (116) million in the half-year ended June 30, 2021 was mostly driven by:

- a lower dividend payment to non-controlling interests during the period (€+ 19 million including €+17 million on Sports betting and online gaming)
- a temporary higher amount of proceeds from borrowings and other financial liabilities (€+ 8 million) related to specific productions
- partly offset by higher repayment of borrowings and other financial liabilities (€-13 million including €- 9 million on Sports betting and online gaming for Nominal Senior Loan 165M€ contracted in June 23, 2022)

Adjusted free cash flow

The Group presents its Adjusted Free Cash Flow because it provides investors with relevant information on how management assesses and measures its cash flows from ongoing operating activities. Its purpose is to provide both management and investors relevant and useful information about Group's cash generation capacity and performance.

Six months ended June 30, 2022	Content production and distribution	Sports betting and online gaming	Holding	Total
Operating profit (loss)	**82**	**96**	**(7)**	**170**
Restructuring costs & other non-core items	0	(12)	7	**(5)**
LTIP and employment-related earn-out and option expenses	62	14	0	**77**
Depreciation and amortization (excluding D&A fiction)	53	6	0	**59**
Adjusted EBITDA	**198**	**103**	**(1)**	**301**
Purchase of property, plant and equipment and of intangible assets	(24)	(4)	0	(29)
Total cash outflows for leases that are not recognised as rental expenses	(21)	(2)	0	(23)
Adjusted Free Cash Flow	**153**	**97**	**(1)**	**249**
Adjusted EBITDA	198	103	(1)	301
Adjusted Cash Conversion Rate	**77.0%**	**94.3%**		**82.9%**

Six months ended June 30, 2021	Content production and distribution	Sports betting and online gaming	Holding	Total
Operating profit (loss)	**57**	**54**	**(0)**	**112**
Restructuring costs & other non-core items	16	(1)	0	15
LTIP and employment-related earn-out and option expenses	30	49	0	79
Depreciation and amortization (excluding D&A fiction)	48	6	0	54
Adjusted EBITDA	**151**	**108**	**(0)**	**259**
Purchase of property, plant and equipment and of intangible assets	(24)	(5)	0	(29)
Total cash outflows for leases that are not recognised as rental expenses	(20)	(2)	0	(22)
Adjusted Free Cash Flow	**107**	**101**	**(0)**	**208**
Adjusted EBITDA	151	108	(0)	259
Adjusted Cash Conversion Rate	**70.8%**	**93.5%**		**80.3%**

Cash conversion

The Group presents its Adjusted Cash Conversion Rate because it provides investors with relevant information on how management assesses and measures its cash flows from ongoing operating activities compared to the income it generates on a consistent basis as its business grows. Adjusted Cash Conversion Rate is defined as Adjusted Free Cash Flow divided by Adjusted EBITDA.

The Group's Cash Conversion Rate increased from 80.3% to 82.9% in the six-month period ended June 30, 2022 and remains in line with the Group's objective of maintaining an Adjusted Cash Conversion rate of approximately 80%. The improvement is mainly due to a higher level of Adjusted free cash flow with an increase of the cash provided by operating activities while maintaining the level of Capex investments.

Liquidity

As of June 30, 2022, the Group had the following financing resources:

- Gross cash amounting to € 493 million including € 359 million from Production and Distribution business, € 132 million from Sports betting and online gaming business and € 2 million from Holding.
- An undrawn Revolving credit facility (RCF) of € 170 million from Production and Distribution business and € 50 million of overdraft not used.

Capital Expenditures

To support its business strategy and development plans and to further expand its business, FL Entertainment regularly incurs capital expenditures. The following table sets forth the amount of capital expenditure incurred during the periods presented:

	Six months ended June 30,		
	2022	2021	% Change
Scripted production costs and Intellectual property rights	14	16	(16.3)%
Investments in technical equipment	15	13	19.6%
IT capitalized expenses	3	2	38.9%
Total	**31**	**31**	**1.8%**

Capital expenditures for the six-month period ended June 30, 2022, amounted to € 31 million and were stable compared to the six-month period ended June 2021.

1.5 Main transactions with related parties.

Updated information on the main transactions with related parties as of June 30, 2022, is provided in Note 17 to the Condensed Financial Statements for the half-year ended June 30, 2022.

1.6 Outlook

The Group provided guidance on July 1, 2022, in its prospectus[4]. The Group maintains these forward-looking statements which reflect the Group's expectations as of September 29, 2022 and are subject to substantial uncertainty.

Guidance for year ending December 31, 2022:

- In respect of the Group:
  - a revenue of approximately €3.8 billion;
  - an Adjusted EBITDA of approximately €645 million;
  - an Adjusted Cash Conversion rate of approximately 80%; and
  - a Leverage between 3.0x and 3.5x.
- In respect of the Production and Distribution business, revenue of approximately €3 billion and an Adjusted EBITDA of approximately €450 million;

[4] The prospectus can be downloaded at https://fl-entertainment.com/wp-content/uploads/2022/07/prospectus.pdf

- In respect of the Sports betting and online gaming business, a revenue of approximately €800 million and an Adjusted EBITDA of approximately €200 million.

1.7 Main risks and uncertainties

The main risks and uncertainties to which the Group believes it is exposed as of the date of this half-year financial report are detailed in Part II “Risk factors” of the Prospectus approved by Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the "AFM") on July 1, 2022. The Group does not anticipate any changes in its risks that may have an impact on the rest of the 2022 financial year.

1.8 Subsequent events

Merger with and into the SPAC Pegasus Entrepreneurs and listing on Euronext Amsterdam

On July 1, 2022, FL Entertainment B.V., successfully completed its business combination with Pegasus Entrepreneurial Acquisition Company Europe B.V., a special purpose acquisition company ("SPAC") pursuant to the terms of the merger proposal dated May 12, 2022. As a result, Ordinary Shares and Warrants of FL Entertainment began trading on Euronext Amsterdam on July 1, 2022.

Forward purchase agreement

On 10 December 2021, Pegasus Entrepreneurs entered into a forward purchase agreement with Tikehau Capital and Financière Agache. Since the Merger became effective on 1 July 2022 and Pegasus Entrepreneurs was the disappearing entity, Tikehau Capital and Financière Agache each subscribed for 2,500,000 newly issued Ordinary Shares in the Company's capital and 833,333 Warrants, for an aggregate amount of € 25 million each. Tikehau Capital and Financière Agache received the Forward Purchase Securities on 1 July 2022.

FLE capital increase (PIPE financing)

On 5 July 2022, FLE has issued 20,423,000 Ordinary Shares in connection with the subscription agreements signed with the PIPE Investors in a private investment in public equity transaction (the "PIPE Financing") for an aggregate amount of €204 million. The impact of these subsequent events are presented in the Note 19.3 to the Condensed Financial Statements for the half-year ended June 30, 2022.

Conversion of founder shares into ordinary shares

2,675,000 founder shares have no conversion restrictions related to share price performance and have been converted into ordinary shares on 5 July 2022 by the founder shares holders.

2. CONDENSED FINANCIAL STATEMENTS

2.1 Condensed Financial Statements as of June 30, 2022

FL / ENTERTAINMENT

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

CONTENTS

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF INCOME

For the six-month period ended 30 June *In € million*	Note	2022	2021
Revenue	Note 5	1,800.8	1,514.7
External expenses		(861.3)	(713.3)
Staff costs		(705.3)	(615.0)
Other operating income	Note 7	15.8	6.7
Other operating expenses	Note 7	(19.4)	(27.9)
Depreciation and amortization expenses		(60.2)	(53.6)
Impairment losses and provisions, net of reversals		-	-
OPERATING PROFIT/(LOSS)		170.5	111.5
Financial income	Note 8	0.6	0.4
Interest expenses	Note 8	(74.2)	(66.5)
Cost of net debt		**(73.6)**	**(66.0)**
Other finance income/(costs)	Note 8	(85.7)	(10.6)
NET FINANCIAL INCOME/(EXPENSE)		(159.3)	(76.6)
Share of net income from associates & joint ventures		(1.5)	(1.4)
EARNINGS BEFORE PROVISION FOR INCOME TAXES		9.7	33.6
Income tax expenses	Note 9	(27.8)	(9.4)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(18.2)	24.2
Profit/(loss) from discontinued operations		-	-
NET INCOME/(LOSS) FOR THE PERIOD		(18.2)	24.2
Attributable to:			
Non-controlling interests		*2.1*	*11.3*
Shareholders		*(20.2)*	*12.8*
Earnings per share (in €)			
Basic earnings per share	Note 13	(0.11)	0.07
Diluted earnings per share	Note 13	(0.11)	0.07

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June *In € million*	Note	2022	2021
NET INCOME/(LOSS) FOR THE PERIOD		(18.2)	24.2
- Foreign currency translation adjustment		(40.7)	(17.9)
- Fair value adjustment on cash flow hedge		39.1	8.1
- Deferred tax on fair value adjustment on cash flow hedge		(8.9)	(1.9)
ITEMS TO BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS		(10.5)	(11.7)
Actuarial gains and losses		-	-
Deferred tax recognized through reserves		-	-
ITEMS NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS		-	-
CHANGES AND INCOME DIRECTLY RECOGNIZED IN EQUITY		(10.5)	(11.7)
TOTAL COMPREHENSIVE INCOME/(LOSS)		(28.7)	12.5
Attributable to:			
Non-controlling interests		*(5.2)*	*4.2*
Shareholders		*(23.5)*	*8.3*

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Assets

In € million	Note	30 June 2022	31 December 2021
Goodwill		2,538.0	2,493.9
Intangible assets		226.9	236.7
Right-of-use assets		156.3	171.1
Property, plant and equipment		57.5	55.3
Investments in associates and joint ventures		12.6	11.1
Non-current financial assets	Note 16.1Note 16	103.4	83.0
Other non-current assets	Note 10.2	19.9	29.6
Deferred tax assets	Note 9	34.2	47.6
Non-current assets		**3,148.8**	**3,128.3**
Inventories and work in progress		824.9	676.7
Trade receivables	Note 10.1	541.0	463.6
Other current assets	Note 10.2	319.9	264.2
Current financial assets	Note 16.1	297.4	75.2
Cash and cash equivalents		492.7	434.1
Assets classified as held for sale		-	-
Current assets		**2,475.8**	**1,913.7**
ASSETS		5,624.6	5,042.0

Equity and liabilities

In € million	Note	30 June 2022	31 December 2021
Share capital		7.6	-
Additional paid-in capital		3,719.4	-
Retained earnings		(4,077.1)	73.6
Net income/(loss) - attributable to shareholders		(20.2)	(43.0)
Shareholders' equity	Note 11	**(370.4)**	**30.6**
Non-controlling interests	Note 12	0.7	(36.7)
TOTAL EQUITY		(369.7)	(6.2)
Other securities	Note 14	114.4	-
Long-term borrowings and other financial liabilities	Note 16.2	2,475.3	2,457.8
Long-term lease liabilities		127.3	143.2
Non-current provisions	Note 15	21.9	22.0
Other non-current liabilities	Note 10.4	355.6	291.7
Deferred tax liabilities	Note 9	7.8	3.2
Non-current liabilities		**3,102.4**	**2,917.9**
Short-term borrowings and bank overdrafts	Note 16.2	868.0	306.2
Short-term lease liabilities		40.3	40.2
Trade payables		594.5	511.2
Current provisions	Note 15	10.8	39.1
Customer contract liabilities	Note 10.3	900.0	776.9
Other current liabilities	Note 10.4	478.3	456.8
Liabilities classified as held for sale		-	-
Current liabilities		**2,891.9**	**2,130.3**
EQUITY AND LIABILITIES		5,624.6	5,042.0

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June *In € million*	Note	2022	2021
Profit/(loss)		(18.2)	24.2
Adjustments:		311.8	221.2
Share of profit/(loss) of associates and joint ventures		1.5	1.4
Amortization, depreciation, impairment losses and provisions, net of reversals		59.8	57.4
Employee benefits LTIP & employment-related earn-out and option expenses		76.6	79.0
Change in fair value of financial instruments		89.7	6.7
Income tax expenses		27.8	9.4
Other adjustments[1]		(19.2)	1.9
Cost of net debt and current accounts		75.6	65.4
GROSS CASH PROVIDED BY OPERATING ACTIVITIES		293.7	245.3
Changes in working capital		(84.2)	(97.7)
Income tax paid		(33.0)	(17.4)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		176.4	130.2
Purchase of property, plant and equipment and intangible assets		(28.6)	(28.8)
Purchases of consolidated companies, net of acquired cash		(13.9)	(14.5)
Increase in financial assets		(2.3)	(0.8)
Disposals of property, plant and equipment and intangible assets		-	0.4
Proceeds from sales of consolidated companies, after divested cash		2.2	4.1
Decrease in financial assets		0.4	0.5
NET CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES		(42.2)	(39.0)
Dividends paid		-	-
Dividends paid by consolidated companies to their non-controlling interests		(1.5)	(20.7)
Transactions with non-controlling interests		-	(2.1)
Proceeds from borrowings and other financial liabilities	16.2	11.1	3.1
Repayment of borrowings and other financial liabilities	16.2	(47.9)	(35.1)
Other cash items related to financial activities		-	-
Interest paid		(65.3)	(61.2)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(103.6)	(116.0)
Impact of changes in foreign exchange rates		25.2	(8.6)
Net increase/(decrease) of cash and cash equivalents		55.7	(33.4)
Net cash and cash equivalents at the beginning of the period		*432.4*	*388.5*
Net cash and cash equivalents at the end of the period		*488.2*	*355.1*

[1] *Other adjustments include notably i) unrealized foreign exchange gains; and ii) losses on disposal and liquidation of subsidiaries.*

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In € million	Share capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Shareholders' equity	Non-controlling interests	Total equity
BALANCE AS OF 1 JANUARY 2021	-	-	101.8	(7.1)	94.7	43.5	138.2
Net income/(loss)	-	-	12.8	-	12.8	11.3	24.2
Other comprehensive income	-	-	-	(4.5)	(4.5)	(7.2)	(11.7)
Total comprehensive income	**-**	**-**	**12.8**	**(4.5)**	**8.3**	**4.2**	**12.5**
Dividend distribution	-	-	(9.0)	-	(9.0)	(19.6)	(28.6)
Share-based payment	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	-	0.6	-	0.6	(1.5)	(0.9)
Changes in non-controlling interests that result in a gain/(loss) of control	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-
Other variations in retained earnings	-	-	0.1	-	0.1	(0.4)	(0.3)
BALANCE AS OF 30 JUNE 2021	-	-	106.3	(11.6)	94.7	26.1	120.9

In € million	Share capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Shareholders' equity	Non-controlling interests	Total equity
BALANCE AS OF 1 JANUARY 2022	-	-	47.6	(17.0)	30.6	(36.7)	(6.2)
Net income/(loss)	-	-	(20.2)	-	(20.2)	2.1	**(18.2)**
Other comprehensive income	-	-	-	(3.3)	(3.3)	(7.2)	**(10.5)**
Total comprehensive income	**-**	**-**	**(20.2)**	**(3.3)**	**(23.5)**	**(5.2)**	**(28.7)**
Group's constitution	5.4	1,784.6	(1,790.0)	-	(0.0)	-	**(0.0)**
Capital increase	0.4	160.2	-	-	160.6	-	**160.6**
Dividend distribution	-	-	(33.2)	-	(33.2)	(0.7)	**(33.9)**
Changes in ownership interest in subsidiaries that do not result in a loss of control	1.8	1,774.5	(2,237.7)	(37.2)	(498.6)	43.5	**(455.1)**
Changes in non-controlling interests that result in a gain/(loss) of control	-	-	-	-	-	-	**-**
Transfer to retained earnings	-	-	-	-	-	-	**-**
Other variations in retained earnings	-	-	(6.3)	-	(6.3)	(0.2)	**(6.5)**
BALANCE AS OF 30 JUNE 2022	7.6	3,719.4	(4,039.8)	(57.5)	(370.4)	0.7	(369.7)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 BUSINESS PRESENTATION

1.1 Presentation of the business

FL Entertainment NV, a Dutch-based holding, hereafter "**FLE**", "the **Company**" or "**the Parent Company**", detains and fosters the development of its controlled subsidiaries. It encompasses two main businesses operating in the content production and distribution business and the sports betting and online gaming business.

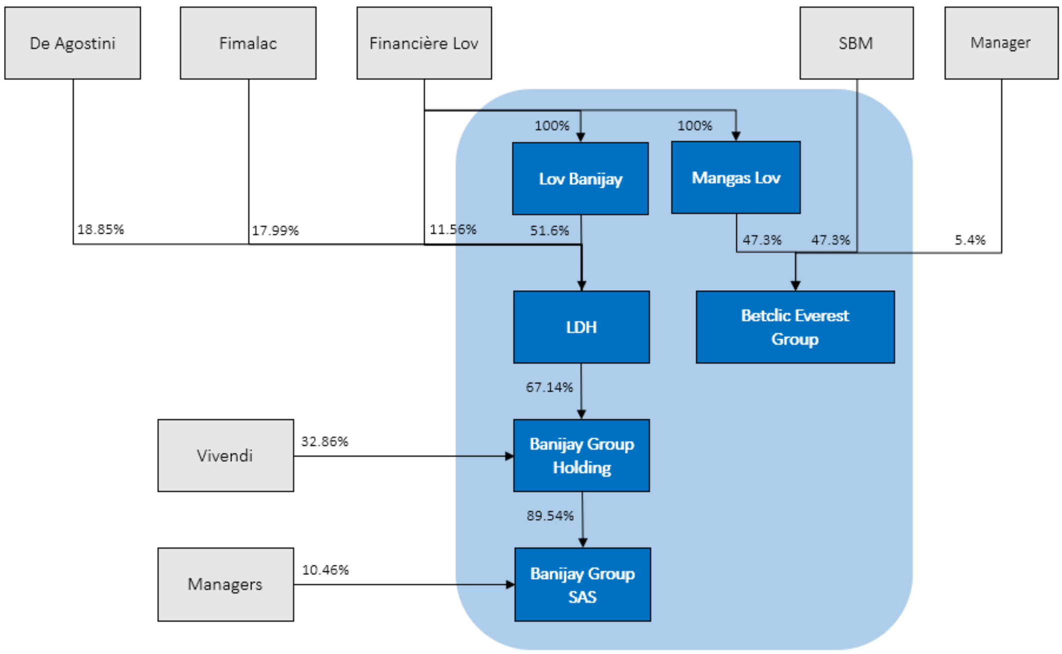
The audiovisual entertainment business, hereafter "**the Content Production and Distribution Business**", is mainly represented by Banijay Group Holding and its subsidiaries, hereafter "**Banijay**" or "**BGH**", which operates in the production of audiovisual programs, distribution and marketing of intellectual property rights in relation to audiovisual and digital contents and/or formats.

The sports betting and online gaming business, hereafter "**the Sports Betting and Online Gaming Business**" is mainly represented by Betclic Everest Group SAS and its subsidiaries, hereafter "**Betclic Everest Group**" or "**BEG**", which operates through its subsidiaries in the European online gaming markets, online casinos, online poker and sports betting. It operates under the names of its known brands such as Betclic and Bet-at-home, the latter being the brand name of bet-at-home.com AG, a listed company on the Frankfurt stock exchange.

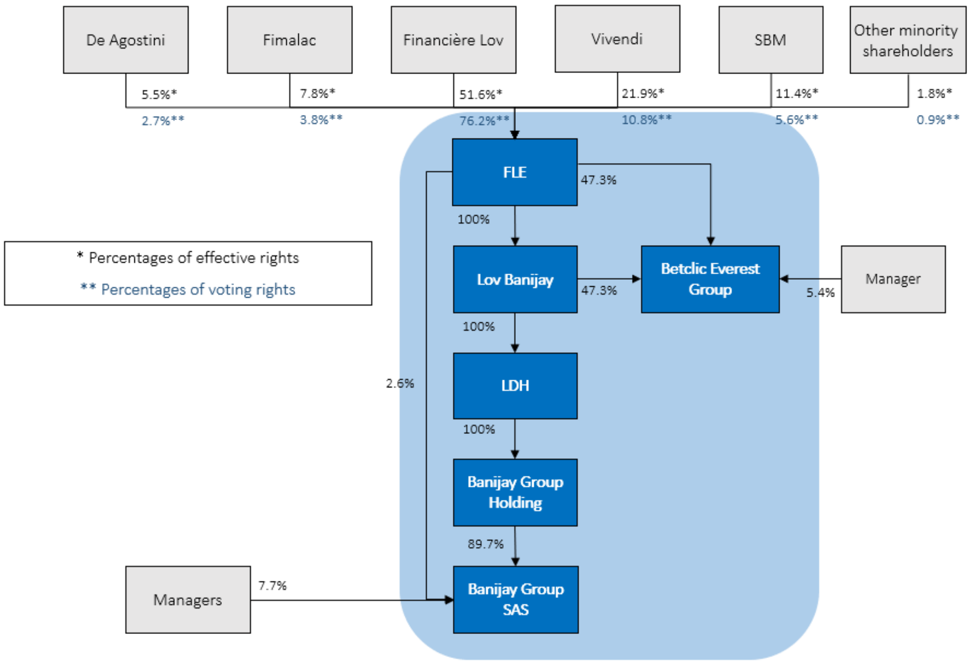
These two businesses together compose the Group, hereafter "**the Group**".

1.2 Group's constitution

FL entertainment BV has been incorporated on 10 March 2022. Prior to the contribution of the subsidiaries to FL Entertainment, the simplified structure of the Group was the following:



After completion of the transactions described in note 3.1 as of 30 June 2022, the simplified structure of the Group is the following:



The constitution of the Group therefore results from transfers of entities within Financière Lov Group, without modification of the Financière Lov's control on the Group. Therefore, the Group results from a combination between entities under common control (refer to note 2.4).

On 1 July 2022, Pegasus Entrepreneurial Acquisition Company Europe B.V. ("Pegasus Entrepreneurs"), a Special Purpose Acquisition Company (SPAC) listed and traded on Euronext Amsterdam, has been merged with and into FLE. Since then, FLE has become a public limited liability company (refer to note 19.1).

1.3 Seasonal activity

Content Production and Distribution business' interim production operations can be impacted by the timing of delivery of both scripted and non-scripted productions. The distribution activity tends to present a more important seasonality in the last quarter of the year but is also impacted by the timing of recoupment of its distribution advances.

Sports Betting and Online Gaming business has a significant part of the revenue that is generated by the sports betting activities.

Sports betting is subject to significant seasonality related to the occurrence of major sporting events. Even-numbered years reflect a higher activity associated with the organization of the World Cup or the European Football Championship. In addition, because BEG's business is dependent on the sports calendar, revenues are lower during the period from May to August, when there are fewer sporting events.

In casino games and in online poker, business volumes are generally stable over a calendar year, with a slight upturn in activity during the winter and are impacted by the activity of the largest sports players.

In addition, the sports betting margin (i.e., the difference between bets and winnings) is highly volatile, as it is affected by sports results. This effect is aggravated by the taxation applicable to online sports betting and gaming, particularly in Poland and Portugal, as betting taxes are applied to wagers. As a result, in the event of high stakes but unfavorable results for BEG, the margin rate will be low and the profitability will be affected accordingly, which could have a material adverse effect on its results of operations and consequent business.

Note 2 BASIS OF PREPARATION

2.1 Statement of compliance

The unaudited condensed consolidated interim financial statements for the six-month period ended 30 June 2022 have been prepared in accordance with IAS 34 – Interim Financial Reporting of the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The unaudited condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union and should be read in conjunction with the combined financial statements as of and for the year ended 31 December 2021, 2020 and 2019, that have been authorized for issuance by the Board of Directors of Financière Lov SAS at its meeting held on 9 May 2022 and for which an unqualified auditor's opinion was issued by ERNST & YOUNG Audit thereon.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 29 September 2022.

2.2 Significant accounting policies

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the combined financial statements as of and for the year ended 31 December 2021, 2020 and 2019, except for the estimation of the income tax expense which is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full year.

The new and amended standards effective from 1 January 2022 do not have a material effect on the unaudited condensed consolidated interim financial statements.

The unaudited condensed consolidated interim financial statements are presented in euros. Unless otherwise indicated, all amounts are rounded to the nearest hundred thousand euros.

2.3 Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but are not yet effective for the six-month period ended 30 June 2022 and have not been early adopted. None of the accounting standards issued but not yet effective are expected to have a significant impact on the Group's unaudited condensed consolidated interim financial statements.

2.4 Scope of consolidation

The constitution of the Group's results from contribution of entities to FLE, without modification *in fine* of the direct or indirect holding of Financière Lov (refer to notes 1.2 and 3.1). These operations are therefore a combination between entities under common control. This type of combination is excluded from the scope of IFRS 3 ("Business Combinations"). In the absence of an IFRS standard specifically applicable to such a transaction, the Group has chosen to recognize them using the pooling of interests' method based on the existing book value ("predecessor value accounting") in the Financière Lov historical consolidated financial statements. The pooling of interests was applied retrospectively. The legal entities and sub-groups forming part of the Group are as follows:

Name of the legal entity or sub-group	Country of incorporation	% of ownership interest		
		30 June 2022	31 December 2021	30 June 2021
FL Entertainment	The Netherlands	*Parent company*	-	-
Lov Banijay	France	100.00%	100.00%	100.00%
LDH	France	100.00%	51.60%	57.21%
Mangas Lov	France	*Merged into Lov Banijay*	100.00%	100.00%
Sub-Group Betclic Everest Group	France	94.60%	47.30%	50.00%
Sub-Group Banijay	France	100.00%	34.64%	38.41%

All companies and sub-groups in the table above are fully consolidated. However, the sub-groups have interests in associates and joint ventures.

2.5 Significant assumptions and estimates

The preparation of these unaudited condensed consolidated interim financial statements requires the Group's management to make assumptions and estimates that may affect the application of the accounting methods, and the reported amounts of assets and liabilities, as well as certain income and expenses for the period. In addition, with those described in the Company's combined financial statements as of and for the year ended 31 December 2021, significant assumptions and estimates include the valuation of securities issued and recognized as liabilities (preference shares, founder warrants, public warrants).

2.6 Going concern

The management assessed the Group's ability to continue as a going concern when preparing the consolidated interim financial statements. In terms of liquidity, the management is confident in the Group capacity to covers its needs:

- The net cash-flows provided by operating activities are positive and increasing
- Post transaction, the current part of the financial liabilities is covered by the current part of the financial assets and cash and cash equivalent hold by the Group (refer to Note 19).
- In addition, as explained in note 16.3, as of 30 June 2022, undrawn committed lines of credit, overdrafts and other borrowings amount to a total of 219.7 M€.

Note 3 SIGNIFICANT EVENTS THAT OCCURRED IN THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

3.1 Holding

3.1.1 Incorporation of FL Entertainment B.V.

FL Entertainment B.V. has been incorporated on the 10 March 2022. As of June 30, 2022, this company is a private limited liability company under the Dutch law, with a tax residency in France.

Its headquarters are located at 5 rue François 1er, 75008 Paris.

Following the transactions described below, FLE is the parent company of the Group.

3.1.2 Business combination agreement

FL Entertainment, Financière Lov and Pegasus Entrepreneurial Acquisition Company Europe B.V. (“**Pegasus Entrepreneurs**”), a special purpose acquisition company (''**SPAC**'') focused on European growth companies, entered on 10 May 2022 into a definitive business combination agreement amended on 22 June 2022 ("**Business Combination Agreement**"). The contemplated transaction consists of (i) the business combination of FL Entertainment and Pegasus Entrepreneurs resulting in a public listing of FL Entertainment on Euronext Amsterdam, (ii) the equity roll-over of the minority shareholders in the Banijay Group (Vivendi, Fimalac and De Agostini) and the Betclic Everest Group (SBM International) to become shareholders of FL Entertainment, and (iii) raising of 646 M€ of proceeds.

On 23 June 2022, Pegasus Entrepreneurs has obtained shareholder approval for the Business Combination with FL Entertainment at the extraordinary general meeting.

The Business Combination has been completed on 1 July 2022. As a result, following the completion of the Business Combination, FL Entertainment is listed on Euronext Amsterdam since 1 July 2022 (refer to note 19.1).

In connection with the Business Combination, the Company entered into subscription agreements with certain investors (the "PIPE Investors") in a private investment in public equity transaction (the "PIPE Financing") in the aggregate amount of 204,230,000 €. In return for their investment, the PIPE Investors will receive a total of 20,423,000 newly issued Ordinary Shares. This transaction occurred on 5 July 2022 (the "Settlement Date") (refer to note 19.3).

3.1.3 Group’s reorganization

On 10 May 2022, the Company entered into an investment agreement with Financière Lov and Stéphane Courbit, Lov Group Invest, Monte-Carlo SBM International S.à.r.l (''SBM International''), Dea Communications SA ("De Agostini"), F. Marc de Lacharrière ("Fimalac"), Pegasus Acquisition Partners Holding, Pegasus Entrepreneurs, Tikehau Capital, Bellerophon Financial Sponsor 2 SAS (a subsidiary of the Sponsor Tikehau Capital SC), Poseidon Entrepreneurs Financial Sponsor SAS (a subsidiary of the Sponsor Financière Agache SA), Financière Agache (a Sponsor), Vivendi Content (''Vivendi''), Société d'Investissements et de Gestion – SIG 116 and Vivendi SE.

On 22 June 2022, the same parties entered into an amendment and waiver to the investment agreement (the amended investment agreement is hereinafter referred to as the "**Investment Agreement**"). Pursuant to the

Investment Agreement, Financière Lov agreed to subscribe for and, on 30 June 2022 received in return for its investment, 13,520,565 newly issued Ordinary Shares, 13,520,565 newly issued Special Voting Shares A (as defined below) and 13,000,000 newly issued Earn-Out Preference Shares A (as defined below), 3,500,000 newly issued Earn-Out Preference Shares B (as defined below) and 3,500,000 newly issued Earn-Out Preference Shares C (as defined below), for an aggregate amount of 250,000,000 €. Further to the terms of the Investment Agreement, Financière Lov has received such shares in return for its investment on 30 June 2022.

Pursuant to (i) the business combination agreement entered into by FL Entertainment, Financière Lov and Pegasus Entrepreneurs, and (ii) the investment agreement entered into by Financière Lov, Pegasus Entrepreneurs, SBM International, DEA Communications SA, Fimalac, Vivendi, Tikehau Capital and Financière Agache on 10 May 2022, the Group conducted reorganization between entities within Financière Lov group and with minority interests in order to achieve the transaction described in note 19.1. The reorganization steps were implemented as follows (the "**Lov Reorganization**"):

a. the merger of Mangas Lov into Lov Banijay, Lov Banijay being the surviving entity;

b. the distribution by Lov Banijay of part of its share premium to Financière Lov as its sole shareholder;

c. the contribution of all shares of LDH held by Financière Lov to Lov Banijay;

d. the contribution and sale of all LDH shares held by DEA Communications SA to Lov Banijay. The sale will be financed by a vendor loan granted by DEA Communications SA to Lov Banijay;

e. the contribution of all LDH shares held by one of the shareholders (FIMALAC) to Lov Banijay;

f. the contribution of all Banijay shares, held by Vivendi Content to LDH in exchange for shares in LDH, resulting in LDH holding the entire share capital of Banijay;

g. the contribution of all LDH shares held by Vivendi Content to Lov Banijay in exchange for shares in Lov Banijay, resulting in Lov Banijay holding the entire share capital of LDH;

h. the contribution of all Lov Banijay shares held by Financière Lov to FL Entertainment in exchange for ordinary shares and special voting shares;

i. the contribution and sale of all Lov Banijay shares held by DEA Communications SA's to FL Entertainment, in exchange for ordinary shares;

j. the contribution of all Lov Banijay shares held by Fimalac to FL Entertainment, in exchange for ordinary shares;

k. the contribution of all Lov Banijay shares held by Vivendi to FL Entertainment, in exchange for ordinary shares;

l. the contribution and sale of all Betclic shares held by SBM International to FL Entertainment for, inter alia, ordinary shares. The sale will be financed by a vendor loan granted by SBM International to FL Entertainment;

m. subscription in cash by FL to a share capital increase of FL Entertainment for an amount of 250 M€ in exchange for

    i. ordinary shares and SVS, and

    ii. preference shares bearing a right to conversion into a certain number of FLE ordinary shares depending on FLE performance (the “Preference Shares”).

   The Preference Shares will have no material economic rights until their conversion and will have regular voting rights but FL would agree not to vote on these Preference Shares in a shareholders’ agreement. The fair market value of the Preference Shares has been assessed by an independent appraiser;

n. the redemption at the combination date (1 July 2022) of (i) the bonds redeemable in cash or in ordinary shares (*obligations remboursables en actions ou en numéraire*) for a principal amount of 90 M€ issued by

Lov Banijay and subscribed by SIG 116 (an affiliate of Vivendi) on 23 February 2016 and (ii) the bonds redeemable in cash or in ordinary shares for a principal amount of 50 M€ issued by Lov Banijay and subscribed by SIG 116 on 14 October 2016; and

o. the contribution by Vivendi to FL Entertainment of 25,000,000 €, in exchange for ordinary shares.

Moreover, Marco Bassetti, CEO of Banijay, has decided on 30 June 2022 to contribute its Banijay Group's shares owned through his holding to FL Entertainment in exchange for ordinary shares. In conjunction with Banijay Group's shares, a shareholders' agreement was signed between Banijay Group Holding and Marco Bassetti granted to the latter a put option, recognized in the consolidated financial statements. Following the conversion, this agreement becomes devoid of purpose.

The impacts on the consolidated financial statements are detailed in Note 11.

As of 30 June 2022, the transaction costs incurred amounted to 11.7 M€, of which 4.8 M€ related to transactions with non-controlling interests and capital issuance recognized in equity and 6.9 M€ in relation to Group reorganization and Pegasus merger recognized in P&L. This amount does not include success fees in related to Pegasus combination that have been recognized at the combination date (refer to Note 19).

3.2 Content Production and Distribution division

3.2.1 Change in Banijay Group's shares valuation

Due to rationalization of the shareholder structure in connection with the Group's reorganization as explained above, the valuation of the Banijay Group's shares has been reassessed upwards. As a consequence, the Banijay Group's liabilities in connection with the LTIP and incentive debt and its liabilities in connection with the outstanding put option agreements have been reassessed after the reorganization. This reassessment has resulted in an increase of the aforementioned liabilities by 108 M€.

3.3 Sports Betting and Online Gaming division

3.3.1 Liquidation of Bet-at-home Entertainment Ltd

On 22 December 2021, Sub-Group BEG announced the liquidation of Bet-at-home Entertainment Ltd, a Maltese entity operating the casino activity under license MGA (Malta Gaming Authority) license, consolidated at 53.90% as of December 2021, which took effect in the first semester of 2022. The Group has determined that this activity does not meet the definition of discontinued operations as provided by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

3.3.2 Players dispute in Bet-at-home sub-group's Austrian market

A decision of the Austrian Supreme Court confirming the actual online casino monopoly of the Austrian gambling regulation and its compliance with European law, dated 1 September 2021, triggered casino players to file legal claims to obtain the reimbursement of their gaming losses incurred with unlicensed operators in Austria. Following this decision, Bet-at-home sub-group has decided to accrue for all cases of players claiming reimbursement of their losses on the casino activity in Austria. As of 31 December 2021, the provisions thus constituted, which also include legal fees related to these disputes, amounted to 27.1 M€ and were recognized as non-current expenses.

As a result of the loss of control due to the winding up proceedings ("winding up by the court") over Bet-at-home Entertainment Ltd, which has been confirmed by the court on 13 May 2022, with retroactive effect from the date of the application, the company had to be deconsolidated from the Bet-at-home sub-group (refer to note 3.3.1), resulting in the disposal of the provision recognized as of 31 December 2021.

3.4 Other information

3.4.1 Russia-Ukraine conflict

The Group is closely monitoring developments in the conflict between Russia and Ukraine since the invasion of Russia in Ukraine in February 2022. FL Entertainment has a limited exposure to the Russia market (net revenue contribution of 17 M€ and current operating profit of 1 M€ for the semester). Pursuant to the sanctions introduced by the United States and the European Union, the Group has suspended its activities with its Russian subsidiary.

The Group also monitors the macro-economic trends that could have repercussions for the Group's operations.

3.4.2 Impairment

The Group performs its annual impairment test during the fourth quarter of each fiscal year or each time events or changes in the economic environment may indicate a risk of impairment as described in the Combined financial statements.

As of 30 June 2022, the Group did not identify any triggering events indicating a decrease in the recoverable amount of Cash Generating Units (CGU) or groups of CGUs.

Note 4 SEGMENT INFORMATION

As described in note 1.1 Presentation of the business, the Group operates two operating segments which reflect the internal organizational and management structure according to the nature of the products and services provided:

- Content Production and Distribution business: incorporates the activities of production, distribution and marketing of content property rights for television and multimedia platforms. This segment corresponds entirely to the Banijay Group; and

- Sports Betting and Online Gaming business: comprises sports betting, poker and casino. This segment corresponds to the Betclic Everest Group.

Profit & Loss per segment

For the six-month period ended 30 June	2022			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Net revenue	1,404.2	396.6	-	**1,800.8**
Adjusted EBITDA	198.3	103.2	(0.7)	**300.7**
Operating profit/(loss)	82.3	95.5	(7.3)	**170.5**
Cost of net debt	(63.8)	(6.3)	(3.6)	**(73.6)**
Consolidated net income	(62.3)	75.6	(31.4)	**(18.2)**
Attributable to:				
Non-controlling interests	*(40.2)*	*42.3*	*(0.0)*	***2.1***
Shareholders	*(22.1)*	*33.3*	*(31.4)*	***(20.2)***

For the six-month period ended 30 June	2021			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Net revenue	1,106.0	408.7	-	**1,514.7**
Adjusted EBITDA	151.2	108.2	(0.1)	**259.3**
Operating profit/(loss)	57.4	54.3	(0.1)	**111.5**
Cost of net debt	(60.6)	(2.9)	(2.6)	**(66.0)**
Consolidated net income	(16.0)	45.2	(5.0)	**24.2**
Attributable to:				
Non-controlling interests	*(10.4)*	*23.3*	*(1.6)*	***11.3***
Shareholders	*(5.6)*	*21.9*	*(3.4)*	***12.8***

<u>Adjusted EBITDA</u>

The Group considers Adjusted EBITDA to be a useful metric for evaluating its operating performance as it facilitates a comparison of its core operating results from period to period by removing the impact of, among other things, its capital structure, asset base and tax consequences. Adjusted EBITDA is a non-IFRS measures and, as a result, these measures and ratios may not be comparable to measures used by other companies under the same or similar names.

Adjusted EBITDA is defined as the Operating Profit for that period excluding restructuring costs and other non-core items, costs associated with the long-term incentive plan within the Group (the "LTIP") and employment related earn-out and option expenses, and depreciation and amortization (excluding D&A fiction).

Those adjustments items include:

- **restructuring costs and other non-core items**: due to their unusual nature or particular significance, these items are excluded. In general, these items relate to transactions that are significant, infrequent, or unusual. However, in certain instances, transactions, such as restructuring costs or asset disposals, which are not representative of the normal course of business (referred as "non-core items"), may be adjusted although they may have occurred within prior years or are likely to occur again within the coming years. The detail of these costs is provided in Note 7.

- **LTIP and other long-term incentive plans**: reference is made to Employee benefits Long-Term Incentive Plans and Employee benefits obligations resulting from a business acquisition arrangement.

- **Depreciation and amortization (excluding D&A fiction)**: depreciation and amortization of software and intangible assets, PPE own property, right-of-use and intangible assets acquired in business combinations. D&A fiction are costs related to the amortization of fiction production, which the Group considers to be operating costs. As a result of the D&A fiction, the depreciation and amortization line item in the unaudited consolidated financial statement of income deviates from the depreciation and amortization costs in this line item.

The table below presents the reconciliation of operating profit before exceptional items and amortization of acquisition-related intangibles to Adjusted EBITDA for the six-month periods ended 30 June 2022 and 30 June 2021:

For the six-month period ended 30 June	**2022**			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Operating profit/(loss):	**82.3**	**95.5**	**(7.3)**	**170.5**
Restructuring costs and other non-core items	0.2	(12.2)	6.6	(5.4)
LTIP and employment-related earn-out and option expenses	62.4	14.2	-	76.6
Depreciation and amortization (excluding D&A fiction[1])	53.4	5.7	-	59.0
ADJUSTED EBITDA	**198.3**	**103.2**	**(0.7)**	**300.7**

[1] No amortization of fiction production recognized in 2022

For the six-month period ended 30 June	**2021**			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Operating profit/(loss):	**57.4**	**54.3**	**(0.1)**	**111.5**
Restructuring costs and other non-core items	15.6	(1.0)	-	**14.6**
LTIP and employment-related earn-out and option expenses	30.0	49.1	-	**79.1**
Depreciation and amortization (excluding D&A fiction[1])	48.3	5.8	0.0	**54.1**
ADJUSTED EBITDA	**151.2**	**108.2**	**(0.1)**	**259.3**

[1] No amortization of fiction production recognized in 2021

Content Production and Distribution business

Operating profit increased significantly compared to the first semester of 2021 as a result of the increment in the revenue caused by an organic growth in the Production stream and the increase in sales in the Distribution business through intellectual property development. This positive effect is compensated negatively by the increase of LTIP expenses as explained in note 3.2.1 (refer to Note 6).

Sports Betting and Online Gaming division

Operating profit increased in June 2022 primarily due to the decrease of the staff costs attributable to the reduction in expenses related to the plans under IFRS 2 (refer to Note 6).

Holding

The Holding accounted for transaction fees for an amount of 6.6 M€ incurred in the context of FLE's reorganization process.

Balance Sheet per segment

	30 June 2022			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Non-current assets	2,838.9	309.9	0.0	3,148.8
Current assets	2,024.3	172.4	279.1	2,475.8
Total assets	**4,863.2**	**482.3**	**279.1**	**5,624.6**
Non-current liabilities	2,715.6	136.3	250.4	3,102.4
Current liabilities	1,932.4	384.8	574.7	2,891.9
Total liabilities (excluding equity)	**4,648.0**	**521.2**	**825.1**	**5,994.3**

	31 December 2021			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Non-current assets	2,792.4	314.5	21.4	3,128.3
Current assets	1,715.3	136.3	62.1	1,913.7
Total assets	**4,507.7**	**450.8**	**83.5**	**5,042.0**
Non-current liabilities	2,598.2	157.0	162.6	2,917.9
Current liabilities	1,685.1	411.0	34.2	2,130.3
Total liabilities (excluding equity)	**4,283.4**	**568.0**	**196.8**	**5,048.2**

Content Production and Distribution business

Current assets are constituted by trade receivables, cash and cash equivalents, tax receivables, and inventories and work in progress which correspond to costs incurred in the production of non-scripted programs (or scripted programs for which the Group does not expect subsequent Intellectual Property revenue) that have not been delivered at reporting date, as the Group recognizes its production revenue upon delivery of the materials to the customer. The increment in inventories and work in progress is due to the usual seasonality effect of the business, explained by the fact that projects are delivered normally at the end of the year rather than mid-term.

Non-current assets are mainly constituted by goodwill resulting from BGH's acquisitions, intangible assets and right-of use assets.

Current liabilities are constituted by short-term loans, trade payables, vendor loans and deferred income that relates to undelivered programs that are work-in progress (or intangible assets-in-progress) and that have already been invoiced. Those deferred incomes correspond to the contract liabilities (under IFRS 15).

Non-current liabilities include primarily long-term borrowings and other financial debt, long-term lease liabilities (refer to note 16.2) and other non-current liabilities (refer to note 10.4).

Sports Betting and Online Gaming business

Non-current assets are composed of goodwill generated from acquisitions, intangible assets (mainly IT and gambling software) and trade receivables on providers (note 10.1).

Current assets are primarily formed by cash and cash equivalents.

Non-current liabilities are composed by long-term borrowings and employee-related long-term incentives.

Current liabilities are primarily constituted by gambling taxes, short-term borrowings, provisions for legal contingencies and liabilities related to the Betclic Everest Group's incentive plans (LTIP).

Holding

Current assets mainly comprise the escrow account (refer to note 16.1).

Financial liabilities are formed by vendor loans of a total amount of 524.5 M€ (425 M€ with SBM and 99.5 M€ with DeAgostini (refer to note 16.2). The current portion of those vendor loans corresponds to 388.5 M€ (vendor loan with SBM), while the non-current part corresponds to 136 M€ (36.5 M€ with SBM and 99.5 M€ with DeAgostini).

Non-current liabilities include the earn-out shares (refer to Note 14).

Net debt per segment

	30 June 2022			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Bonds	1,334.9	-	170.3	1,505.2
Bank borrowings	1,026.0	252.2	-	1,278.2
Bank overdrafts	4.5	-	-	4.5
Accrued interests on bonds and bank borrowings	28.7	0.3	-	29.0
Vendor loans	-	-	524.5	524.5
Total bank indebtedness	**2,394.1**	**252.5**	**694.8**	**3,341.4**
Cash and cash equivalents	(358.8)	(132.1)	(1.8)	(492.7)
Trade receivables on providers		(10.2)		(10.2)
Players' liabilities		35.6		35.6
Cash in trusts		(22.5)		(22.5)
Escrow account	-	-	(275.0)	(275.0)
Net cash and cash equivalents	**(358.8)**	**(129.2)**	**(276.8)**	**(764.8)**
Net debt before derivatives effects	**2,035.3**	**123.3**	**418.0**	**2,576.6**
Derivatives – liabilities	1.8	-	-	1.8
Derivative – assets	(50.3)	(3.1)	-	(53.4)
NET DEBT	**1,986.9**	**120.2**	**418.0**	**2,525.0**

In € million	31 December 2021 Content Production and Distribution	Sports Betting and Online Gaming	Holding	Total Group
Bonds[(1)]	1,298.8	-	162.6	1,461.5
Bank borrowings[(1)]	964.7	267.8	-	1,232.5
Bank overdrafts	1.7	-	0.0	1.7
Accrued interests on bonds and bank borrowings	28.0	0.3	4.5	32.7
Vendor loans	-	-	-	-
Total bank indebtedness	**2,293.2**	**268.0**	**167.1**	**2,728.4**
Cash and cash equivalents	(344.7)	(87.9)	(1.5)	(434.1)
Trade receivables on providers		(24.8)		(24.8)
Players' liabilities		41.7		41.7
Cash in trusts		(22.4)		(22.4)
Escrow account	-	-	-	-
Net cash and cash equivalents	**(344.7)**	**(93.4)**	**(1.5)**	**(439.5)**
Net debt before derivatives effects	**1,948.5**	**174.7**	**165.6**	**2,288.8**
Derivatives – liabilities	6.1	-	-	6.1
Derivative – assets	(4.4)	(0.4)	(21.4)	(26.2)
NET DEBT	**1,950.2**	**174.3**	**144.2**	**2,268.8**

(1) *Term loans were reclassified as of 31.12.2021 from bonds to bank borrowings due to their nature for a total amount of 380.3 M€.*

Statement of Cash Flows and Free-Cash flow

For the six-month period ended 30 June *In € million*	2022 Content Production and Distribution	Sports Betting and Online Gaming	Holding	Total Group
Net cash flow from operating activities	102.6	73.5	0.3	**176.4**
Cash flow (used in)/from investing activities	(36.9)	(5.4)	-	**(42.2)**
Cash flow (used in)/from financing activities	(79.7)	(24.0)	0.0	**(103.6)**
Impact of changes in FX	25.2	-	-	**25.2**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**11.2**	**44.2**	**0.3**	**55.7**
Cash and cash equivalents as of 1 January	*343.1*	*87.9*	*1.5*	***432.4***
Cash and cash equivalents as of 30 June	*354.3*	*132.1*	*1.8*	***488.2***

For the six-month period ended 30 June *In € million*	2022 Content Production and Distribution	Sports Betting and Online Gaming	Holding	Total Group
Adjusted EBITDA	198.3	103.2	(0.7)	**300.7**
Purchase of property, plant and equipment and intangible assets	(24.5)	(4.1)	-	**(28.6)**
Total cash outflows for leases that are not recognized as rental expenses	(21.2)	(1.7)	-	**(22.8)**
ADJUSTED FREE-CASH FLOW	**152.6**	**97.4**	**(0.7)**	**249.23**
Changes in working capital	(81.4)	(10.7)	7.9	**(84.2)**
Income tax paid	(15.6)	(17.4)	-	**(33.0)**
ADJUSTED FREE-CASH FLOW AFTER CHANGES IN WORKING CAPITAL AND INCOME TAX PAID	**55.6**	**69.3**	**7.2**	**132.1**

For the six-month period ended 30 June	2021			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Net cash flow from operating activities	48.3	81.9	(0.0)	**130.2**
Cash flow (used in)/from investing activities	(39.4)	0.4	-	**(39.0)**
Cash flow (used in)/from financing activities	(87.3)	(29.0)	0.3	**(116.0)**
Impact of changes in FX	(8.6)	-	-	**(8.6)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(86.9)**	**53.3**	**0.2**	**(33.4)**
Cash and cash equivalents as of 1 January	*271.9*	*115.2*	*1.4*	***388.5***
Cash and cash equivalents as of 30 June	*185.0*	*168.5*	*1.6*	***355.1***

For the six-month period ended 30 June	2021			
In € million	Content Production and Distribution	Sports Betting and Online Gaming	Holding	**Total Group**
Adjusted EBITDA	151.2	108.2	(0.1)	**259.3**
Purchase of property, plant and equipment and intangible assets	(23.9)	(4.9)	-	**(28.8)**
Total cash outflows for leases that are not recognized as rental expenses	(20.2)	(2.1)	-	**(22.3)**
ADJUSTED FREE-CASH FLOW	**107.1**	**101.2**	**(0.1)**	**208.2**
Changes in working capital	(81.2)	(16.6)	0.1	**(97.7)**
Income tax paid	(7.8)	(9.5)	(0.1)	**(17.4)**
ADJUSTED FREE-CASH FLOW AFTER CHANGES IN WORKING CAPITAL AND INCOME TAX PAID	**18.1**	**75.1**	**(0.0)**	**93.1**

Note 5 REVENUE

Revenue for the six-month periods ended 30 June 2022 and 30 June 2021 by activity and sub-activity are as follows:

For the six-month period ended 30 June *In € million*	2022	2021
Content Production and Distribution	**1,404.2**	**1,106.0**
Production	1 168.3	929.4
Distribution	159.6	110.5
Others	76.3	66.1
Sports Betting and Online Gaming	**396.6**	**408.7**
Sportsbook	322.3	333.8
Casino	46.5	50.0
Poker	23.2	21.6
Other	4.6	3.2
TOTAL REVENUE	**1,800.8**	**1,514.7**

Total revenue of the Content Production and Distribution business corresponds essentially to the production and sale of audiovisual programs and the distribution of audiovisual rights and/or catalogues.

The increase between periods is driven by the organic growth of the production stream and the increase in sales of the distribution stream through intellectual property development.

The remaining part of the Group's revenue is attributed to the Sports Betting and Online Gaming business, which includes sportsbooks, gambling in casinos, poker and others.

Information by geographical area based on the location of the customer is as follows:

For the six-month period ended 30 June *In € million*	2022		
Revenue by geographical area	Content Production and Distribution	Sports Betting and Online Gaming	Total Group
Europe	1,008.4	394.8	1,403.2(1)
United States of America	335.7	-	335.7
Rest of the world	60.2	1.8	62.0
TOTAL REVENUE	1,404.2	396.6	1,800.8

(1) Of which Netherlands: 61.0M€

For the six-month period ended 30 June *In € million*	2021		
Revenue by geographical area	Content Production and Distribution	Sports Betting and Online Gaming	Total Group
Europe	851.0	406.5	1,257.4(1)
United States of America	211.3	-	211.3
Rest of the world	43.8	2.2	46.0
TOTAL REVENUE	1,106.0	408.7	1,514.7

(1) Of which Netherlands: 47.1M€

Note 6 EMPLOYEE BENEFITS LONG-TERM INCENTIVE PLANS

Certain employees of the Group benefit from several long-term incentive plans (LTIP) whose goal is to share the created value by the Group or one of its subsidiaries. Some of them are settled in shares but are supplemented by a liquidity agreement granted by the relevant intermediate business unit holding, while the remaining are settled in cash. In accordance with IFRS 2, all plans are classified as cash-settled share-based payment transactions.

Description of the on-going plans

At Banijay's level, the Group issues to key management free share plans ("**AGA**") and share purchase warrants ("**BSA**").

In addition, Banijay issues phantom shares plans to certain directors and employees that require the sub-group to pay the intrinsic value of the phantom shares to the employee at the date of exercise. A summary of the plans' characteristics is presented below:

Plan	Conditions	End of vesting period
Free Share plans (AGA)	Presence and performance	2022, 2024, 2029
Share purchase warrants (BSA)	Presence and performance	2025
Phantom shares	Presence and performance	2024 and 2028
Other	Presence and performance	2020 or 2021

At BEG's level, there are LTI plans and equity instruments that were assimilated to compensation received for goods and services rendered (cash-settled plans) issued to certain managers and employees. The plans regarding each type are summarized below:

Plan	Attribution date	Conditions	End of vesting period
LTIP A	2018 & 2019	Presence and Performance	2023
LTIP B	2018 & 2019	Presence and Performance	2021
LTIP C	2020 and 2021	Presence and Performance	2023
Preferred shares [1]			
- Prior to 2021	2018	Presence and Performance	2018, 2019 and 2022
- In 2021	2018, renegotiated in 2021	Performance	2021

[1] *Initially, the preferred shares granted were supplemented with a liquidity agreement. Thus, the plan qualified as a cash-settled plan. Since 2021, on the basis of the agreement signed on November 2021, the vesting period was revised, and a portion of the plan has been requalified as an equity-settled plan.*

Measurement of the plans

The Group has recorded liabilities of 264.0 M€ as of 30 June 2022 (205.6 M€ as of 31 December 2021). The Group recorded total expenses of 65.8 M€ for the period ended 30 June 2022, compared to 70.0 M€ for the period ended 30 June 2021. The variation is explained:

- by a reduction of the expenses for an amount of (34.9 M€) for Betclic due to the fact that one of sub-group BEG's significant share-based plans vesting period ended in December 2021; partially offset

- by the remeasurement of the Banijay's plans for an amount of 33 M€ following the reassessment of the Banijay Group's shares (refer to note 3.2.1).

The cash outflows in regards with LTIP amounted to (7.6) M€ for the period ended 30 June 2022, compared to (8.8) M€ for the period ended 30 June 2021.

Note 7 OTHER OPERATING INCOME AND EXPENSES

Other operational income and expenses for the six-month periods ended 30 June 2022 and 30 June 2021 are as follows:

For the six-month period ended 30 June *In € million*	**2022**	**2021**
Restructuring charges and other non-core items	5.4	(14.6)
Tax and duties	(1.3)	(1.0)
President and management fees	(7.5)	(5.7)
Other operating expenses	(0.1)	(0.2)
Other operating income	0.0	0.3
OTHER OPERATING INCOME AND EXPENSES	**(3.5)**	**(21.2)**
Of which other operating income	*15.8*	*6.7*
Of which other operating expenses	*(19.4)*	*(27.9)*

Restructuring charges and other non-core items are detailed as follows:

For the six-month period ended 30 June *In € million*	**2022**	**2021**
Restructuring costs and reorganization	(1.9)	(17.7)
FLE's reorganization operation	(6.6)	-
Scope variation effect (badwill/capital gain or loss/acquisition costs)	15.3	3.8
Significant litigations	(1.4)	(0.7)
RESTRUCTURING CHARGES AND OTHER NON-CORE ITEMS	**5.4**	**(14.6)**

Restructuring costs and reorganization caption comprises expenses with personnel, relocation and taxes held within the context of BGH and BEG's reorganization transactions occurred during the period in the different subsidiaries. In the 1st semester of 2021, BGH's incurred significant costs following Endemol's acquisition, which explains the reduction over to the 1st semester of 2022.

FLE's reorganization operation caption as of June 2022 includes charges related to the financial and operational/structural transactions occurred during the period within the context of FLE's reorganization process initiated in 2022 (refer to note 3.1.3). This amount did not include success fees related to Pegasus combination, recognized at the date of the combination (refer to Note 19).

Scope variation effect caption includes the proceeds from the sale of Group BEG's former entity Expekt and liquidation of BaH Entertainment LtD during the first semester of 2022.

Significant litigations as of June 2022 are constituted by a litigation held in The Netherlands by the Content Production business (0.3 M€) and the remaining provision related to the Bet-at-home sub-group litigation process in Austria, which was reversed in 2022 after the deconsolidation of Bet-at-home Entertainment Ltd from the Bet-at-home subgroup (refer to note 3.3.23.3.1).

Note 8 FINANCIAL RESULT

For the six-month period ended 30 June ***In € million***	**2022**	**2021**
Interests paid on bank borrowings and bonds	(74.2)	(66.5)
Cost of gross financial debt	**(74.2)**	**(66.5)**
Interests received on cash and cash equivalents	0.6	0.4
Gains on assets contributing to net financial debt	**0.6**	**0.4**
Cost of net debt	(73.6)	(66.0)
Interests paid on current accounts liabilities	(0.5)	(0.2)
Interests received on current accounts receivables	1.1	1.1
Interests on lease liabilities	(2.5)	(2.3)
Change in fair value of financial instruments	(89.7)	(6.6)
Currency gains/(losses)	7.9	(0.8)
Other financial gains/(losses)	(2.1)	(1.7)
NET FINANCIAL INCOME/(EXPENSE)	(159.3)	(76.6)

The significant increase in the net financial expense between periods is mostly linked to the reset of the derivative attached to the reimbursed Vivendi convertible bond for 21.5 M€ and the change in fair value of the put options in the minority interests in BGH following the revalorization of BGH's shares' value (refer to note 3.2.1).

Note 9 INCOME TAX

The Group computed its income tax expense for the interim period using the projected effective tax rate method (based on tax rate at year end per geographical area) after restating the profit/(loss) before tax from certain selected items with no tax impacts (e.g., discount and revaluation income or expense, tax losses carried forward for which deferred tax assets do not reach the recognition criteria).

For the six-month period ended 30 June *In € million*	2022	2021
Income tax	(27.8)	(9.4)
Withholding taxes restated from effective income tax rate	1.9	2.4
Tax provision and tax adjustment	0.1	0.7
Restated income tax	(25.8)	(6.3)
Earnings before provision for income taxes	9.7	33.6
Share of net income from associates & joint ventures	1.5	1.4
Restatement of certain items with no tax effect*	113.8	44.5
Unrecognized tax loss carryforward (basis)	31.4	5.0
RESTATED PROFIT BEFORE TAX	156.4	84.4
Effective income tax rate	*17.8%*	*11.2%*

***Such as: Earn-out and put, LTIP, other non-recurring items.**

Note 10 WORKING CAPITAL BALANCES

10.1 Trade receivables

The breakdown of trade and other receivables as of 30 June 2022 and 31 December 2021 is as follows:

In € million	30 June 2022	31 December 2021
Trade receivables, gross	545.7	452.3
Trade receivables from providers, gross	10.2	24.8
Total trade receivables, gross	556.0	477.1
Depreciation(1)	(15.0)	(13.6)
TRADE RECEIVABLES, NET	541.0	463.6
(1) Of which depreciation of providers' receivables	-	-

Trade receivables from providers (payment service providers) correspond to balances in transit with the payment partners of the Group and which are repatriated to bank accounts manually or automatically. These receivables are considered liquid because they can be transferred in a few minutes or a few days, depending on partners.

10.2 Other non-current and current assets

The breakdown of other non-current and current assets as of 30 June 2022 and 31 December 2021 is as follows:

In € million	30 June 2022	31 December 2021
Trade receivables, LT	17.4	19.9
Income tax receivables, LT	0.0	0.0
Receivables from disposals of assets, LT	-	6.9
Employment-related earn-out and option, LT	1.4	2.0
Other, LT	1.1	0.7
OTHER NON-CURRENT ASSETS	19.9	29.6

In € million	30 June 2022	31 December 2021
Tax receivables, excluding income tax	202.6	159.8
Income tax receivables	19.8	20.4
Prepaid expenses	28.6	20.5
Receivables from disposals of assets	4.4	0.0
Employment-related earn-out and option, ST	3.4	5.8
Other(1)	61.1	57.8
OTHER CURRENT ASSETS	319.9	264.2

(1) This item comprises mainly repayable advances related to co-production activities.

10.3 Customer contract liabilities

Customer contract liabilities as of 30 June 2022 and 31 December 2021 are as follows:

In € million	30 June 2022	31 December 2021
Deferred revenue	860.7	730.7
Liabilities for gaming bets	39.4	46.1
CUSTOMER CONTRACT LIABILITIES	900.0	776.9

Deferred revenue relates to undelivered programs that are work-in-progress (or intangible assets-in-progress) and that have already been invoiced, recognized as deferred income under IFRS 15.

Liabilities for gaming bets mainly include players' liabilities, i.e., the amounts available in their accounts for an amount of 35.6 M€ and 41.7 M€ as of 30 June 2022 and 31 December 2021, respectively.

10.4 Other non-current and current liabilities

Other non-current liabilities as of 30 June 2022 and 31 December 2021 are as follows:

In € million	30 June 2022	31 December 2021
Long-term liabilities on non-controlling interests	145.6	132.5
Employee-related long-term incentives	149.2	109.0
Employment-related earn-out and option obligation, LT	23.7	19.0
Other non-current liabilities	37.0	31.3
OTHER NON-CURRENT LIABILITIES	355.6	291.7

Other current liabilities as of 30 June 2022 and 31 December 2021 are as follows:

In € million	30 June 2022	31 December 2021
Employee-related payables (accruals for paid leave, bonuses and other)	79.6	88.3
National, regional and local taxes other than gaming tax and income tax	89.9	79.0
Short-term liabilities on non-controlling interests	76.6	71.6
Gaming tax liabilities	29.2	36.4
Income tax liabilities	30.2	41.1
Employee-related long-term incentives, current	114.7	96.6
Employment-related earn-out and option obligation, ST	10.8	6.4
Payable on fixed asset purchase	2.0	2.3
Dividends payable	1.6	0.9
Other current liabilities	43.5	34.0
OTHER CURRENT LIABILITIES	478.3	456.8

Employees-related long-term incentives include cash-settled share-based payment liability (refer to Note 6) and employment-related earn-out and option obligations. These liabilities were also impacted by the upward reassessment of the Banijay Group's shares (refer to note 3.2.1).

Liabilities on non-controlling interests reflect the commitments to purchase non-controlling interests amounts, as well as the liabilities regarding contingent consideration arrangement on business acquisitions. The Group estimates these debts based on contractual agreements and using assumptions on future profits. The present value of the scheduled cash outflows is computed using a discount rate.

In € million	2022
LIABILITIES ON NON-CONTROLLING INTERESTS AS OF 1 JANUARY	204.1
Scope entry	11.3
Remeasurement through P&L	79.5
Repayments	(4.5)
Scope exit	-
Translation differences	1.1
Others	0.0
Reclassification and others	(69.1)
LIABILITIES ON NON-CONTROLLING INTERESTS AS OF 30 JUNE	222.3
Of which current	*76.6*
Of which non-current	*145.6*

The remeasurement is related to the upward reassessment of the Banijay Group's shares (refer to note 3.2.1). Reclassification and others caption includes the reversal of Marco Bassetti's put options in the first semester of 2022 recognized in equity (refer to note 3.1.3 and Note 11) following the contribution of its BG's shares to FLE in exchange for ordinary shares.

Note 11 CHANGES IN SHAREHOLDERS EQUITY

11.1 FL Entertainment equity instruments

In the context of the Group's reorganization (as explained in paragraph 3.1.3), FL entertainment has issued ordinary shares and SVS as follows in 2022:

	Number of shares		*In € million*
	Ordinary shares *(nominal value: 0.01 €)*	SVS *(nominal value: 0.02 €)*	Shareholders' equity
- Incorporation of FL Entertainment	1,000		0.0
- Contribution of all Lov Banijay shares held by Financière Lov to FL Entertainment in exchange for ordinary shares and special voting shares(1)	178,479,434	178,479,434	-
- Contribution and sale of all LDH shares held by DEA Communications SA to the Group through several transactions, in exchange for FL Entertainment's ordinary shares(2)	20,408,177		(3.0)
- Contribution of all LDH shares held by Fimalac to the Group through several transactions, in exchange for FL Entertainment's ordinary shares(2)	28,978,416		92.1
- Contribution of all BGH shares held by Vivendi Content to the Group through several transactions, in exchange for FL Entertainment's ordinary shares(2)	78,829,610		(96.1)
- Contribution and sale of all Betclic shares held by SBM International to FL Entertainment for, inter alia, ordinary shares(2)	42,500,000		(560.8)
- Subscription in cash by FL to a share capital increase of FL Entertainment in exchange for ordinary shares and SVS(3)	13,520,565	13,520,565	135.6
- Contribution by Vivendi to FL Entertainment of 25 M€ in exchange for ordinary shares	2,500,000		25.0
- Contribution of all BG shares held by Marco Bassetti in exchange for ordinary shares(2)	6,916,269		69.2
	372,133,471	191,999,999	(338.0)

(1) *The contribution of Lov Banijay shares by Financière Lov being accounted for as a transaction under common control recognize using the pooling interests' method applied retrospectively, this operation has no impact in the shareholders equity. A reclassification between the accounts share capital and premium and the account consolidated reserves has been performed to reflect the equity instruments issuance, reflected in the line "Group's constitution" of the unaudited consolidated interim statement of changes in equity.*

(2) *The shares have been issued in the context of changes in ownership interest in subsidiaries that do not result in a loss of control (refer to note 11.2).*

(3) *In addition to ordinary shares and SVS, FL received preference shares, classified in liabilities according to IAS 32 (refer to Note 14).*

11.2 Changes in ownership interest in subsidiaries that do not result in a loss of control

In the context of the Group's reorganization (as explained in paragraph 3.1.3), capital restructuration undertaken impacted the consolidated equity as follows:

In € million	30 June 2022 Shareholders' equity	Non-controlling interests	Total consolidated equity
- Contribution and sale of all LDH shares held by DEA Communications SA and Fimalac to the Group through several transactions, in exchange for FL Entertainment's ordinary shares	89.2	(188.6)	(99.5)
- Contribution of all BGH shares held by Vivendi Content to the Group through several transactions, in exchange for FL Entertainment's ordinary shares	(96.1)	96.1	-
- Contribution and sale of all Betclic shares held by SBM International to FL Entertainment for, inter alia, ordinary shares;	(560.8)	135.8	(425.0)
- Contribution of all BG shares held by Marco Bassetti in exchange for ordinary shares[1]	69.2	-	69.2
- Other BGH's operations	-	0.3	0.3
CHANGES IN OWNERSHIP INTEREST IN SUBSIDIARIES THAT DO NOT RESULT IN A LOSS OF CONTROL	**(498.6)**	**43.5**	**(455.1)**

[1] *In conjunction with BG's shares, a shareholders' agreement was signed between BGH and Marco Bassetti granted to the latter a put option, recognized in the consolidated financial statements. It was analyzed that this agreement conveyed an in-substance present ownership interest in the underlying entity. The carrying value of the non-controlling interests were reclassified to other current or non-current liabilities. Following the conversion, this agreement becomes devoid of purpose, and the put has been cancelled against shareholders equity.*

11.3 Dividend distribution

The dividend distribution manly consists in the distribution by Lov Banijay of part of its share premium to Financière Lov in the context of the Group reorganization (refer to note 3.1.3). This dividend was offset with the Financière Lov current account receivable (refer to note 16.1).

Note 12 NON-CONTROLLING INTERESTS

(*In € million*)	For the period ended 30 June 2022						
Name of the subsidiary	Accumulated NCI as of 01.01.2022	Profit for the period	OCI for the period	Changes in ownership interest in subsidiaries that do not result in a loss of control	Dividends paid to NCI	Others	Accumulated NCI as of 30.06.2022
LDH	**188.9**	(0.0)	-	(188.6)	(0.2)	-	**(0.0)**
BEG Group	**(183.9)**	42.3	1.6	135.8	-	(0.2)	**(4.4)**
Banijay Group	**(41.7)**	(40.2)	(8.9)	96.3	(0.5)	-	**5.1**
TOTAL	(36.7)	2.1	(7.2)	43.5	(0.7)	(0.2)	0.7

The item Changes in ownership interest in subsidiaries that did not result in a loss of control reflects the capital restructuration detailed in note 11.2.

Note 13 EARNINGS PER SHARE

13.1 Number of shares

The shares issued in the context of the combination between entities under common control did not result in a corresponding change in resources, since the attached economical rights were already controlled by the Group. As a consequence, and in accordance with IAS 33, the weighted average number of ordinary shares has been adjusted during all the periods presented as if these shares were issued at the beginning of the earliest period presented.

In € million	30 June 2022		30 June 2021	
	Number of ordinary shares	Share Capital (M€)	Number of shares	Share Capital (M€)
Opening share capital	-	-	-	-
Capital increase	372,133,471	3.7	-	-
Capital decrease	-	-	-	-
Closing share capital	372,133,471	3.7	-	-
Weighted average number of ordinary shares outstanding(1)	179,555,912		178,479,434	

(1) Including the retrospective adjustment related to the 178,479,434 shares issued in compensation for the shares contributed by Financière Lov.

13.2 Basic and diluted earnings per share

In € million		30 June 2022	30 June 2021
Income available to common stakeholders	A	(20.2)	12.8
Weighted average number of ordinary shares outstanding(1)	B	179,555,912	178,479,434
Basic earnings per share (in euros)	A/B	(0.11)	0.07

(1) Including the retrospective adjustment related to the 178,479,434 shares issued in compensation for the shares contributed by Financière Lov.

In € million		30 June 2022	30 June 2021
Income available to common stakeholders	A	(20.2)	12.8
Diluted weighted average number of ordinary shares outstanding(1)	B	179,555,912	178,479,434
Diluted earnings per share (in euros)	A/B	(0.11)	0.07

(1) Including the adjustment related to the 178,479,434 shares issued in compensation for the shares contributed by Financière Lov.

As of June 2022, the number of potential dilutive weighted-average shares not taken in consideration above amount to 20,000,000 ordinary shares (2021: 0 ordinary shares), that are related to earn-out shares for which the conversion conditions were not met at the end of the period.

Note 14 OTHER SECURITIES

In € million	30 June 2022	31 December 2021
Earn-out shares	114.4	-
OTHER SECURITIES	144.4	-

In the context of the Group's reorganization (as explained in paragraph 3.1.3), FL subscribed in cash to a share capital increase of FL Entertainment for an amount of 250 M€ in exchange for ordinary shares and SVS, and preference shares.

The characteristics of the earn-out shares were analyzed, and it has been determined that these securities should be classified as a liability instruments according to IAS 32. Earn-out shares are recognized at fair-value. Subsequent changes in fair value will be recognized in the statement of income.

Note 15 PROVISIONS AND CONTINGENT LIABILITIES

15.1 Provisions

The change in provisions between 1 January 2022 and 30 June 2022 is as follows:

In € million	Commercial claims and litigation	Restructuring plan	Other	Total
As of 1 January 2022	30.5	2.6	28.0	61.1
Movements taken to profit and loss	**0.8**	**(1.2)**	**(1.6)**	**(1.9)**
Additions	1.5	0.0	1.2	**2.7**
Releases	(0.7)	(1.2)	(2.8)	**(4.7)**
Other movements	**(25.4)**	**0.0**	**(1.0)**	**(26.4)**
Reclassifications and others	0.0	-	(0.8)	**(0.8)**
Translation adjustment	(0.0)	0.0	0.2	**0.2**
Change in scope of consolidation and other	(25.4)	-	(0.4)	**(25.8)**
As of 30 June 2022	5.8	1.4	25.5	32.7
Of which non-current provisions	*4.4*	-	*17.6*	*21.9*
Of which current provisions	*1.4*	*1.4*	*7.8*	*10.8*

As a result of the loss of control due to the winding up proceedings ("winding up by the court") over Bet-at-home Entertainment Ltd, which has been confirmed by the court on 13 May 2022, with retroactive effect from the date of the application, the company had to be deconsolidated from the Bet-at-home sub-group (refer to note 3.3.1), resulting in the disposal of the provision recognized as of 31 December 2021 (refer to note 3.3.2).

Other provisions are constituted by provisions for financial losses and provisions for post-employment benefits.

15.2 Contingent liabilities

An obligation constitutes a contingent liability if the amount cannot be estimated with sufficient reliability or if it is unlikely to result in an outflow of resources.

15.2.1 Sports Betting and Online Gaming

The Betclic Everest Group received in December 2021 a notice of adjustment from the French tax authorities for a total amount of 52.4 M€ (willful misconduct and interest for late payment included) related to the VAT to be collected and paid in respect of income resulting from sports bets placed by players residing in France. On 13 May 2022, the Betclic Everest Group received (i) a rectification on the notice of adjustment from December 2021, decreasing the amount of 52.4 M€ to 37.2 M€ (willful misconduct and interest for late payment included) and (ii) a new notice of adjustment from the French tax authorities for a total amount of 25.8 M€ (willful misconduct and interest for late payment included) related to the VAT to be collected and paid in respect of income resulting from sports bets placed by players residing in France for the year 2020.

The Betclic Everest Group, with the support of its legal and tax advisers, still considers the position of the tax authorities is not in conformity with various general principles of VAT, in the same way as the other online gaming operators in France that are part of the association AFJEL. The Betclic Everest Group will challenge this adjustment in France, with the tax authorities and, if necessary, the French courts, but also with the Court of Justice of the European Commission if a French Court decides to make a request for a preliminary ruling. No provision relating to this litigation has been recorded.

Note 16 FINANCIAL ASSETS AND LIABILITIES

16.1 Current and non-current financial assets

Financial assets comprise financial interests in non-consolidated companies, loans, restricted cash accounts and current accounts with shareholders.

In € million	30 June 2022	31 December 2021
Financial interests in non-consolidated companies	13.8	11.9
Loans, guarantee instruments and other financial assets	18.5	17.9
Restricted cash and cash equivalents	28.1	28.5
Non-current derivative financial assets	42.9	24.8
NON-CURRENT FINANCIAL ASSETS	103.4	83.0
Loans, guarantee instruments and other financial assets	10.3	10.7
Current accounts	1.6	63.1
Escrow account	275.0	-
Current derivative financial assets	10.5	1.4
CURRENT FINANCIAL ASSETS	297.4	75.2
TOTAL FINANCIAL ASSETS	400.8	158.2

Restricted cash is related to the Sports Betting and Online Gaming Business' obligations and includes:

- Cash in trusts in accordance with the French Online Gambling Regulatory Authority's requirements (22.5 M€ and 22.4 M€ as of 30 June 2022 and 31 December 2021, respectively); and
- Blocked funds and guarantees related to other countries regulatory authorities' requirements, notably in Germany and Portugal, for an amount of 5.7 M€ and 6.0 M€ as of 30 June 2022 and 31 December 2021, respectively.

Non-current derivatives comprise the derivatives of foreign exchange hedging, which are measured at fair value (refer to note 16.4).

The escrow account created as of June 2022 held by a trustee in the context of FLE's transaction comprising the cash to be received by FLE:

- 250 M€ related to the subscription in cash by Financière Lov to a share capital increase of FL Entertainment in exchange for ordinary shares, SVS, and preference shares;
- 25 M€ related to the contribution by Vivendi to FL Entertainment in exchange for ordinary shares.

The net amount of the escrow account has been paid on 5 July 2022. Therefore, as of 30 June 2022, all these transactions did not have any impact in the consolidated cash-flow statement.

The current accounts receivable from Financière Lov were partially offset by the current accounts payable to Financière Lov following the merger of Mangas Lov into Lov Banijay and by the dividend distributed to Financière Lov (refer to note 11.3).

16.2 Current and non-current Financial Liabilities

In € million	Non-current	Current	30 June 2022
Bonds	1,334.9	170.3	1,505.2
Bank borrowings	1,004.4	273.8	1,278.2
Accrued interests on bonds and bank borrowings	-	29.0	29.0
Vendor loans	136.0	388.5	524.5
Current accounts	-	0.0	0.0
Accrued interests on current accounts	-	0.1	0.1
Bank overdrafts	-	4.5	4.5
Derivatives - Liabilities	-	1.8	1.8
TOTAL FINANCIAL LIABILITIES	2,475.3	868.0	3,343.3

In € million	Non-current	Current	31 December 2021
Bonds(1)	1,461.5	-	1,461.5
Bank borrowings(1)	991.8	240.7	1,232.5
Accrued interests on bonds and bank borrowings	-	32.7	32.7
Vendor loans	-	-	-
Current accounts	-	29.1	29.1
Accrued interests on current accounts	-	0.4	0.4
Bank overdrafts	-	1.7	1.7
Derivatives - Liabilities	4.5	1.6	6.1
TOTAL FINANCIAL LIABILITIES	2,457.8	306.2	2,764.0

(1) *Term loans were reclassified as of 31.12.2021 from bonds to bank borrowings due to their nature for a total amount of 380.3 M€.*

The variation of the financial liabilities breaks down as follows:

In € million	31 December 2021	Cash-flows			Non-cash-flows		30 June 2022
		Increase	Repayments	Other cash items	Others non-cash items	Foreign exchange	
Bonds	1,461.5	-	-	-	11.8	32.0	**1,505.2**
Bank borrowings	1,232.5	11.1	(27.6)	(7.0)	34.3	34.9	**1,278.2**
Accrued interests on bonds and bank borrowings	32.7	-	-	-	(4.4)	0.6	**29.0**
Vendor loans	-	-	-	-	524.5	-	**524.5**
Current accounts	29.1	-	-	-	(29.0)	0.0	**0.0**
Accrued interests on current accounts	0.4	-	-	-	(0.4)	-	**0.1**
Bank overdrafts	1.7	-	-	-	4.9	(2.0)	**4.5**
Derivatives - Liabilities	6.1	-	-	-	(4.3)	-	**1.8**
TOTAL FINANCIAL LIABILITIES	2,764.0	11.1	(27.6)[1]	(7.0)	537.4	65.6	3,343.3

[1] The line "Repayment of borrowings and other financial liabilities" in the cash-flow statement also includes the lease repayments for an amount of (20.3) M€.

Characteristics of bonds and term loans

• Issuer: Banijay Group SAS	Residual nominal amount (*In € million*) 30 June 2022	31 December 2021
- 575 M€ senior secured notes issued in 2020 and due in 2025, which priced at par and have a coupon of 3.500% per annum;	575.0	575.0
- 400 M€ senior notes issued in 2020 and due in 2026, which priced at par and have a coupon of 6.500% per annum;	400.0	400.0
- 403 M$ senior secured notes issued in 2020 and due in 2025, which priced at par and have a coupon of 5.375% per annum;	388.0	356.4
- 453 M€ term loan B facility issued in 2020 and due in 2025, which bears interest at a rate of EURIBOR plus 3.75% per annum, with a customary margin ratchet mechanism with a 0.0% EURIBOR floor;	453.0	453.0
- 460 M$ term loan B facility issued in 2020 and due in 2025, which bears interest at a rate of LIBOR plus 3.75% per annum, with a 0.0% LIBOR floor.	435.1	401.7
	2,251.1	2,186.1

- **Issuer: Betclic Everest Group SAS**

	Residual nominal amount (*In € million*) 30 June 2022	31 December 2021
- 165 M€ senior loan issued on 23 June 2020 and due in June 2025, which bears interest at a rate of EURIBOR 3 months plus a fixed rate of 3% per annum. This loan was underwritten with a group of banks (Natixis, BNP Paribas and Société Générale).	123.5	141.0
- 130 M€[1] bridge loan issued on 13 December 2021 and due in June 2022, which bears an interest at a variable EURIBOR 3 months rate plus a fixed margin of 3% plus an additional progressive margin of 0.5% per quarter. This loan was underwritten with a group of banks (Natixis, BNP Paribas and Société Générale); and	130.0	130.0
	253.5	271.0

[1] *This loan has been repaid on 5 July 2022.*

- **Issuer: Lov Banijay**

	Residual nominal amount (*In € million*) 30 June 2022	31 December 2021
- 90 M€ bond redeemable issued on 23 February 2016 into either shares or cash ("ORAN2") subscribed by Vivendi. Upon maturity of ORAN2, Lov Banijay would have the option of either redeeming the bond in cash or converting it into a number of shares that would give Vivendi a 25% interest in Lov Banijay. Both bonds had a 7-year maturity period [1]. In the context of the Group reorganization, this bond should be repaid at the combination date (1 July 2022 – refer to 3.1.3).	107.6	104.5
- 50 M€ bond redeemable in cash subscribed by Vivendi on 14 October 2016, maturing on 23 February 2023. In the context of the Group reorganization, this bond should be repaid at the combination date (1 July 2022 – refer to 3.1.3).	60.2	58.2
	167.9	162.6

[1] *The convertible option was accounted for as a derivative (refer to note 16.4).*

As of 30 June 2022, the Group's financial indebtedness also consists in the following items:

- Local production financing carried by some Banijay's subsidiaries (including recourse factoring and production credit lines);

- State-guaranteed loans;

- Accrued interests;

- Bank overdraft;

- Lease liabilities; and

- Vendor loans, including a vendor loan amounting to 99.5 M€ granted by De Agostini to Lov Banijay due in November 2023 (with a possibility to extend after this date) and bearing 3.5% interest per year, and a vendor loan amounting to 425 M€ granted by SBM International to FLE, bearing 3.5% interest per year and for which 388.5 M€ are due at the combination date and 36.5 M€ is due no later than 30 November 2023 (with a possibility to extend after this date).

Maturity of current and non-current debt (principal and interest)

In € million	Current	Non-current		
	Less than 1 year	1 to 5 years	More than 5 years	Total 30 June 2022
Bonds[1]	237.5	1,487.9	-	1,725.4
Bank borrowings	321.7	1,101.5	-	1,423.3
TOTAL DEBT MATURITY (PRINCIPAL AND INTERESTS)	559.2	2,589.5	-	3,148.6

[1] *These figures reflect the expected cash outflows as if convertible bonds would have been redeemed in cash.*

In € million	Current	Non-current		
	Less than 1 year	1 to 5 years	More than 5 years	Total 31 December 2021
Bonds[1]	65.3	1,693.8	-	1,759.1
Bank borrowings	291.4	1,091.4	-	1,382.8
TOTAL DEBT MATURITY (PRINCIPAL AND INTERESTS)	356.7	2,785.2	-	3,141.9

[1] *These figures reflect the expected cash outflows as if convertible bonds would have been redeemed in cash.*

16.3 Net financial debt

Net financial debt is determined as follows:

In € million	30 June 2022	31 December 2021
Bonds[1]	1,505.2	1,461.5
Bank borrowings[1]	1,278.2	1,232.5
Bank overdrafts	4.5	1.7
Accrued interests on bonds and bank borrowings	29.0	32.7
Vendor loans	524.5	-
Total bank indebtedness	**3,341.4**	**2,728.4**
Cash and cash equivalents	(492.7)	(434.1)
Trade receivables on providers	(10.2)	(24.8)
Players' liabilities	35.6	41.7
Cash in trusts	(22.5)	(22.4)
Escrow account	(275.0)	-
Net cash and cash equivalents	**(764.8)**	**(439.5)**
NET DEBT BEFORE DERIVATIVES EFFECTS	2,576.6	2,288.8
Derivatives – liabilities	1.8	6.1
Derivatives – assets	(53.4)	(26.2)
NET DEBT	2,525.0	2,268.8

(1) Term loans were reclassified as of 31.12.2021 from bonds to bank borrowings due to their nature for a total amount of 380.3 M€.

As of 30 June 2022, undrawn committed lines of credit, overdrafts and other borrowings amount to a total of 219.7 M€.

16.4 Derivatives

The Group's cash flow hedges' main goal is to neutralize foreign exchange risk on future cash flows (notional, coupons) or switch floating-rate debt to fixed-rate debt.

The main hedges unmatured as of 30 June 2022 and 31 December 2021 are detailed in the table below:

As of 30 June 2022 *In € million*	Derivatives – assets			Derivatives – liabilities		
	Total	Non-current	Current	Total	Non-current [(1)]	Current
Exchange risk	15.7	5.2	10.5	1.8	-	1.8
Interest rate risk	37.7	37.7	-	-	-	-
HEDGING INSTRUMENTS	53.4	42.9	10.5	1.8	0.0	1.8
Embedded derivatives	-	-	-	-	-	-
TOTAL DERIVATIVES	53.4	42.9	10.5	1.8	0.0	1.8

[(1)] *Maturity comprised between 1 and 5 years*

As of 31 December 2021 *In € million*	Derivatives – assets			Derivatives – liabilities		
	Total	Non-current	Current	Total	Non-current [(1)]	Current
Exchange risk	2.9	1.5	1.4	1.6	-	1.6
Interest rate risk	1.9	1.9	-	4.5	4.5	0.0
HEDGING INSTRUMENTS	4.8	3.4	1.4	6.1	4.5	1.6
Embedded derivatives	21.4	21.4	-	-	-	-
TOTAL DERIVATIVES	26.2	24.8	1.4	6.1	4.5	1.6

[(1)] *Maturity comprised between 1 and 5 years*

The measurement of hedging instruments during the period is impact by the changes in interest rates and by the changes in the euro/dollar exchange rate.

The change in fair value of cash flow hedge instruments is accounted for in other comprehensive income for an amount of 39.1M€ for the period ended 30 June 2022.

The change in fair value of fair value hedge instruments is recognized in net income amounted to 13.5 M€ for the period ended 30 June 2022.

As of 31 December 2021, embedded derivatives comprised the derivative attached to the convertible bonds granted by Vivendi. Following the change in Banijay Group's shares valuation (refer to note 3.2.1), the value of the embedded derivatives was nil as of 30 June 2022. The change in valuation was recognized in the consolidated income statement.

Note 17 RELATED PARTIES

Related parties consist of:

- Group LOV's controlling shareholders: Financière LOV Group and LOV Group Invest;
- Other shareholders, notably: Group Vivendi's subsidiaries, Fimalac, De Agostini, Société de Bains de Mer;
- Associates and joint ventures;
- Key management personnel.

17.1 Transactions with Financière LOV Group and LOV Group Invest

The Group recorded several transactions with LOV's controlling shareholder (Financière LOV) and its subsidiaries that are not part of the Group's consolidation scope, as follows:

In € million	30 June 2022
Net financial assets/(financial liabilities)/(provisions)	0.0
Net trade receivables/(payables)	(2.3)
Operating income/(operating expenses)[1]	(7.5)
Financial income/(expenses)	0.4
[1]Of which President compensation	*(7.5)*

The annual compensation of the president of Banijay Group, Lov Group Invest, a French *société par actions simplifiée*, having its registered office 5, rue François 1er in Paris (75008), registered under number 494 031 008 RCS Paris ("LGI"), has been set at the average of (i) 0.38% of the consolidated turnover of the previous fiscal year and (ii) 2% of the consolidated EBITDA of the previous fiscal year. In case of death of Stéphane Courbit, the president of Banijay Group shall be compensated by Banijay Group an annual compensation equal to 1% of the consolidated EBITDA of the previous fiscal year, with a floor of 2,500,000 EUR and capped at 5,000,000 EUR per year.

In 2022, the shareholders of Betclic Everest Group decided unanimously to set the annual compensation (exclusive of VAT if any) of the president of Betclic Everest Group, Lov Group Invest, as of 1st January 2021, at 2% of the gross margin realized during the said fiscal year, it being specified that the Gross Margin of Bet-at-Home will be taken into account to the extent of the percentage of Betclic Everest Group's participation on 1st January of the said fiscal year, as such gross margin is defined in the audited consolidated financial statements of Betclic Everest Group as of 31st December 2021. Such compensation shall be paid (i) in three instalments within one month of the interim financial statements, (ii) the balance being paid no later than one month following the closing of the audited consolidated financial statements.

17.2 Transactions with other Shareholders

	De Agostini
In € million	30 June 2022
Net financial assets/(financial liabilities)/(provisions)[1]	(99.5)
Net trade receivables/(payables)	(0.1)
Operating income/(operating expenses)	0.0
Financial income/(expenses)	0.0

[1] Vendor loans - Refer to note 10.4

	Vivendi
In € million	30 June 2022
Net financial assets/(financial liabilities)/(provisions)	(170.5)
Net trade receivables/(payables)	2.0
Operating income/(operating expenses)	20.0
Financial income/(expenses)	(3.4)

Fimalac

In € million	30 June 2022
Net financial assets/(financial liabilities)/(provisions)	0.0
Net trade receivables/(payables)	1.0
Operating income/(operating expenses)	1.0
Financial income/(expenses)	0.0

In € million	Société des Bains de Mer (« SBM ») 30 June 2022
Net financial assets/(financial liabilities)/(provisions)[(1)]	(425.0)
Net trade receivables/(payables)	0.0
Operating income/(operating expenses)	0.0
Financial income/(expenses)	0.0

[(1)] Vendor loans - Refer to note 10.4

17.3 Transactions with Associates and Joint Ventures

In € million	30 June 2022
Net financial assets/(financial liabilities)/(provisions)	1.0
Net trade receivables/(payables)	2.0
Operating income/(operating expenses)[(1)]	0.0
Financial income/(expenses)	0.0

17.4 Transactions with Key Management Personnel

Key management personnel, who have the authority and responsibility for planning, directing and controlling the activities, directly or indirectly, are the members of the Board of Directors, the CEO of Banijay Group[1] and the CEO of Betclic Everest Group. The remuneration of the key management personnel is detailed in the table below:

In € million	30 June 2022	31 December 2021	30 June 2021
Short-term employee benefits (fixed salary and variable component)	(1.2)	(1.8)	(1.0)
Post-employment benefits (IAS 19)	-	-	-
Other long-term benefits	-	-	-
Termination benefits	-	-	-
Share-based payment	(52.0)	(209.1)	(37.3)
TOTAL COMPENSATION TO KEY MANAGEMENT PERSONNEL	(53.2)	(210.9)	(38.3)

[1] Position currently occupied by Marco Bassetti, who holds 1.9% of FLE's shares.

Note 18 OFF-BALANCE SHEET COMMITMENTS

CONTENT PRODUCTION AND DISTRIBUTION BUSINESS

As of 30 June 2022, the off-balance sheet commitments of the sub-group were as follows:

i) **Commitments given:**

- Minimum guarantees granted by the distribution activity to third party producers for an amount of 2 M€;
- Pledging of shares of its subsidiaries for the benefit of its noteholders and its bank pooling pursuant to the financing subscribed on 11 February 2020. The shares of the following companies are pledged as collateral:

  - Banijay Entertainment Holdings US, Inc., Zodiak Media Limited, Banijay Rights Limited, Banijay France S.A.S., Banijay Group US Holding, Inc., Adventure Line Productions S.A.S., H2O Productions S.A.S., Bwark Productions Limited, Bunim-Murray Productions Inc., BunimMurray Productions LLC, RDF Television Limited, Castaway Television Productions Limited, Screentime Pty Limited;

  - Endemol Shine IP BV., Banijay Benelux Holding B.V., Endemol Shine Nederland B.V., Endemol Shine International Limited, Endemol UK Holding Limited, Shine TV Limited, Tiger Aspect Productions Limited, Kudos Film & Television Limited, Primetime Limited, Endemol USA Holding, Inc., Truly Original LLC, and Endemol Shine Australia Pty Ltd; and

  - in the case of the Senior Secured Notes, the SSN Issuer (i.e., Banijay Entertainment).

ii) **Commitments received:**

- Confirmed credit lines not drawn for an amount of 317 M€.

SPORTS BETTING AND ONLINE GAMING

i) **Betclic Group senior credit facility agreement**

The Betclic Group senior credit facility was originally guaranteed, inter alia, by Betclic and Mangas Lov and was originally secured by first ranking pledges over Betclic Group SAS shares and Bet-at-home shares. A release of the pledge of Betclic Group SAS shares has been obtained as a result of the universal transmission of assets of Betclic Group SAS in Betclic, on 31 December 2021. Additional first ranking pledges have been entered into on 25 March 2022 pursuant to which Betclic Group SAS has granted pledges over Euro Gaming Investment S.A. shares (a Luxembourg subsidiary) and over Mangas Investment Limited (a Maltese subsidiary) shares held by Betclic Group SAS as security for its repayment obligations under the Betclic Group Senior Credit Facility.

ii) **Betclic Everest Group bridge credit facility agreement**

On 13 December 2021, Betclic as borrower, Mangas Lov as guarantor, BNP Paribas, Natixis and Société Générale as mandated lead arrangers and Société Générale as agent and security agent entered into a bridge credit facility agreement. This agreement provides for a bridge loan facility in principal amount of 130 M€ and has been repaid in full on the 5 July 2022 out of the proceeds of the Business Combination and cash otherwise available within the Group.

Note 19 SUBSEQUENT EVENTS

19.1 Merger between FL Entertainment and the SPAC Pegasus Entrepreneurs and listing on Euronext Amsterdam

FL Entertainment BV changed its legal structure from B.V. (Private limited company) to N.V. (Public limited company) on July 1st, 2022.

Pursuant to (i) the business combination agreement entered into by FL Entertainment, Financière Lov and Pegasus Entrepreneurs on 10 May 2022, and (ii) the deed of merger entered into between FL Entertainment and Pegasus Entrepreneur on 30 June 2022, FL Entertainment and Pegasus Entrepreneurs merged on 1st July 2022. Pegasus Entrepreneurs was listed and traded on Euronext Amsterdam. Since then, all Ordinary Shares and Warrants will be traded under the symbols "FLE" and "FLEW" respectively with international securities identification number ("ISIN") NL0015000X07 and NL0015000H56 respectively on Euronext Amsterdam.

As FL Entertainment is the accounting acquirer of the SPAC, the transaction is not considered as a business combination under IFRS 3. The Group received the net assets of the SPAC as well as the listing status of the SPAC in exchange of an issue of shares, which is considered as an equity-settled share-based payment transaction. The listing fees of this operation is estimated at 88.6 M€ and will be recognized in FLE's Consolidated Financial Statements during the second semester.

19.2 Forward Purchase agreement

On 10 December 2021, Pegasus Entrepreneurs entered into a forward purchase agreement with Tikehau Capital and Financière Agache (the "Forward Purchase Agreement"). Pursuant to the Forward Purchase Agreement, each of Tikehau Capital and Financière Agache have agreed to purchase from Pegasus Entrepreneurs up to 2,500,000 class A ordinary shares in Pegasus Entrepreneurs' capital (the "Pegasus Ordinary Shares") and up to 833,333 Pegasus Public Warrants, for an amount of up to 25,000,000 € each (representing the number of Pegasus Ordinary Shares purchased under the Forward Purchase Agreement multiplied by 10.00 €), in a private placement that occurred simultaneously with the Business Combination. Since the Merger became effective on 1 July 2022 and Pegasus Entrepreneurs was the disappearing entity, Tikehau Capital and Financière Agache each subscribed for 2,500,000 newly issued Ordinary Shares in the Company's capital and 833,333 Warrants (together the "Forward Purchase Securities"), for an aggregate amount of 25,000,000 € each. Tikehau Capital and Financière Agache received the Forward Purchase Securities on 1 July 2022.

Because this agreement was concluded by Pegasus Entrepreneurs and Tikehau Capital and Financière Agache at the creation of Pegasus Entrepreneurs, it has been analyzed as part of the merger.

19.3 FLE Capital increase (PIPE financing)

On 5 July 2022, FLE has issued 20,423,000 Ordinary Shares in connection with the subscription agreements signed with the PIPE Investors in a private investment in public equity transaction (the "PIPE Financing") for an aggregate amount of 204,230,000 €.

19.4 Conversion of founder shares into ordinary shares

2,675,000 founder shares have no conversion restrictions related to share price performance and have been converted into ordinary shares on 5 July 2022 by the founder shares holders.

19.5 Adjusted consolidated financial information

Hereunder are presented unaudited consolidated financial information adjusted to show the effects of the above transactions as if they occurred as of 30 June 2022 (Adjusted unaudited consolidated financial information).

ADJUSTED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF INCOME

For the six-month period ended 30 June *In € million*	Note	2022 Adjusted	2022	Variation
Revenue		1,800.8	1,800.8	-
External expenses		(861.3)	(861.3)	(0.0)
Staff costs		(705.3)	(705.3)	-
Other operating income		15.8	15.8	-
Other operating expenses	B & E	(120.5)	(19.4)	(101.1)
Depreciation and amortization expenses		(60.2)	(60.2)	-
Impairment losses and provisions, net of reversals		-	-	-
OPERATING PROFIT/(LOSS)		69.3	170.5	(101.2)
Financial income		0.6	0.6	-
Interest expenses		(74.2)	(74.2)	(0.0)
Cost of net debt		(73.6)	(73.6)	(0.0)
Other finance income/(costs)	C	(82.8)	(85.7)	2.9
NET FINANCIAL INCOME/(EXPENSE)		(156.4)	(159.3)	2.9
Share of net income from associates & joint ventures		(1.5)	(1.5)	-
EARNINGS BEFORE PROVISION FOR INCOME TAXES		(88.6)	9.7	(98.3)
Income tax expenses		(27.8)	(27.8)	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS		(116.4)	(18.2)	(98.3)
Profit/(loss) from discontinued operations		-	-	-
NET INCOME/(LOSS) FOR THE PERIOD		(116.4)	(18.2)	(98.3)
Attributable to:				
Non-controlling interests		2.1	2.1	0.0
Shareholders		(118.5)	(20.2)	(97.3)
Earnings per share (in €)				
Basic earnings per share		(0.66)	(0.11)	(0.55)
Diluted earnings per share		(0.66)	(0.11)	(0.55)

ADJUSTED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June *In € million*	Note	2022 Adjusted	2022	Variation
NET INCOME/(LOSS) FOR THE PERIOD		(116.4)	(18.2)	(98.3)
- Foreign currency translation adjustment		(40.7)	(40.7)	-
- Fair value adjustment on cash flow hedge		39.1	39.1	-
- Deferred tax on fair value adjustment on cash flow hedge		(8.9)	(8.9)	-
ITEMS TO BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS		(10.5)	(10.5)	-
Actuarial gains and losses		-	-	-
Deferred tax recognized through reserves		-	-	-
ITEMS NOT SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS		-	-	-
CHANGES AND INCOME DIRECTLY RECOGNIZED IN EQUITY		(10.5)	(10.5)	0.0
TOTAL COMPREHENSIVE INCOME/(LOSS)		(126.9)	(28.7)	(98.3)
Attributable to:				-
Non-controlling interests		(5.2)	(5.2)	-
Shareholders		(121.8)	(23.5)	(98.3)

Adjusted Unaudited Consolidated Interim Statement of Financial Position

Assets

In € million	Note	30 June 2022 Adjusted	30 June 2022	Variation
Goodwill		2,538.0	2,538.0	-
Intangible assets		226.9	226.9	-
Right-of-use assets		156.3	156.3	-
Property, plant and equipment		57.5	57.5	-
Investments in associates and joint ventures		12.6	12.6	-
Non-current financial assets		103.4	103.4	-
Other non-current assets		19.9	19.9	-
Deferred tax assets		34.2	34.2	-
Non-current assets		**3,148.8**	**3,148.8**	**-**
Inventories and work in progress		824.9	824.9	-
Trade receivables		541.0	541.0	-
Other current assets		323.4	319.9	3.5
Current financial assets	A & I	26.2	297.4	(271.2)
Cash and cash equivalents	A & I	525.6	492.7	32.9
Assets classified as held for sale		-	-	-
Current assets		**2,241.0**	**2,475.8**	**(234.8)**
ASSETS		**5,389.8**	**5,624.6**	**(234.8)**

Equity and liabilities

In € million	Note	30 June 2022 Adjusted	30 June 2022	Variation
Share capital		7.9	7.6	0.4
Additional paid-in capital		4,088.2	3,719.4	368.8
Retained earnings		(4,022.4)	(4,077.1)	54.7
Net income/(loss) - attributable to shareholders		(118.5)	(20.2)	(98.3)
Shareholders' equity		**(44.7)**	**(370.4)**	**325.6**
Non-controlling interests		0.7	0.7	(0.0)
TOTAL EQUITY		**(44.0)**	**(369.7)**	**325.6**
Other securities	A, C, D	135.7	114.4	21.3
Long-term borrowings and other financial liabilities		2,475.3	2,475.3	-
Long-term lease liabilities		127.3	127.3	-
Non-current provisions		21.9	21.9	-
Other non-current liabilities		355.6	355.6	-
Deferred tax liabilities		7.8	7.8	-
Non-current liabilities		**3,123.7**	**3,102.4**	**21.3**
Short-term borrowings and bank overdrafts	G, H, I	259.1	868.0	(609.0)
Short-term lease liabilities		40.3	40.3	-
Trade payables	A & E	620.0	594.5	25.5
Current provisions		10.8	10.8	-
Customer contract liabilities		900.0	900.0	-
Other current liabilities	A	480.0	478.3	1.8
Liabilities classified as held for sale		-	-	-
Current liabilities		**2,310.2**	**2,891.9**	**(581.7)**
EQUITY AND LIABILITIES		**5,389.8**	**5,624.6**	**(234.8)**

ADJUSTED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six-month period ended 30 June *In € million*	Note	2022 Adjusted	2022	Variation
Profit/(loss)		(116.4)	(18.2)	(98.3)
Adjustments:		**397.6**	**311.8**	85.7
Share of profit/(loss) of associates and joint ventures		1.5	1.5	-
Amortization, depreciation, impairment losses and provisions, net of reversals		59.8	59.8	-
Employee benefits LTIP & employment-related earn-out and option expenses		76.6	76.6	-
Change in fair value of financial instruments	C	86.8	89.7	(2.9)
Income tax expenses		27.8	27.8	-
Other adjustments[1]	B	69.4	(19.2)	88.6
Cost of net debt and current accounts		75.6	75.6	-
GROSS CASH PROVIDED BY OPERATING ACTIVITIES		**281.1**	**293.7**	**(12.5)**
Changes in working capital	C	(71.7)	(84.2)	12.5
Income tax paid		(33.0)	(33.0)	-
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		**176.4**	**176.4**	**-**
Purchase of property, plant and equipment and intangible assets		(28.6)	(28.6)	-
Purchases of consolidated companies, net of acquired cash		(13.9)	(13.9)	-
Increase in financial assets	A & I	160.4	(2.3)	162.6
Disposals of property, plant and equipment and intangible assets		-	-	-
Proceeds from sales of consolidated companies, after divested cash		2.2	2.2	-
Decrease in financial assets		0.4	0.4	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		**120.4**	**(42.2)**	**162.6**
Change in capital	I	364.8	-	364.8
Change in other securities	I	114.4	-	114.4
Dividends paid		0.0	-	-
Dividends paid by consolidated companies to their non-controlling interests		(1.5)	(1.5)	-
Transactions with non-controlling interests		0.0	-	-
Proceeds from borrowings and other financial liabilities		11.1	11.1	-
Repayment of borrowings and other financial liabilities	G, H, I	(656.9)	(47.9)	(609.0)
Other cash items related to financial activities		0.0	-	-
Interest paid		(65.3)	(65.3)	-
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(233.4)**	**(103.6)**	**(129.7)**
Impact of changes in foreign exchange rates		25.2	25.2	-
Net increase (decrease) of cash and cash equivalents		**88.6**	**55.7**	**32.9**
Net cash and cash equivalents at the beginning of the period		*432.4*	*432.4*	-
Net cash and cash equivalents at the end of the period		*521.1*	*488.2*	*32.9*

[1] *Other adjustments include notably i) unrealized foreign exchange gains; ii) losses on disposal and liquidation of subsidiaries and (iii) IFRS 2 listing costs.*

ADJUSTED UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

In € million	Note	Share capital	Additional paid-in capital	Retained earnings	OCI	**Shareholders' equity**	Non-controlling interests	**Total equity**
BALANCE AS OF 1 JANUARY 2022		-	-	47.6	(17.0)	30.6	(36.7)	(6.2)
Net income/(loss)		-	-	(118.5)	-	(118.5)	2.1	(116.4)
Other comprehensive income		-	-	-	(3.3)	(3.3)	(7.2)	(10.5)
Total comprehensive income		-	-	(118.5)	(3.3)	(121.8)	(5.2)	(126.9)
Group's constitution		5.4	1,784.6	(1,790.0)	-	(0.0)	-	(0.0)
Capital increase		0.4	160.2	-	-	160.6	-	160.6
Issuance of share capital as consideration for the merger with Pegasus Entrepreneurs	B	0.2	164.8	24.0	-	188.9	-	188.9
Conversion of founder shares into ordinary shares	D	0.0	-	30.7	-	30.8	-	30.8
Capital increase in accordance with PIPE financing agreement	F	0.2	204.0			204.2	-	204.2
Dividend distribution		-	-	(33.2)	-	(33.2)	(0.7)	(33.9)
Changes in ownership interest in subsidiaries that do not result in a loss of control		1.8	1,774.5	(2,237.7)	(37.2)	(498.6)	43.5	(455.1)
Changes in non-controlling interests that result in a gain/(loss) of control		-	-	-	-	-	-	-
Transfer to retained earnings		-	-	-	-	-	-	-
Other variations in retained earnings		-	-	(6.3)	-	(6.3)	(0.2)	(6.5)
ADJUSTED BALANCE AS OF 30 JUNE 2022		7.9	4,088.2	(4,083.4)	(57.5)	(44.8)	0.7	(44.0)

The main impacts on the adjusted unaudited consolidated financial information are the followings:

Note A: Pegasus opening balance sheet

The fair value of the Pegasus' assets acquired and the liabilities assumed at the date of the combination amounted as follows:

Financial assets	164.3 M€
Cash	2.1 M€
Customers and other receivables	0.4 M€
Founder shares	(46.6) M€
Founder warrants	(3.2) M€
Public warrants	(4.2) M€
Trade payables and other creditors	(11.7) M€
Fair value of the accounting Pegasus Entrepreneurs' net identifiable assets	**101.3 M€**

Financial assets comprised Pegasus's escrow account, after the redemption of class A ordinary shares requested by some Pegasus' shareholders and after the Tikehau Capital and Financière Agache subscriptions for 25 M€ each in the context of the FPA.

Pegasus issued 5,150,000 Founder Shares to the Sponsors and 100,000 Founder Shares to non-executive directors and Chief Financial Officers. Pegasus issued 5,250,000 Founder warrants and 7,000,000 public warrants (excluding treasury shares warrants) to the sponsors and shareholders. In addition, the number of Public Warrants includes 1,666,666 warrants issued to Tikehau Capital and Financière Agache in the context of Forward Purchase Agreement (833,333 Warrants for each party (refer to note 19.2). These founder shares, founders warrants and public warrants are assumed for by FL Entrepreneurs.

The characteristics of the founders shares, founders warrants and public warrants were analyzed, and it has been determined that these securities should be classified as a liability instruments according to IAS 32. They are recognized at fair-value. Subsequent changes in fair value will be recognized in the statement of income.

Note B: Issuance of share capital as consideration for the merger with Pegasus

In the context of the combination with Pegasus, FL entertainment has issued 16,426,140 ordinary shares for a fair value of 188.9M€. This number of shares includes the 5,000,000 ordinary shares subscribed by Tikehau Capital and Financière Agache in the context of the FPA. Because this agreement was concluded with Pegasus at the moment of Pegasus' creation, it has been analysed as part of the combination.

The difference between the fair value of the instruments issued and the net identifiable assets reflect the listing services. In accordance with IFRS 2, this service expense amounting to 88.6M€ has been recognized in the consolidated income statement.

Note C: Issuance of FLE securities in exchange of Pegasus Securities

Due to the merger of Pegasus Entrepreneurs into FL Entertainment, FL Entertainment issued and delivered Founder shares, founder warrants and public warrants to the holders of Pegasus Founder shares, founder warrants and public warrants (one-for-one basis). The characteristics of the FLE securities are similar to Pegasus securities' characteristics, and thus are classified as financial liabilities in accordance with IAS 32.

FLE securities were measured at fair value:

- 5,250,000 FLE founder shares: 46.2M€ (Fair-value level 2)
- 5,250,000 FLE founder warrants: 3.7M€ (Fair-value level 2)
- 8,666,667 public warrants: 2.2 (Fair-value level 1).

The difference with the value of Pegasus securities has been recognized in income statement as a financial income for an amount of 2.9M€.

Note D: Conversion of founder shares into ordinary shares

Due to the conversion of 2,675,000 founder shares into 2,675,000 ordinary shares, part of the founder shares liability has been reclassified into equity for an amount of 30.8M€.

Note E: Listing transaction costs

Additional advisory fees (mainly success fees) have been recognized for an amount of 12.5M€.

Note F: Capital increase in relation with the PPE financing

FLE has issued 20,423,000 newly-issued Ordinary Shares in connection with the subscription agreements signed with the PIPE Investors in a private investment in public equity transaction (the "PIPE Financing") for an aggregate amount of 204,230,000 €.

Note G: Redemption of Vivendi Bonds

In accordance with the investment agreement (refer to 3.1.3), the Vivendi Bonds have been redeemed for an amount of 170.5 M€.

Note H: Partial repayment of the vendor loan granted by SBM

As of 5 July 2022, the vendor loan granted by SBM in the context of the reorganization of the Group was partially repaid for an amount of 388.5 M€.

Note I: Payment of the escrow account

As of 5 July 2022, the outstanding cash-flows in the escrow account have been settled as follows:

Payment to the escrow accounts

Party	**Origin of the cash inflow**	**Amount**
Financière Lov	Subscription in cash by Financière Lov to a share capital increase of FL Entertainment in exchange for ordinary shares, SVS, and preference shares (refer to note 16.1)	250.0 M€
Vivendi	Contribution in exchange for ordinary shares (refer to note 16.1)	25.0 M€
Pegasus Entrepreneurs	Transfer of the escrow account hold by Pegasus (refer to note A)	110.5 M€
Tikehau Capital and Financière Agache	Additional subscription in the context of the FPA (refer to note A)	50.0 M€
PIPE investors	PIPE financing (refer to note F)	204.2 M€
TOTAL CASH INFLOWS		639.7 M€

Payment from the escrow account Party	Origin of the cash outflow	Amount
Vivendi	Redemption of Vivendi bonds (refer to note G)	(170.5) M€
SBM	Partial repayment of the vendor loan granted by SBM (refer to note H)	(388.5) M€
Société Générale	Repayment of the bridge loan granted to Betclic Everest Group [1]	(50.0) M€
FL Entertainment	**The remainder of the Escrow account**	**(30.8) M€**
TOTAL CASH OUTFLOWS		(639.7) M€

[1] This payment comprises part of the principal increased by the accrued interests on the repayment date to Société Générale as agent under the 130.0 M€ bridge facility entered into on 13 December 2021 between Betclic Everest Group as borrower and BNP Paribas, Natixis and Société Générale as lenders (refer to note 16.2). The residual amount of 80.0 M€ has been repaid on 5 July 2022 directly by the Group, but is not reflected in this adjusted consolidated financial information as this repayment is not linked to the transaction.

Adjusted net financial debt

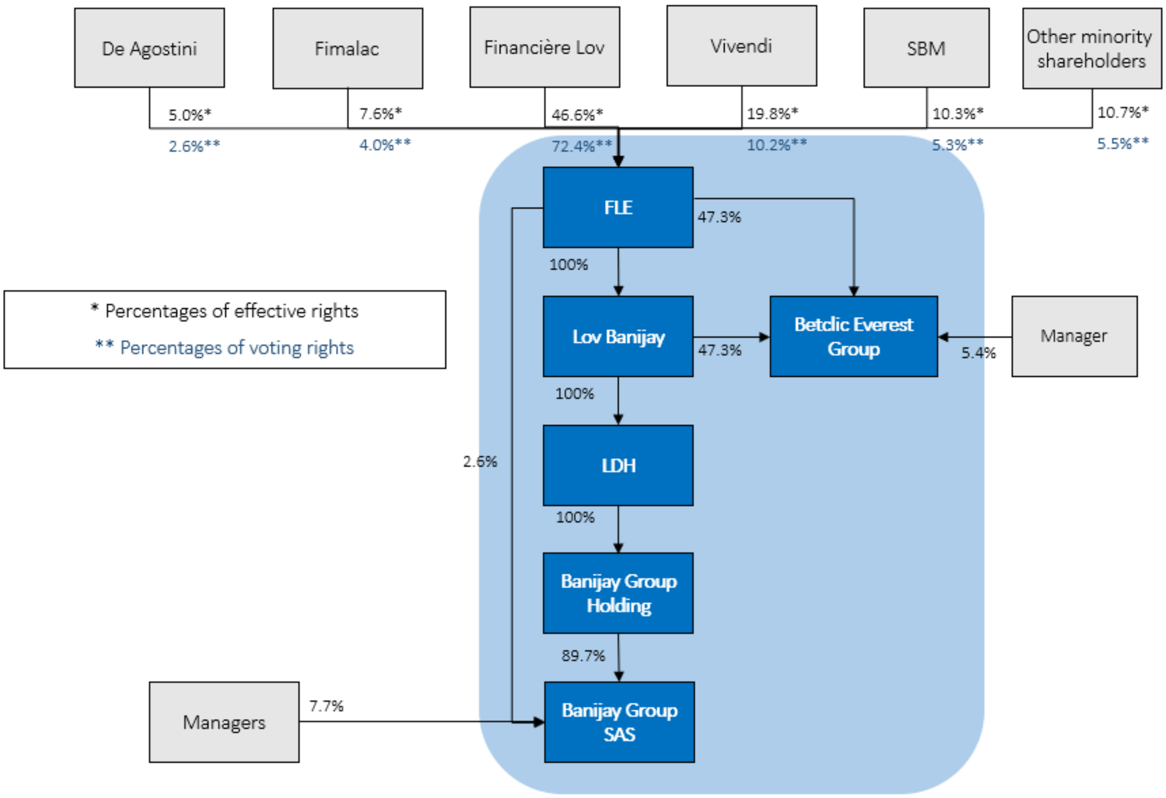
After the transaction, the net financial debt would be determined as follows:

In € million	Adjusted
Bonds	1,334.7
Bank borrowings	1,228.2 [1]
Bank overdrafts	4.5
Accrued interests on bonds and bank borrowings	29.0
Vendor loans	136.0
Total bank indebtedness	2,732.4
Cash and cash equivalents	(525.6)
Trade receivables on providers	(10.2)
Players' liabilities	35.6
Cash in trusts	(22.5)
Escrow account	(3.8)
Net cash and cash equivalents	(526.5)
NET DEBT BEFORE DERIVATIVES EFFECTS	2,205.9
Derivatives – liabilities	1.8
Derivatives – assets	(53.4)
NET DEBT	2,154.3

[1] This amount includes the residual amount related to the 130.0 M€ bridge facility granted to Betclic Everest Group (80.0 M€) that has been repaid on 5 July 2022 directly by the Group, as this repayment is not linked to the transaction.

Ownership interests

After completion of all the transactions described above, the simplified structure of the Group is the following:



Adjusted Basic and diluted earnings per share

In € million		Adjusted
Income available to common stakeholders	A	(118.5)
Weighted average number of ordinary shares outstanding[(1)]	B	179,775,491
Basic earnings per share (in euros)	A/B	(0.66)

[(1)] Including the retrospective adjustment related to the 178,479,434 shares issued in compensation for the shares contributed by Financière Lov.

In € million		Adjusted
Income available to common stakeholders	A	(118.5)
Diluted weighted average number of ordinary shares outstanding[(1) (2)]	B	179,797,832
Diluted earnings per share (in euros)	A/B	(0.66)

[(1)] Including the adjustment related to the 178,479,434 shares issued in compensation for the shares contributed by Financière Lov.

[(2)] Founder warrants and Public warrants are taken into account on a cashless basis.

On an adjusted basis, the number of potential dilutive weighted-average shares not taken in consideration above amount to 22,575,000 ordinary shares and 2,575,000 founder shares, that are related to 20,000,000 earn-out shares and 2,575,000 founder shares for which the conversion conditions were not met at the end of the period.

2.2 Adjusted Financial Statements

2.2.1 Normalized P&L

In € million	H1 2021 Reported	H1 2022 Reported	H1 2022 Adjusted from merger (1)	Transaction impact (2)	H1 2022 Normalized P&L (1) - (2)
Adjusted EBITDA	**259.3**	**300.7**	**300.7**	-	**300.7**
Restructuring costs and other non-recurring items	(14.6)	5.4	(95.8)	(107.8)	12.0
LTIP and employment-related earn-out and option expenses	(79.1)	(76.6)	(76.6)	(33.0)	(43.6)
Depreciation and amortisation (excl D&A fiction)	(54.1)	(59.0)	(59.0)	-	(59.0)
Operating profit/(loss)	**111.5**	**170.4**	**69.2**	(140.8)	**210.0**
Cost of net debt	(66.0)	(73.6)	(73.6)	0.0	(73.6)
Other finance income/(costs)	(10.6)	(85.6)	(82.7)	(93.5)	10.8
Net financial income/(expense)	**(76.6)**	**(159.2)**	**(156.3)**	(93.5)	**(62.8)**
Share of net income from associates & joint ventures	(1.4)	(1.5)	(1.5)	-	(1.5)
Earnings before provision for income taxes	**33.6**	**9.7**	**(88.7)**	(234.3)	**145.7**
Income tax expenses	(9.4)	(27.8)	(27.8)	-	(27.8)
Profit/(loss) from continuing operations	**24.2**	**(18.2)**	**(116.5)**	(234.3)	**117.8**
Net income/(loss) for the period	**24.2**	**(18.2)**	**(116.5)**	(234.3)	**117.8**
Attributable to:					
Non-controlling interests	*11.3*	*2.1*	*2.1*	-	*2.1*
Shareholders	*12.8*	*(20.2)*	*(118.5)*	*(234.3)*	*115.8*
Restructuring charges and other non-core items	14.6	(5.4)	95.8	107.8	(12.0)
LTIP and employment-related earn-out and option expenses	79.1	76.6	76.6	33.0	43.6
Other financial income	10.6	85.6	82.7	93.5	(10.8)
Adjusted Net income	**128.5**	**138.7**	**138.7**	0.0	**138.7**

H1 2022 Adjusted merger shows all the effects of the transactions as if they occurred as of June 30, 2022.

H1 2022 Normalized P&L highlights the performance of the group as of July 5, 2022 without any impact of one-off items related to reorganization & business combination amounted to € (234) million as follows of which € (108) million costs related to the transaction (including € 89 million of listing services) and change of fair value of (i) the LTIP following re-assessment of Banijay shares for € (33) million and (ii) financial instruments € (94) million.

Net income normalized amounted to € 118 million compared to € 24 million in June 30, 2021 (€+ 94 million).

2.2.2 Adjusted consolidated interim Statement of Financial Position

In € million	30 June 2022 Adjusted	30 June 2022	Variation
Goodwill	2,538	2,538	-
Intangible assets	227	227	-
Right-of-use assets	156	156	-
Property, plant and equipment	58	58	-
Investments in associates and joint ventures	13	13	-
Non-current financial assets	103	103	-
Other non-current assets	20	20	-
Deferred tax assets	34	34	-
Non-current assets	3,149	3,149	-
Inventories and work in progress	825	825	-
Trade receivables	541	541	-
Other current assets	323	320	4
Current financial assets	26	297	(271)
Cash and cash equivalents	526	493	33
Assets classified as held for sale	-	-	-
Current assets	2,241	2,476	(235)
Assets	5,390	5,625	(235)

Current financial assets amounted to € 26 million as of June 30, 2022. The decrease of € (271) million was mostly due to the change in Escrow account asset following the completion of the transactions.

Adjusted cash and cash equivalent amounted to € 526 million compared to € 493 million, the increase is explained the by the residual amount from escrow after the payment of the parties as well as residual bank accounts from Pegasus merger.

Adjusted other current assets is impacted by VAT on accrued expenses and prepaid expenses from Pegasus merger.

In € million	30 June 2022 Adjusted	30 June 2022	Variation
Share capital	8	8	0
Additional paid-in capital	4,088	3,719	369
Retained earnings	(4,022)	(4,077)	55
Net income/(loss) - attributable to shareholders	(119)	(20)	(98)
Shareholders' equity	**(45)**	**(370)**	**326**
Non-controlling interests	1	1	0
Total equity	**(44)**	**(370)**	**326**
Other securities	136	114	21
Long-term borrowings and other financial liabilities	2,475	2,475	-
Long-term lease liabilities	127	127	-
Non-current provisions	22	22	-
Other non-current liabilities	356	356	-
Deferred tax liabilities	8	8	-
Non-current liabilities	**3,124**	**3,102**	**21**
Short-term borrowings and bank overdrafts	259	868	(609)
Short-term lease liabilities	40	40	-
Trade payables	620	595	26
Current provisions	11	11	-
Customer contract liabilities	900	900	-
Other current liabilities	480	478	2
Liabilities classified as held for sale	-	-	-
Current liabilities	**2,310**	**2,892**	**(582)**
Equity and liabilities	**5,390**	**5,625**	**(235)**

Short-term borrowings and bank overdrafts amounted to € 259 million as of June 30, 2022. The decrease of € (609) million was mostly due to payments for the redemption of Vivendi bonds, a part of the vendor loan granted by SBM and the € 130M loan with third banks existing as of June 30, 2022 and repaid on July 5 2022 through an intercompany loan granted by Lov and Banijay.

Adjusted Trade payables amounted to € 620 million compared to € 595 million, the increase by Transaction fees and other costs that occurred as of July 5, 2022.

The variation of other securities is related to earn out liabilities reassessment.

3. STATEMENT BY THE MANAGEMENT BOARD

As is required by section 5.25d of the Dutch Financial Supervision Act (*Wet op het financieel toezich*t) we state that according to the best of our knowledge:

1. The interim condensed consolidated financial statements present a true and fair view of the consolidated assets, liabilities, financial position and the profit or loss of FL Entertainment N.V ; and

2. The interim consolidated financial statements provide a true and fair view of the information required pursuant to article 5.25d paragraph 8 and 9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

____

François RIAHI

CEO