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At the time of writing this EL Annual Report, a crisis unfolded in front of our eyes – Russia’s war against Ukraine. EL and its Members strongly condemn the war. A true value of the EL Membership is to stand united for the benefit of society, to embrace peace and freedom. EL and its Members stand united and share their solidarity with the EL Members in Ukraine and the people of Ukraine.

The situation compelled the EL Executive Committee to act and on 4 March 2022, the decision was made to suspend the membership of its Members in Russia and Belarus. It is also recommended that EL Members stop taking bets on Russian and Belorussian teams and leagues.

Many EL Members have already acted in support and continue to do so. Initiatives include donations to charities such as the International Red Cross, national programmes to offer workplaces to refugees, information points at the borders of Ukraine and lottery employees are helping to transport medical supplies and provisions to those in need. Members of the EL team are also trying to contribute on a voluntary basis, with local donations and support to refugees entering Brussels and the Lausanne area. All these initiatives are important and EL encourages its Members to continue these activities.

EL and its members call for the immediate ceasing of the war and invasion by Russia on Ukraine and to instead build peace and dialogue.

On behalf of the Executive Committee, 
Hansjörg Höltkemeier

#StandWithUkraine
In January 2022 EL published its latest report on the Lottery Sector in Europe for the year 2020. There is no doubt that the pandemic had an impact, with differentiating effects of the lockdowns on the game verticals in the various jurisdictions. Yet, national lotteries found innovative solutions to continue regulated services to their players. The online channel was further developed as a safe alternative, and campaign strategies were adapted to consider the ‘new normal’ and provide increased support to impacted communities across Europe.

In 2020, the money contributed to society for all EL Members reporting (69 in total), amounted to €16.0bn in 2020. It means that 52 percent of the GGR generated by EL Members (not including sponsorships) went back to society in the respective countries.

Yet, reporting on the specific gaming activities, the online sector did see strong growth with all EL Members (51 reported the category) generating online GGR of €3.6bn, representing 11.7 percent of total GGR in 2020 and a 25.7 percent year-over-year increase.

The shift to online was also accompanied by speeded up technical and product innovations and the opening of new product verticals by EL Members.

In Brief: The European Lotteries in 2021

The European Lotteries and Toto Association, generally referred to as European Lotteries (EL), is the European umbrella organisation of national lotteries operating games of chance, including sports betting, for the public benefit in more than 40 European countries – with around 50 Members in all EU Member States. EL is the European lottery and gambling sector’s largest and most representative organisation.

The Association represents both state-owned and private operators offering lottery, gambling, and betting services on-and-offline. EL Members only operate in the jurisdictions in which they are licensed by the respective national governments and where they pay all taxes and comply with the legal requirements (anti-money laundering, responsible gaming policies etc). The Association’s EU Members contribute to state budgets and the funding of sport, culture, social projects, research and other causes of general interest. In 21 of the EU Member States, the EL Members offer their games both offline and online.
EL Core Values

EL believes in the overall benefit of national (state) licensed lotteries for society as a guiding principle to protect players and to run a public lottery or other games of chance. This EL lottery model is supported by three core lottery values.

**RESPONSIBILITY**

EL and its Members believe in a high level of consumer protection and responsible gaming and prioritise this over other interests. This is a key differentiator in how lotteries and other activities of EL Members are operated in comparison to private gambling operators or illegal operators. It includes a very clear commitment to keep Corporate Social Responsibility (CSR) at the heart of the activities of EL Members.

**SOCIETY/SUSTAINABILITY**

The values are based on the idea that social and public order concerns prevail. This does not preclude profit generation but always acknowledges that lotteries and other activities of EL Members are run in society’s best interest; this means in the best balance between social costs adhering to individual countries’ regulatory frameworks and – as a result of this regulation – lottery-profits.

**INTEGRITY**

In addition to EU and national laws, EL Members operate strict standards to provide secure and fair operations that manage the risks of fraud and other forms of crime. They include, for example, EL and World Lottery Association (WLA) Security Standards. The sports betting business by EL Members is operated living up to the highest integrity standards.
Overview of Key Data 2020

**69 EL Members**
All reporting EL Members.

**€16.0bn**
Money for Society.

**47,727**
Direct full-time employment.

**€20.5bn**
Gross Gaming Revenue (GGR).
Sales minus prizes of the six gaming Categories.

2021 was another unprecedented year to be remembered by EL. For the first time in almost four decades, no physical meetings were organised at all. Yet, despite the unfavourable conditions, EL reconnected with its Members more often and in a closer way than ever before. A wide range of online events brought the Members together, from smaller expert workshops and Working Group meetings to new e-learning modules and webinars reaching audiences worldwide.

Offering a platform for the exchange of best practices to Members was never more visible than in 2021. With 7 EL webinars, 5 joint webinars (4 with WLA, 1 with ENGSO), 1 Communications Workshop, 3 modules of the EL Virtual Corporate University, 2 new modules of the e-learning platform, EL reached out to nearly 2,000 ‘unique’ participants. In total, EL organised 83,5 hours of online sessions across 41 days. As in previous years, several events were organised in close cooperation with the World Lotteries Association (WLA) and other regional Associations such as NASPL and CIBELAE.

With the decision to postpone the foreseen 11th EL Congress and Trade Show in Sibenik (Croatia) to 2023, EL united Members with a unique digital General Assembly in June 2021. Although a virtual meeting can never replace a physical one, the online set-up allowed Members to adapt, connect and use their voting rights (via a secure online platform) to vote on important agenda items such as the mandatory Responsible Gaming Certification and the CRS Resolution. The EL Members also elected a new Executive Committee and EL President.

With the aim to improve the services to Members, create added value to their Membership and of course meet again in person, the overarching theme of ‘Reconnect’ was unveiled as the new 2021–2023 Executive Committee workplan.

The work of the EL team also reflected this theme, with an even better service-oriented approach. Via the MYEL environment, more information and data were brought together. An easy to access and understandable overview of the relevant EU dossiers was presented and a fully new EL library containing Europe-wide studies on the gambling sector and markets from various Members was created. The library was setup with the support of the EL Data & Research Working Group.

The e-learning platform also saw new modules on CSR and innovation and the Association brought female colleagues together as part of its refreshed Women in Lottery Leadership mentoring programme 2021–2022.

2021 also saw advocacy activities continue. EL monitored important EU dossiers and legislative proposals and contributed to relevant consultations to safeguard the sustainable lottery model, based on subsidiarity, consumer protection and public order. Hot topics over the past year, of which many continue still today include the Digital Services Act (DSA), Anti-Money Laundering (AML), Taxation, and Artificial Intelligence (AI). Although the European Institutions remained closed to external visitors for over two years, EL brought together several EU representatives to various internal meetings and online events.

The Association continued its involvement in the European Committee for Standardisation (CEN TC 456) regarding reporting in support of online gambling supervision as well as announcing a collaboration to help fight ad-funded piracy with IP protection company White Bullet.
With the approval of the General Assembly to move the statutory seat of the Association to Belgium, a new office in the heart of the European quarter in Brussels will now act as the hub of EL activities and advocacy work as we return to a new “normal”. The office in Lausanne, in the premises of Loterie Romande as ‘Alma Mater’, continues to support the EL Membership.

This fourth EL Annual Report gives further insights into the activities of the largest and most important European Association in the gambling sector. EL acts for the benefit of Society.

The work would not be possible and meaningful without the support of the Members, and especially the Members of the EL Working Groups. The Association welcomed a new Working Group on Marketing and Communications in 2021 which aims to contribute to the knowledge sharing and best practices between Members.

EL’s Level 1 Partners Scientific Games and IGT and the many professional and like-minded organisations that EL works closely with (such as the European Sports NGO ENGSO and the Global Lottery Monitoring System GLMS) are important assets to the work of the Association.

Last but not least, EL’s work would be meaningless without the ongoing support of the EL team Members, Executive Committee and President.

I warmly thank all parties involved in the important work of the Association and I look forward to continuing our activities, united for the benefit of society.

Although this report is about 2021, I cannot forget the current war in Ukraine. Therefore, my thoughts and prayers are with the people in Ukraine and especially all representatives of the Ukraine National Lottery (UNL) and MSL. Slava Ukraini, Geroyam Slava!

Arjan van’t Veer
EL Secretary General
In comparison to what is relevant right now under the impression of an ongoing war, a statement and activity-report on a year of lockdowns, online-activities and recurring political initiatives feels strange and trivial. The current situation reminds us not only of the more important things in life but also adds new perspective to our values – united for the benefit of society.

As part of the European community, EL and its Members condemn Russia’s invasion of Ukraine. We stand united against this war, call for peace, and share our solidarity with the EL Members in Ukraine and the people of Ukraine. The situation compelled the EL Executive Committee to recommend its Members to stop taking bets on Russian and Belorussian teams and leagues. Furthermore, it made the decision to suspend the membership of the EL Members in Russia and Belarus.

As we see more uncertainty around us in Europe, the traditional role of national lotteries for the benefit of society is more important than ever. This was already the case 580 years ago in Bruges where the great lottery invention was born and continues still today. We must continue the good work of EL and its Members.

Back in 2020 during the peak of the pandemic the contribution to society by EL Members amounted to 16 billion euros despite a drop in sales. For 2021 the figures will not be very different. Support continued and will continue not only financially but also in non-financial ways.

With the knowledge and experience of the past year, we look ahead and build with this a basis for what is to come. Society is at the heart of the lottery model and will remain so.

But then, a new crisis unfolded in front of our eyes – a war has come back to Europe as Russia invaded Ukraine. This is not only a fight against a country but also against its citizens and western values of democracy and freedom. Myself as EL President, the Executive Committee and the EL team express our sympathy and support to those who are affected directly by this war. We hope for the immediate ceasing of this invasion and pray for peace and dialogue. Might a solution be found, and war ended when you read this Annual Report.

As I started writing this Statement, I thought that a sense of normality was returning after two years of the pandemic. I wanted to show, not just what happened in the lottery world and how we as EL changed in 2021, but also to write about the lessons learnt to give a positive outlook to the future of our business and our Association.
As we reflect back on 2021 and in the early months of 2022, it is clear that the pandemic brought challenges to the lottery sector but also a chance to re-position the lotteries as even more important players in society.

2021 brought us, both in private life but certainly also in business life, the attitude to always be flexible and agile. To adapt to unforeseen circumstances. To stand together, to help others. By doing so our business operations became more aligned and streamlined. Efficiency was increased, and not only by the (too) many online meetings. Efficiency was also enhanced in our game verticals and sales channels in the various jurisdictions. Digitalisation was boosted, there was an evolution, and I might even say, a “revolution” in lottery marketing. At the same time, EL Members never lost sight of their core values and responsible gaming programmes.

The new workplan of the Executive Committee for 2021–2023 will focus activities under the overarching theme of “reconnect”. We know that the EL Members are diverse. Diverse in their background, history, size, culture, game verticals and in their regulatory situation. Diverse we may be, but all Members do have one important thing in common; they all are committed to the benefit of society. We must unite in our diversity and stand together.

United with all of you to make EL a great Association; the EL Regular Members and the EL Associate Members, the EL Level 1 Partners Scientific Games and IGT, the EL team, and other associations (such as WLA, ENGSO and GLMS). I thank all of you for your commitment, particularly during this difficult time and look forward to reconnecting with you all again soon in person.

I invite you to explore the achievements of the Association in this fourth edition of the EL Annual Report. In 2021, Members showed their interest and support for the work of EL. A new Executive Committee was elected, and I am thankful to be re-elected as EL President.

Responsible Gaming Certification became mandatory, a CSR-resolution was adopted, and the move of the statutory seat to Belgium was approved. The Executive Committee is committed to work further on sustainable projects. Diversity, inclusion and the care for our environment are corner stones to the sustainable lottery model based on subsidiarity, consumer protection and public order.

Monitoring of, and contributions to EU dossiers and legislations continued. All these activities are important for EL and empower Members further – to be able to create more added value and act as a leading Association in the lottery sector.

Finally, we would like to thank EL Members for their ongoing support and Members of the old and new Executive Committee for their work for the Association, particularly during this difficult period for everyone. The EL Partners are also warmly thanked for their ongoing commitment to the Association. The EL team is at the heart of our activities, and we thank them as always for their work and support.

On behalf of the Executive Committee,
Hansjörg Höltkemeier
EL Governance

Composition of the EL Executive Committee in 2021

EL Members elected the new Executive Committee and (re)appointed Hansjörg Höltkemeier as President for the period 2021-2023.

President:
Hansjörg HÖLTKEMEIER
Member of the Managing Board
Deutsche Klassenloterie Berlin | GERMANY
Member of the Executive Committee since 2009
President of the Association since 2015

First Vice-President:
Stéphane PALLEZ
President and CEO | La Française des Jeux | FRANCE
Member of the Executive Committee since 2015
First Vice-President since 2017

Second Vice-President:
Romana DERNOVŠEK
President & CEO | Loterija Slovenija d.d. | SLOVENIA
Member of the Executive Committee since 2019
Second Vice-President since 2021

Member:
Olgierd CIELŚLIK
CEO | Totalizator Sportowy Sp. z o.o. | POLAND
Member of the Executive Committee since 2019

Member:
Jannie HAEK
CEO | Loterie Nationale | BELGIUM
Member of the Executive Committee since 2015

Member:
Jésus HUERTA ALMENDRO
President & CEO | Sociedad Estatal Loterías y Apuestas del Estado | SPAIN
Member of the Executive Committee since 2018

Member:
Jean-Luc MONER-BANET
CEO | Loterie Romande | SWITZERLAND
Member of the Executive Committee since 2021

Member:
Mario MUSA
CEO | Hrvatska Lutrija | CROATIA
Member of the Executive Committee since 2021

Member:
Francesco Parola
Member of the Executive Committee since 2020

Member:
Olli SAREKOSKI
President & CEO | Veikkaus Oy | FINLAND
Member of the Executive Committee since 2017

Secretary General:
Arjan VAN ’T VEER
Secretary General since: 1 March 2017

In 2021 no physical meetings took place. The Executive Committee had eight conference calls.
EL General Assembly 2021

Over 70 Members were brought together in an unique digital format.

Interactive way to connect with EL Members while at the same time striking a balance between the “legal requirements” of a General Assembly.

For the second time in its history the EL General Assembly took place online.

Dedicated General Assembly webpage.

Unique online voting tool to vote on important agenda items.

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Re-elected EL President & elected Executive Committee.

Adoption of Resolution on Corporate Social Responsibility (CSR).

Adoption of mandatory Responsible Gaming (RG) certification.

In normal circumstances the General Assembly would have taken place in Croatia. Instead to honour the occasion, fourth President of the Republic of Croatia and current member of the International Olympic Committee Ms Kolinda Grabar-Kitarović gave a Keynote presentation during the virtual edition.

EL welcomed Novamedia/Postcode Lottery Group (NL) as a new Regular EL Member and Degree53 (GB) as a new Associate Member.
Communications 101

2021: EL in numbers.

MyEL environment
Secure environment gives EL Members the opportunity to access important documents and exclusive news.

Over 2,000 users in 2021, new features: EL library & EU dossiers.

Website
42 articles published in 2021, average 3 per month, 83,000 users with 82,000 new users in 2021.

Over 253,500 page views.

E-learning platform
For EL Members, free of charge, 4 languages, General modules, 2 new modules on CSR, innovation, Inspiration materials.

50 editions of the EL News Briefing to Members, Special 100th edition, over 420 subscribers.

Reports, questionnaires and public consultations
1 Report on the lottery sector 2020, several questionnaires to Members e.g., on Data and Research and a Members satisfaction survey.
2 social media accounts

Twitter @EuropeLotteries

570 tweets in 2021, on average 47 tweets per month
131K Twitter impression in 2021.

LinkedIn
1,500 followers with over 500 new followers since 2019

Top tweet:
The fight against #matchfixing has been a high priority for @EuropeLotteries & our Members for many years http://bit.ly/32eSyro. It remains as important as ever & today on Jens Nielsen, Sports Betting Director tells us.

Over 100 mentions in EU and sector press

Partnerships and alliances

EL has been for many years and remains a trusted partner of the European Institutions, and other relevant stakeholders such as ENGSO – the European Non-Governmental Sports Organisation.

EL is an official partner of the European Week of Sport (EWoS) and supported the European Commission led initiative for the seventh time in 2021.

Global Lottery Monitoring System (GLMS):
As a founding member EL continues to fight match fixing & safeguard the integrity of sport.

World Lottery Association (WLA):
EL continues to work closely with this regional Association, in particular in the organisation of joint events on marketing, responsible gaming, security and sports betting.

Women’s Initiative in Lottery Leadership (WiLL):
Following the setup in 2017 by the President & CEO of the Tennessee Lottery (with support from PGRI), the EL Executive Committee endorsed the initiative to expand at European level. In 2021 the second edition of the EL WiLL Mentoring programme began.

Gift Responsibly Campaign:  
Every year NCPG and the International Centre for Youth Gambling Problems and High-Risk Behaviours at McGill University ask lotteries to support the responsible gambling campaign and help raise awareness regarding the risks of underage lottery play during the holiday season.

EL proudly endorses this campaign together with WLA and NASPL. In 2021, the campaign theme changed to a general Gift Responsibly message.

In 2021 EL has 2 Level 1 Partners:

Cooperation is a must. We must work together and include several stakeholders, from international organisations to local sport clubs, in order to address and prioritise mental health in and through sport. I would like to thank our long-term partner The European Lotteries, for a fruitful and inspiring cooperation, and for helping us improve the lives of Europeans through strengthening the grassroots sport movement in Europe.

Stefan Bergh,  
ENGSO President
Membership developments

As an Association made up of Members, the EL Statues state that it may have regular Members, observer Members or associate Members. At the beginning of 2021, EL had:

Regular Members
- Conduct games of chance and/or skill such as lotto, toto, classic lotteries, sports betting, instant games
- In a country that is a Member State of the Council of Europe (CoE)
- Licensed or authorised in a relevant jurisdiction by the competent authorities to operate such games
- Larger part of sales in lottery games and substantial part of revenues for the benefit of society
- Executive voting rights in Annual General Assembly

Observer Members
- Fulfil the criteria for Regular Membership but are outside the CoE

During the virtual 2021 General Assembly, 1 Regular Member was formally accepted: Novamedia/Postcode Lottery Group (NL) and 1 new supplier was formally accepted as an EL Associate Member: Degree53 (UK)

During the second half of 2021, the EL Executive Committee pre-approved the membership application of National Videolottery of Macedonia (this application will be formally approved by the EL General Assembly in 2022).

Russia’s invasion of Ukraine in February 2022 compelled the EL Executive Committee to make the decision to suspend the membership of its Members in Russia and Belarus.

Furthermore, the Executive Committee recommended that EL Members stop taking bets on Russian and Belorussian teams and leagues.

Novamedia/Postcode Lottery Group is a proud Member of EL since 2021. Membership of the Association has allowed us benefit from the many services available. Earlier this year for example, we had the chance to present our TV game shows during the EL/WLA Marketing Webinar which attracted over 350 participants from around the world. We look forward to many more opportunities to work closely with EL in the future.

Educational activities

Virtual EL Corporate University (ELVCU)
In 2021 the ELVCU proved successful once again. Three editions of the Induction Module took place as well as a coffee union for alumni. The latter was an opportunity to reminisce and reflect back on the previous years with fellow colleagues in the EL Membership.
The EL(V)CU continues to offer three modules in order to better meet the needs of specific groups of Members – Induction, Executive and Management.

EL e–learning platform

2021 saw two new modules added to the EL e–learning platform which was launched the previous year: a second module on CSR and a new module on innovation. Available in four languages, the platform includes not only lottery specific module but also content on personal development and inspirational Ted Talks, podcasts, white papers and books. It also provides supporting materials for the WiLL Mentoring Programme.

The exchange of best practices and learnings enables EL Members to further innovate, connect and learn from each other.

MyEL environment

In 2021, MyEL the secure section of the EL website continued to bring together relevant and updated information for EL members. An easy to access and understandable overview of the relevant EU dossiers was presented and a fully new EL Library containing relevant studies and research papers from national markets and internationally. The library was setup with the support of the EL Data & Research Working Group. The work on the MyEL environment continues today and foresees new sections for the EL Working Groups and on lottery markets.

The WiLL Mentoring Programme is just one of the many services offered to EL Members to enhance skills and knowledge. The second edition was launched in October 2021.

I never cease to be amazed by the quality, involvement, and sheer enthusiasm of these recruits who suddenly find themselves in a world where they need extended bandwidth to cope with a torrent of new ideas about lotteries, players, channels and games, all in an English language environment. With recruits like these, the future of lotteries is assured.

Ray Bates, EL Honorary President, Moderator, EL(V)CU

WILL continues to grow, creating a path for talented and passionate women to realise their full potential in the lottery sector. Both mentors and mentees will benefit from this experience and contribute to build an environment that only accepts diversity, but also celebrates and promotes it. The mentors and mentees recently had the opportunity to meet in person for the first time during a successful event in Paris hosted by FDJ.

Stéphane Pallez, EL 1st Vice-President and CEO of La Française des Jeux (FDJ)
Digital EL in 2021

1,893 unique participants across 41 days in 5,010 minutes (83.5 hours)

On average 26 different EL Lottery Members represented per event and 6.5 EL Associate members per event.

2 modules of the e-learning Platform (CSR & Innovation)

1 virtual General Assembly

1 Communications workshop

3 modules of the ELVCU Induction (72 participants in total, 12 different Lotteries represented on average)

0 physical events

8 webinars (Data & Research, Instant Games, WILL, Digital Services Act)

4 joint webinars with WLA (Sports Betting, Marketing (also with NASPL), CSR/Responsible Gaming, Operational Risk)

1 joint webinar with ENSGO
Digital Services Act (DSA)

The DSA continued to be one of the most important dossiers for EL to monitor in order to keep the gambling sector out of its regulation and to benefit from those opportunities that help to fight illegal online gambling activities. Following the European Commission’s proposal at the end of 2020, the Parliament’s Internal Market & Consumer Protection Committee (IMCO) was assigned the exclusive competence of the DSA in early 2021. Three associated Committees then adopted their opinions. In parallel to this process, the Council of the EU also examined the proposal.

In Autumn 2021 EL urged the Council in particular to exclude the explicit mention of online gambling and betting services from the DSA.

A dedicated webinar organised by the EL PAC Working Group was organised to provide Members with the latest updates on the dossier. The webinar brought together EL’s experts on EU policy dossiers (below) and a broad audience of EL Members.

EL Members strongly believe in a high level of consumer protection and are fully committed to the fight against illegal online gambling. The DSA foresees a number of new provisions that could be beneficial to this end. EL hopes that these will be at the disposal of its members, most notably an improved notice-and-action mechanism, the concept of trusted flaggers and enhanced consumer protection and know-your-business-customer requirements.

At the time of writing, EL welcomed the new provisions to fight illegal gambling as the European Parliament adopted its negotiating position on the DSA. The rules could come into force as soon as 2023.
Artificial Intelligence (AI)

EL continued to monitor the developments around AI in 2021, particularly following a major milestone reached the previous year when the Commission published a White Paper on AI together with an accompanying Report on the safety and liability framework. While this was up for public consultation, the Parliament adopted several resolutions on the dossier. In April 2021 the Commission proposed its legislation, acknowledging that it can contribute to a wide array of economic and societal benefits across the entire spectrum of sectors and social activities. Yet, it also considered that it can generate risk and cause harm to interest and rights that are protected by EU law.

EL believes a fine balance should be achieved between the deployment of AI for commercial purposes and the respect of necessary consumer protection, public order, and personal data protection rules in the gambling sector.

European Digital Identity

In June 2021 a new legislative framework was officially proposed by the Commission, building on the eIDAS Regulation (electronic identification and trust services for electronic transactions in the internal market). As identification and authentication of players are extremely useful tools that can be used in the gambling sector to achieve the primary objectives of ensuring consumer protection and preserving public order, EL closely monitors this dossier at EU level.

The main novel element offered by the new rules is that everyone will have the right to have a European Digital Identity which will have to be accepted by all Member States. While provisions from the revised proposed rules can certainly be beneficial, also in the gambling sector — Member States should still maintain a sufficient margin of discretion in defining the legal and technical requirements applicable to the gambling operators authorised in their respective national markets with regard to electronic identification and trust services for electronic transactions.

Anti-Money Laundering (AML)

AML is one of the most pressing regulatory areas for gambling operators with significant fines for compliance failings. In July 2021 the European Commission presented its legislative proposal bringing about a major overhaul in a shape of an EU level supervision of certain AML related issues. The existing EU AML legislative framework already has a substantial impact on the gambling sector. Yet, different types of gambling services may be treated differently from one EU Member State to another.

EL considers that no further harmonisation of the AML rules at EU level is needed where they apply to the gambling sector, in accordance with risk-based approach enshrined in these rules. The decision by the Commission not to make the gambling sector subject to direct supervision of a new EU level AML watchdog is therefore one that EL welcomes.

The European Parliament is currently working towards adopting its position on the European Commission’s proposal, as are the Member States in the Council before the negotiations between all the three institutions can start and the legislative text is finalised.
Other developments in 2021...

EL welcomed a statement by the EFTA Surveillance Authority (ESA) to give a lower priority to gambling complaints as they are considered a matter for the national courts.

The ESA, which has worked on several gambling-related cases over the years will no longer consider it a priority to use its infringement powers to promote a single market for gambling. EL welcomed the decision which aligns with the Commission approach back in 2017. Concerns about public order and consumer protection are best dealt with by controls and regulation at national level.

In December 2021, the European Commission proposed a Directive ensuring a minimum effective tax rate for the global activities of large multinational groups.

The proposal follows the international agreement struck at the Organisation for Economic Co-operation and Development (OECD) and sets out how the principle of the 15 percent effective tax rate will be applied in practice within the EU. It includes a common set of rules on how to calculate this effective tax rate, so that it is properly and consistently applied across the EU. Minimum corporate taxation is one of the two work streams of the global agreement. The other one is on allocation of taxing rights and is still expected to be published by the European Commission in the course of 2022.

EL replied to the related public consultations by the Commission and OECD. EL Members consider that taxation is an extremely important lever that can be used to lower the attractiveness of gambling products and thus to protect players (among other high pay-outs and increased levels of addictiveness connected to these high-level pay-out levels).

Even in a highly regulated environment, some online operators in the gambling sector are in a position to avoid paying corporate tax in the country they operate by largely providing B2B services on a cross border basis from low tax countries. Such practice is largely used by online operators to circumvent corporate taxes in the country of the consumer.

From education and sport to supporting the disadvantaged and disabled, EL Members continue to fund good causes for the benefit of society.

In 2021 EL welcomed the Commission Strategy for the Rights of Persons with Disabilities (2021–2030) to ensure the full participation of persons with disabilities in society, on an equal basis with others in the EU and beyond. The key initiatives focus on three main themes include: EU rights; independent living & autonomy; and; non-discrimination & equal opportunities.
As a liaison organisation of the European Committee for Standardisation (CEN), EL followed closely its developments.

Standard on reporting in support of online gambling supervision has been approved. Members of CEN, i.e. national standardisation bodies are now implementing it as a voluntary standard at national level. The Technical Committee within CEN (TC 456) which was in charge of the standard on reporting – has been granted extension of the scope of its work and will now be in charge of all issues related to standardization in online gambling.

Looking ahead...
EL to keep close eye on Own Initiative Report

In late 2021, two committees of the European Parliament decided to work on Own-Initiative reports on videogames. The Internal Market and Consumer Protection Committee (IMCO) will focus on the topic from a consumer protection angle and the Culture and Education Committee (CULT) from a sports angle. CULT will also focus on youth engagement, creativity and educational aspects, as it seeks to continue the discussion initiated by the Parliament’s resolution on EU sports policy. This called on the EU institutions to launch a debate on the future and opportunities of e-sports.

The Commission is also taking a closer look into the videogames industry with the final report and policy overview expected in the first half of 2023.

As the lines between gaming and gambling can sometimes get blurred, this discussion will certainly remain high up EL’s agenda during 2022 and beyond.
EL’s structure holds several Working Groups, each of which is governed by a member of the EL Executive Committee as a Supervisory Chair. A member of the Working Group acts as an Executive Chair and takes care of the group’s daily work, which is supported by the EL team.

CSR/Responsible Gaming Working Group

- To guide EL Members and the Executive Committee in the development of leading-edge responsible gaming standards with the EL Responsible Gaming Framework to promote the adoption of best practices across the Membership.
- To support EL Members with the requirements to further enhance their corporate social responsibility programmes (CSR).

Achievements in 2021

Mandatory certification
- During the 2021 General Assembly, EL adopted mandatory Responsible Gaming Certification for all Members by 2022. A tailor-made support programme helps the non-certified EL Members.
- Swisslos became the first non-certified Member to be certified in 2021 thanks to EL’s support Programme.
- West Lotto was the first Member to be certified for the fifth time.

Certification Process
From the 49 EL Members, that were certified according to the EL Responsible Gaming Standard,

46 successfully completed re-certification
39 for a second time,
28 for a third time,
6 for a fourth time.

EL Members were certified for the fifth time in 2021.

Given the exceptional circumstances created by the pandemic, EL continues to be proud and satisfied that all re-certifications could take place, thanks to the adaptability of EL Members and their assessors.

Second EL/WLA Responsible Worldwide Webinar Week
- Spanning across five sessions, topics included RG from a consumer protection perspective, positive play, CSR and the impact of COVID-19.

Second CSR module on the EL e-learning platform
- Tailor-made content on CSR for EL Members

RG Certification Framework updated
- Loteries de Catalunya was the first EL Member to be RG certified under the new EL Framework which was adopted at the General Assembly in 2021.
Data & Research

- The collection, analysis and publication of relevant, public and high-quality data in order to improve the knowledge base within the EL Membership as well as to be able to inform stakeholders on a fact-based approach.

Highlights

EL Report 2020
- The data collection by EL considered the non-standard and unprecedented circumstances of 2020, the first time that the lottery sector was hit by a global pandemic.
- In 2020, the money contributed to society for all EL Members reporting (69 in total), their contributions to society amounted to €16.0bn in 2020. It means that 52 percent of the GGR generated by EL Members (not including sponsorships) went back to society in the respective countries.
- After years of continuous growth, COVID-19 did result in the total GGR decrease of 14.8 percent compared with 2019 (based on 67 reporting EL Members). Yet there was an increase in the online sector. All EL Members (51 reported the category) generating online GGR of €3.6bn, representing 11.7 percent of total GGR in 2020 and a 25.7 percent year-over-year increase.

Webinar series
- Five webinars throughout 2021
- Topics included lottery sector trends from COVID-19, artificial intelligence, DBGs, online growth and retail.
- State of the art EL Library project: collection of studies from EL Members.

The latest data collected by EL takes in account the non-standard and unprecedented circumstances of 2020, the first time that the lottery sector has been hit by a global pandemic. The collaboration and knowledge sharing among EL members, intensified during the COVID-19 impact period, is the big strength of EL membership.
Education

- To align ideas and content of the EL Corporate University (ELCU), introduced to respond to the ongoing demand for basic training within the EL Membership as well as the other EL educational activities (seminars and workshops).

Home schooling continues

EL’s Corporate University closes “school year” with three virtual editions & coffee reunion
- Three editions of the Induction module, each over five days
- Special coffee union for Induction alumni
- Educational presentations and break out sessions
- EL(V)CU offers three modules - Induction, Executive and Management

EL e-learning platform offers new courses
- Online environment for all EL Members from management level to operational experts and newcomers
- Two new modules launched in 2021: CSR and Innovation.
- Opportunity to learn about new topics from general themes to lottery specific modules
- Available in four languages, free of charge
- Inspiration materials, recordings, TEDTalks, digital books and podcasts

Innovation & Technology

- To inspire, engage and connect the EL community on the topic of innovation.
- To share ideas and best practices from inside and outside the lottery sector, including innovation methodology, approaches and organisation.

The importance of innovation

Dedicated module on EL e-learning platform
- Insights and learnings on the importance of innovation and why lotteries should innovate
- Approaching innovation with a holistic mindset
- Understanding complexity thinking
- Best practices from the Working Group
- Innovation Toolkit

The Working Group is currently preparing for its 2022 Innovation Seminar planned to take place in Milan, as well as the bi-annual EL Innovation Award. Keep your eyes peeled for more information!

New subgroups

The Working Group has created three subgroups to cover several areas of its work in 2021-2022
- Culture: working culture, management culture and methodology by looking at outside industry practices from leading technology and service provision companies.
- Omni-channel: focused on challenges faced by lotteries on their path towards digitalisation and how to support and develop retail channels
- Young customers and female players: Finding ways to attract these groups through innovative means.

New subgroups

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  - Working culture, management culture and methodology by looking at outside industry practices from leading technology and service provision companies.
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- Young customers and female players: Finding ways to attract these groups through innovative means.
Legal & Regulatory Affairs (LRWG)

- To monitor legal issues that the Association and EL Members face and analyse all relevant regulatory matters.
- To advise the Executive Committee on the legal challenges at hand – most often in the EU legal context – as well as on the legality of the Association’s principles, guided by the advice of the EL Legal advisor.

**Monitoring legal issues**

Gambling advertising, taxation and allocation of profits, and a risk-based approach towards lotteries and gambling in general. Data localisation was also addressed. There was a focus on the relevant issues that could (also) be used in discourse with national authorities.

**Gambling regulation and gambling taxation**

Despite the fact that the gambling sector is a highly regulated one, a number of mostly online operators successfully manage to avoid paying (corporate) taxes in the countries where they operate by providing business-to-business services on a cross border basis from a country with low tax rates. By doing so, they are in a position to offer more attractive services as they can lower their fees and thus potentially cause serious player protection issues. In addition, they deprive governments from a fair share of revenues that could be used to achieve public interest goals. Taxation can be a powerful tool to create a level playing field for all the gambling operators on the market, but in particular in the fight against illegal operators.

At the time of writing, the Working Group has prepared for its annual Seminar on this topic where discussed took place on the different gambling taxation regulatory models across the EU, relevant gambling taxation related case-law of the European Court of Justice, the latest developments in the OECD and the EU on taxation of digital economy and taxation as a tool to fight illegal gambling operators.

The Legal & Regulatory Working Group took the lead (with the support of PAC) in in replying to European Commission and OECD public consultations on taxation. EL Members consider that taxation is an extremely important lever that can be used to lower the attractiveness of gambling products and thus to protect players (among other high pay-outs and increased levels of addictiveness connected to these high-level pay-out levels).

**Digital Services Act (DSA)**

The Working Group worked closely with the EL PAC and provided legal analysis of the proposal and amendments. In 2021, EL welcomed new provisions to fight illegal online gambling as the European Parliament adopted its negotiating position on the DSA.

**The fight against ad-funded piracy**

In June 2021, EL and IP protection company White Bullet announced a collaboration to help fight ad-funded piracy. By tracking advertising of EL’s Members and providing information about which websites ads appeared on, White Bullet aims to help EL Members to address any advertising related issues and fight piracy.

"We are delighted to support EL as it helps to ensure a sustainable gaming model and to defund online piracy. EL plays an extremely important role within its sector and this partnership will help legitimate organisations to use and protect their IP."

Peter Szyszko,
Founder and CEO, White Bullet
Gambling advertising

Gambling advertising has traditionally been a major point of interest for the Working Group. Since 2018 when Italy, Latvia and Belgium introduced a total or almost total ban on online gambling advertising, a wave of severe similar restrictions continued to sweep Europe throughout 2020, partly also due to pandemic. The Working Group has therefore continued to focus its work on this topic also in 2021. EL Members are committed to providing continuous care to channelling the gambling desire of the population towards a regulated and responsible offer of gambling products, which is also promoted by the responsible gambling compliance programme of EL.

EL welcomes ESA statement on de-prioritising gambling complaints

The EFTA Surveillance Authority (ESA), which has worked on several gambling-related cases over the years will no longer consider it a priority to use its infringement powers to promote a single market for gambling. EL welcomed the decision which aligns with the Commission approach back in 2017. Concerns about public order and consumer protection are best dealt with by controls and regulation at national level.

Marketing & Communications

In October 2021 the Communications and Marketing Working Group was formed with Hrvatska Lutrija as the Supervisory Chair and seven initial Members (at the time of writing there are 10 Members in this Group). The group aims:

- To provide a platform for exchange of best practices between communication and marketing professionals in the EL Membership as well as to serve the Executive Committee with knowledge in the field to add value to the activities of the Association.
- To monitor and advise Members and the Executive Committee on marketing and communication developments, trends and campaigns and contribute to EL public position communications.

Initial exchanges

Unable to meet in person, in 2021 the Working Group organised regular and productive online discussions on national lottery markets and topics of interest such as gambling advertising. These initial exchanges provide the groundwork for all future milestones, such as a platform for exchanging best practices and a framework for marketing trends.
Operational Risk & Assurance

- To monitor operational risks and threats to the gaming industry, prevention of risks and ensuring that EL Members are kept informed.
- To develop, maintain and promote security and risk management standards and/or guidelines for the Association.

Activities 2021

Risk management & toolkit of Risk Reference cards
- The Working Group dedicates its efforts to support the lottery community in improving their practices.
- Based on the most pressing operational risks faced by lotteries, each card contains methodologies and tools to manage the risk concerned, KPIs and means of assessment of control and management effectiveness. The cards will focus on Operational Continuity, Personal Data Breach, HHRR Employment and Security in the Workplace, Deficit of Governance for Strategic Areas, Third Parties, Immature Management, Illegal Playing/Internal Fraud and Ineffective Processes.

Webinar week
- The second webinar week organised with WLA took a deep dive into testing methodologies with a focus on bug bounties for identifying hidden vulnerabilities, risk management and a virtual cyber security exercise.
- Roundtable with lottery representatives on the importance of a security testing strategy combining different methodologies, and the need for a policy for interacting with external actors that test its systems and services.
- A cybersecurity virtual desktop drill with a hypothetical disruption scenario in order to address a critical situation that is threatening a lottery organisation.

Public Affairs Coordination

- To highlight that lotteries are important stakeholders in the EU, and that they protect players’ interest through legal and controlled games, for the benefit of society.
- To advocate the sustainable lottery model based on the principle of subsidiarity.

Remaining vigilant in 2021

As the pandemic continued in 2021, the Working Group (PAC) adapted its activities and remain flexible in its approach. The EU Institutions remained shut to external visitors, but the Strasbourg plenary sessions resumed. Online meetings continued as the norm.

The Working Group continued to monitor and response when appropriate to EU dossiers relevant to the lottery sector, including the Digital Services Act, Anti-Money Laundering, Digital Taxation and AI.

EL debates Digital Services Act (DSA)
- EL urged the Council in particular to exclude the explicit mention of online gambling and betting services from the DSA.
- Dedicated webinar bringing together EL’s experts on EU policy dossiers and a broad audience of EL Members.
- All EL Members were called to contact their EU Members of Parliament or Permanent Representatives to maintain the current position of the gambling sector to be excluded from all regulations.
Response to EU public consultations

PAC supported the Legal & Regulatory Working Group in replying to European Commission and OECD public consultations on taxation. EL Members consider that taxation is an extremely important lever that can be used to lower the attractiveness of gambling products and thus to protect players (among other high pay-outs and increased levels of addictiveness connected to these high-level pay-out levels).

Looking ahead

In 2022 the PAC Working Group remains vigilant and will continue discovering creative ways of getting messages across to EU policymakers to defend the interest of EL members. Major items on the EL agenda include the DSA, AML, eIDAS and AI. The Working Group will keep a close eye on the proposed Own Initiative report in the European Parliament on videogames.

Sport

- To monitor and discuss the developments of sports betting as well as policy and regulatory issues within the sports betting field.

Adapting to the “new normal”

- The pandemic affected the Sports betting operations of EL Members drastically. It pushed operators to go even more digital and to explore multi channel opportunities as well as new developments such as e-sports betting. This all while maintaining the highest level of sports integrity.
- In 2021 the Working Group took the opportunity to focus on how the pandemic created opportunities for sport.

Joint webinar with WLA

- A joint EL/WLA explored the opportunities of the pandemic for sport betting & lotteries.
- Discussions during the webinar looked the changes brought about from the pandemic. For example esports and online tournaments took off during the pandemic.
- Limited travel opportunities brought a digitalisation of the competition manipulation and the targeted and intrusive social media approaches.
- EL and WLA call for specific types of investigations, increased vigilant monitoring and closer cooperation with the law enforcement and sports sectors.

EL & ENGSO unite on common values

- In 2021 EL remained a partner of the ENGSO Sport and Psycho-social Initiative for Inclusive Training (SPIRIT), co-funded by the Erasmus+ Programme.
- The project aims to empower sport clubs and coaches to deliver more humane coaching which nurtures mental well-being and will ultimately make sport in Europe more inclusive.
- Dedicated webinar in April with ENGSO entitled “Sport and Mental well-being”.

EL and the European Week of Sport

- EL remained an Official Partner of the Commission-led European week of Sport
- A joint webinar with ENGSO took place, focusing on sport, mental health and well-being.
- EL became an Official Partner of “Healthy Lifestyle for All Initiative” launched during the 2021 European Week of Sport.
Illegal gambling is one of the biggest threats to the EL gambling model. On one hand by not respecting national regulations, players are often directly or indirectly set to riskier behaviour. On the other hand, illegal operators are offering unfair competition to legal, well-regulated operators. Fighting illegal gambling and monitoring the developments in this field is an important activity of EL, especially for this dedicated Taskforce.

In 2021 the Taskforce collected more data of the EL Members on the state of play on national developments to stop illegal gambling as well as to understand better the phenomenon as such. First impressions upon this is that illegal gambling is widely spread in the jurisdictions where the EL Members are active. Often there is a lack of interest, knowledge and the right legal means to effectively stop illegal activities. By doing so, the regulated operators such as the individual EL Members find themselves often in an unlevelled playing field.
Financial Statements and Accounts 2021

In this chapter the financial statement/balance sheet, profit and loss statement as well as the reserve funds of the Association for 2021 are presented. In addition, an explanation is given on the 2021 budget and the statement of the EL external auditor is included.

Balance sheet as at December 31

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CHF</td>
<td>CHF</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>6,451,069</td>
<td>6,410,767</td>
</tr>
<tr>
<td>Debtors</td>
<td>B1</td>
<td>6,376,425</td>
</tr>
<tr>
<td>Accrued income and prepaid expenses</td>
<td>3,676</td>
<td>12,056</td>
</tr>
<tr>
<td></td>
<td></td>
<td>70,968</td>
</tr>
<tr>
<td>Fixed assets</td>
<td></td>
<td>214,053</td>
</tr>
<tr>
<td>Financial fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>B9</td>
<td>34,597</td>
</tr>
<tr>
<td>Intangible fixed assets</td>
<td></td>
<td>95,802</td>
</tr>
<tr>
<td></td>
<td></td>
<td>83,055</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td></td>
<td>6,665,122</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term liabilities</td>
<td></td>
<td>84,721</td>
</tr>
<tr>
<td>Refund due to cancellation of an event</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred income and accrued expenses</td>
<td>B2</td>
<td>22,600</td>
</tr>
<tr>
<td></td>
<td></td>
<td>62,121</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td>6,580,401</td>
</tr>
<tr>
<td>Voluntary reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Association cost covering reserve</td>
<td></td>
<td>3,956,434</td>
</tr>
<tr>
<td>Association seminars reserve</td>
<td>B3</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Association liability reserve</td>
<td></td>
<td>1,249,881</td>
</tr>
<tr>
<td></td>
<td></td>
<td>206,554</td>
</tr>
<tr>
<td>Statutory retained earnings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Past accumulated profits</td>
<td></td>
<td>2,623,967</td>
</tr>
<tr>
<td>Result of the period</td>
<td></td>
<td>2,543,813</td>
</tr>
<tr>
<td></td>
<td></td>
<td>80,154</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td></td>
<td>6,665,122</td>
</tr>
</tbody>
</table>
## Profit and Loss from January 1st to December 31

<table>
<thead>
<tr>
<th>Notes</th>
<th>2021 CHF</th>
<th>2020 CHF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net proceeds from sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Seminars income</td>
<td>41,733</td>
<td>382,131</td>
</tr>
<tr>
<td>– Other events income</td>
<td>0</td>
<td>10,118</td>
</tr>
<tr>
<td>– Membership fees</td>
<td>2,366,701</td>
<td>1,974,217</td>
</tr>
<tr>
<td><strong>Operational costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Seminars costs</td>
<td>(70,143)</td>
<td>(437,310)</td>
</tr>
<tr>
<td>– Other events costs</td>
<td>(21,111)</td>
<td>(64,367)</td>
</tr>
<tr>
<td><strong>Personnel costs</strong></td>
<td>(1,056,124)</td>
<td>(1,067,968)</td>
</tr>
<tr>
<td><strong>Other operational costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Rents</td>
<td>(123,411)</td>
<td>(199,671)</td>
</tr>
<tr>
<td>– Administration</td>
<td>(157,110)</td>
<td>(164,189)</td>
</tr>
<tr>
<td>– Legal and consultancy</td>
<td>(452,142)</td>
<td>(544,860)</td>
</tr>
<tr>
<td>– Marketing</td>
<td>(4,736)</td>
<td>(20,765)</td>
</tr>
<tr>
<td>– Contributions to partners and -sponsoring</td>
<td>(290,157)</td>
<td>(459,538)</td>
</tr>
<tr>
<td>– Commitee and assemblies</td>
<td>(15,549)</td>
<td>(9,194)</td>
</tr>
<tr>
<td><strong>Depreciations</strong></td>
<td>(48,104)</td>
<td>(35,552)</td>
</tr>
<tr>
<td><strong>OPERATING RESULT</strong></td>
<td><strong>169,849</strong></td>
<td><strong>(636,946)</strong></td>
</tr>
<tr>
<td>Extraordinary items</td>
<td></td>
<td>2,075</td>
</tr>
<tr>
<td>Prior period income</td>
<td>12,1</td>
<td>28,092</td>
</tr>
<tr>
<td>Prior period costs</td>
<td>12,2</td>
<td>(19,951)</td>
</tr>
<tr>
<td>Financial result</td>
<td></td>
<td>(43,146)</td>
</tr>
<tr>
<td>– Foreign exchange gains/(losses)</td>
<td></td>
<td>(9,453)</td>
</tr>
<tr>
<td>– Negative interests</td>
<td></td>
<td>(30,443)</td>
</tr>
<tr>
<td>– Banking costs</td>
<td></td>
<td>(3,250)</td>
</tr>
<tr>
<td><strong>EARNINGS BEFORE TAXES</strong></td>
<td><strong>135,338</strong></td>
<td><strong>(699,653)</strong></td>
</tr>
<tr>
<td>Direct taxes</td>
<td>(55,184)</td>
<td>(47,185)</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td><strong>80,154</strong></td>
<td><strong>(746,838)</strong></td>
</tr>
</tbody>
</table>
General Assembly Meeting

RESULT OF THE YEAR CARRIED FORWARD TO EQUITY RESERVES

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attribution to seminars reserve</td>
<td>(28.410)</td>
<td>(55.178)</td>
</tr>
<tr>
<td>Attribution to capital and accumulated profits</td>
<td>108.564</td>
<td>(691.660)</td>
</tr>
</tbody>
</table>

NET INCOME OF THE YEAR

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>80.154</td>
<td>(746.838)</td>
</tr>
</tbody>
</table>

EXECUTIVE COMMITTEE RESERVE ALLOCATION DECISION

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfert of the association seminars reserve to accumulated profits</td>
<td>250.000</td>
<td>0</td>
</tr>
<tr>
<td>Current year usage according to approved budget</td>
<td>0</td>
<td>250.000</td>
</tr>
<tr>
<td>Proposed following year usage to be approved by Generaly Assembly</td>
<td>0</td>
<td>250.000</td>
</tr>
</tbody>
</table>

Explanation of the 2021 budget

As 2021 was a year with all events online, EL managed that the foreseen budget for the year was met, with even a small surplus realised. The surplus was mainly a result of the fact that larger expenses were not realised (foreseen study of the Data & Research Working Group, and the cancellation of the EL Congress and Trade show). Due to the absence of physical events, the EL Level 1 Partners were compensated partly in their annual contribution to the Association. As one Level 1 Partner (Intralot) ended its support in full, there was a slightly lower income from the partnerships. As the number of members grew, the membership fees kept in line with the foreseen amount.

In 2021 the Modules of the Corporate University were charged, with still a high interest and participation. EL is working further to balance the costs and revenues from the modules. By organising events online, costs could be saved. Speakers were often found within the Association or from Partners and other relevant stakeholders.

The costs of the Legal advice (PharumLegal) as well as the support to GLMS and ENGSO remained all within the foreseen budget.

The move of the statutory seat to Belgium took longer than expected, mainly due to the pandemic. The 2021 financial statements are fully based on the situation with the Associations statutory seat in Switzerland.
Notes to the 2021 accounts

INDICATIONS ACCORDING TO ART. 959C AL. 1 OF THE SWISS CODE OF OBLIGATIONS:

A. Details of the principles applied in the annual accounts
These annual accounts have been established according to the commercial bookkeeping and accounting standards of the Swiss Code of Obligations (art. 957 to 963b).

B. Information, breakdowns and explanations relating to the balance sheet and profit and loss account

B1. Bank accounts and savings in a high reputation Swiss bank (Banque Cantonal Vaudoise).

B2. Refund due to the cancellation of the Data & Research seminar.

B3. As of 2014, presentation of the net wealth of the association (equity) showing separately 2.5 MCHF. As per General Assembly decision, the capital of the association should cover one year of costs, respectively one year of membership fees.

C. Total amount of replacement reserves used and the additional hidden reserves
None.

D. Other information required by law
None.

OTHER INDICATIONS ACCORDING TO ART. 959C AL. 2 CO:

1. Name, legal form and registered office
The “European State Lotteries and Toto Association” is an association under Swiss law with its registered office in Lausanne.

2. Annual full-time average employees
Less than 10 full-time average employees.

3. Direct or substantial indirect shareholdings held
None.

4. & 5. Own shares held and movements
Not applicable.

6. Residual liability amount from leasings
None.

7. Liabilities vis-à-vis pension schemes
None.

8. Total amount of collateral third party liabilities
None.

9. Amount of assets used to secure own liabilities
Warrants for the rent and credit card in Brussels: 2021: 34.597.05  2020: 36.511.80

10. Legal or actual obligations for which a cash outflow either appears unlikely or invaluable
None.

11. Shares held by management or employees
Not applicable.

12. Explanations of exceptional, non-recurring or prior-period items in the profit and loss account
1. Reimbursement for overpayment of the Lausanne social charges, office charges and correction of initial balance of debtors.

2. Previous years direct taxes payments and forgotten invoice office charges and magazine activities.

13. Significant events occurring after the balance sheet date
None.

14. In the event of the auditor’s premature resignation: the reasons therefor
Not applicable.
Audit report
To the General Assembly of the
EUROPEAN STATES LOTTERIES AND TOTO ASSOCIATION
Lausanne

Dear Ladies and Gentlemen,

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of European States Lotteries and Toto Association for the financial year ended December 31, 2021.

These financial statements are the responsibility of the Executive Committee. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the association’s articles of incorporation.

Lausanne, March 2nd, 2022

Fiduciaire Enderli Inc.

Scott Vaudroz
State licenced auditor
Auditor in charge

Luc Enderli
State licenced expert auditor