



**THE EUROPEAN
LOTTERIES**

FOR THE BENEFIT OF SOCIETY

European Lotteries & Toto Association

Annual 20 Report 22



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Chapter

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In Brief: The European Lotteries in 2022

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.

In January 2023 EL published its latest report on the Lottery Sector in Europe for the year 2021. Influenced by COVID-19 as a non-standard event, it was again a unique year. Although less than in 2020, there was no doubt an impact on lottery operations and performance, with lockdowns and retail network limitations.

The results demonstrated that, despite the unfavourable situation, EL Members continued to find new and innovative ways to be able to provide regulated services to their players, with increased efforts to help society and impacted communities. There was an attitude to be flexible and agile, adapt to unforeseen circumstances and to stand together for the benefit of society.

In 2021, there was a five percent higher contribution from EL Members to society, compared to the pre-COVID period of 2019. The contribution to society by all EL Members reporting the category (67 in total) amounted to 20bn EUR in 2021, an increase of 13 percent compared to 2020 and of 10 percent compared to 2019. It means that 55.6 percent of the GGR generated by EL Members (not including sponsorships) went back to society in the respective countries.

Sales for the three main categories of games (draw based, instant and sports games) by all EL Members amounted to 105.8bn EUR, resulting in a year-on-year increase of 23.1 percent in comparison with 2020 and 11.8 percent in comparison with 2019.

Overall national lotteries have recovered well from the COVID impact. 2021 saw the highest GGR year in history and lotteries succeeded in continuing growing and generating revenue for good causes, all for the benefit of society, and while maintaining the highest level of integrity, responsibility and consumer protection.

Although the world was returning to normal in 2022, it faced a new crisis – Russia's invasion of Ukraine. EL and its Member condemn this act of war and stand in solidarity with its members and the people of Ukraine. EL Members swiftly acted to support those in need with actions from housing refugees to providing medical supplies and equipment.



EL Core Values

Responsibility

EL and its Members believe in a high level of consumer protection and responsible gaming and prioritise this over all 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.

By 31 December 2022, 60 EL Members (85 percent) were certified under the EL Responsible Gaming Framework – a 13 percent increase since certification became mandatory at the General Assembly in June 2021. (In 2022, 16 successfully completed certification for the first time, 3 for a fourth time, and 12 for a fifth time).

EL's Environmental Initiative launched in 2022 aims to create a collective dynamic among Members on concrete commitments such as the use of paper coming from certified sustainable forests for gaming products, and the regular monitoring of emissions. This is a voluntary commitment.



These achievements would not have been possible without the work of the EL CSR-Responsible Gaming Working Group.

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.

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.

EL Members are instrumental in supporting society in times of crisis. From the pandemic to Russia's invasion of Ukraine, Members have taken action and showed their solidarity. Lotteries continue to uphold their historic support and benefit to society in times of need.



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.

In 2022, EL organised its sports betting seminar with WLA on the topics of illegal betting, data rights, integrity and responsible practices. EL also continued to work with like minded Associations such as ULIS (previously GLMS) and the European Sport NGO (ENGSO) to promote sport integrity. In 2022 EL became a Partner of the Erasmus+ co-funded "Youth Integrity Ambassadors Programme".



The work on sport integrity is made possible by the EL Sport & Sport Integrity Group. In 2022, a survey and dedicated workshop on exclusive sports data rights was organised.



Overview of Key Data 2021



**69 EL
Members**

All reporting EL Members
(within the EU/in Europe).



€20.0bn

Money for Society.

5% higher contribution from EL
Members to society, compared
to the pre-COVID period of 2019.



47,727

Direct full-time employment.
(Yearly average number of full-time
employees).

The data for 2021 which for the first time
considered sustainability topics (diversity,
equity & inclusion), revealed that out of
full-time employees, women represented
50 percent. EL and its Members continue
to work to close the gender gap to ensure
fairness and inclusion of all.



€20.5bn

Gross Gaming Revenue (GGR).
Sales minus prizes of the five
gaming Categories.

2021 saw the highest GGR year in
history.



Foreword by the EL Secretary General

2022 was a remarkable year. For the first time since the start of the pandemic, EL and its Members could connect in person again. A mix of online and physical events meant the work of the Association could continue. Bringing Members together felt good and was warmly embraced by all. Under the overarching theme "We Connect", the 2022 EL Industry Days in Wiesbaden brought together a record number of participants, who enjoyed the opportunity to meet, engage and learn from an inspiring business programme.

Yet, although a sense of normality began to return to EL's work, 2022 brought with it a new crisis – Russia's war against Ukraine. Until this day, EL and its Members condemn these war actions by Russia and stand united with the people of Ukraine. The situation compelled the EL General Assembly in 2022 to suspend the membership of its Members in Russia and Belarus. Since the start of the war, EL Members have taken action to support humanitarian efforts in Ukraine, upholding their historic support to benefit society in times of need.

The EL Executive Committee recognised the need to reconnect again in 2022 by enhancing further the service-oriented approach toward the EL Members. The EL Team worked on improvements of the website and especially data and information

available via the MYEL environment. New lottery specific modules were released in the EL e-learning environment and a buddy system was put in place to help those EL Members that were not yet certified under the EL Responsible Gaming Framework.

Together with the EL CSR & RG Working Group, a special EL Environmental Initiative was launched, to further enhance the activities of the EL Members in the field of sustainability and to protect the planet. The first ever EL Corporate University Directors' module was organised alongside the Industry Days, and the Women's Initiative in Lottery Leadership saw its first class of mentors and mentees complete the programme successfully.

As it has become a tradition that the results of a larger study are presented during the Industry Days, in 2022 the results of the study on younger generations and games, initiated by the EL Data & Research Working Group, were presented in Wiesbaden.

2022 marked 20 years of the EL/WLA Marketing event which was celebrated in a dedicated webinar organised together with the EL Marketing & Communications Working Group, and later in the year the bi-annual EL Innovation Awards, an initiative of the EL Innovation and Technology Working Group, were awarded again during the Innovation Seminar, hosted by SISAL Italy in Milan. The EL Team organised together with

the EL Public Affairs (PAC) Working Group a dedicated event on the Digital Services Act (DSA) and artificial intelligence (AI) in the European Parliament in Brussels. Policy dossiers on several relevant topics were followed and monitored in 2022, such as, but certainly not limited to, initiative reports on video games and loot boxes, the anti-money laundering (AML) dossier, advertisement bans, social taxonomy and gambling regulation & taxation developments. Sport integrity was still high on the agenda of EL, working together with like-minded stakeholders such as ENGSO, the Council of Europe, ULIS (previously GLMS) and WLA.



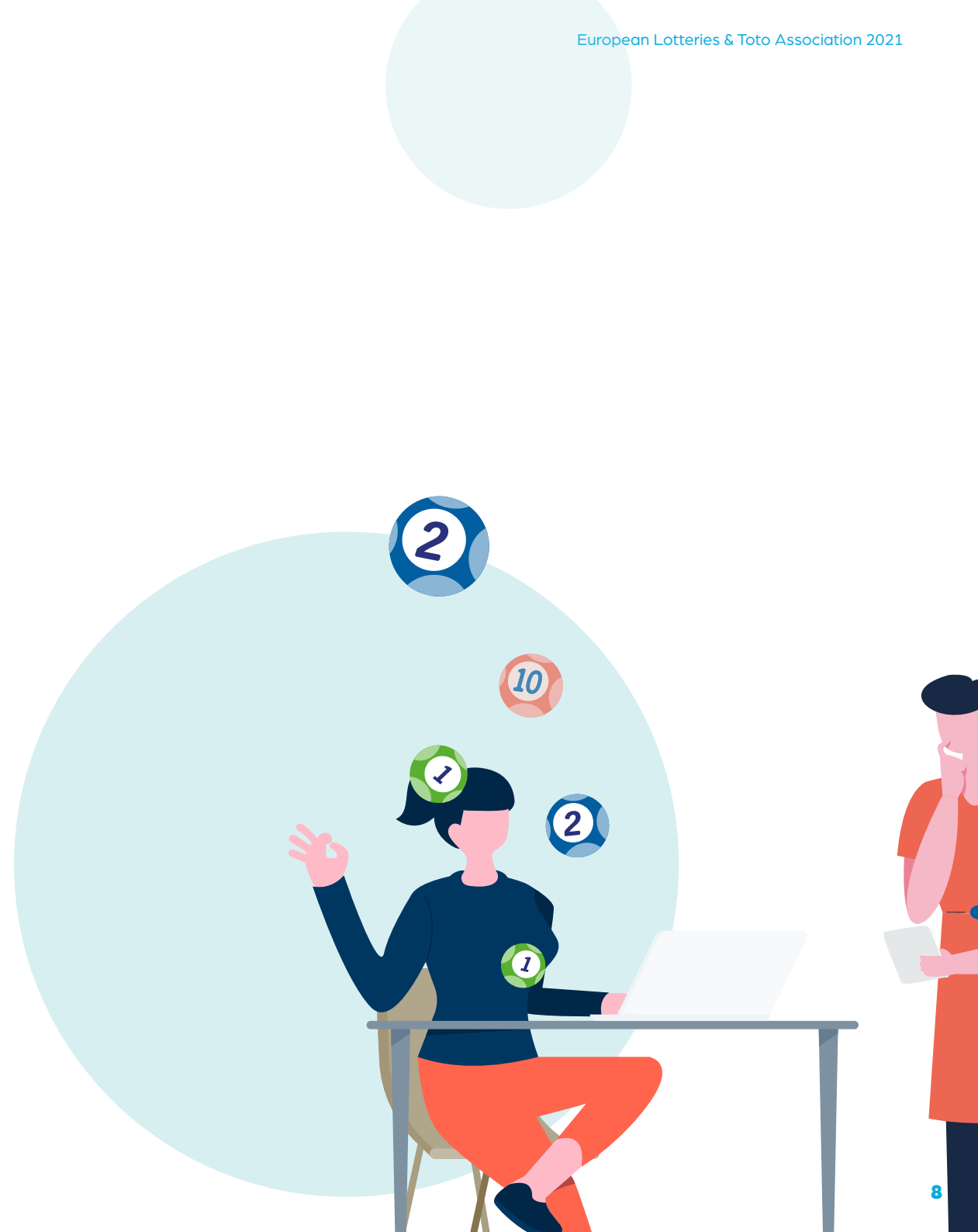
EL made progress in the move of its statutory seat from Switzerland to Belgium. This administrative project is taken care of with caution, to live up to the heritage of almost 40 years that EL was domiciled in Switzerland and to respect the legal requirements in its new homestead. This dedicated

approach showed that more time was needed than was originally foreseen. In this regard, I would like to thank Sugeevan Guy de Fontgaland, whose contributions helped greatly in realising the (financial) goals of EL and who has since pursued his career further in accounting outside of the Association.

The EL team would not be in a position to do its work without the support of the EL Members, the Executive Committee, the Working Groups and the EL Partners. As we can meet in person again, the relations feel stronger and of more importance. It is a joint effort to do what we do. And what we do, we are doing for the benefit of society!

Thank you for another great year full of EL experiences,

Arjan van 't Veer
EL Secretary General



Chapter

02



Statement and activities overview by the EL President

2022 was another unique and remarkable one for the Association. Starting our programme "Re-Connect" in 2021, a sense of normality returned after the pandemic and EL and its Members could connect in person.

Physical events returned alongside a series of online webinars, taking into account any possible COVID waves. After two long years of being apart, the 2022 EL Industry Days in Wiesbaden – thanks again to our colleagues of Lotto-Hessen – were a special occasion, bringing a record number of participants together for the long-awaited event of the year. It was a kind of new kick-off and provided an opportunity to see old and new faces again for the first time.

With the diverse challenges of the past year, we have seen EL and its Members come together, united through common experiences, and ready to build on the strong and successful lottery model with society at the heart. Under the overarching theme of re-connect as part of the EL Executive Committee workplan for 2021–2023, the Association enhanced its service-oriented approach towards Members. A mix of physical and online events brought an array of topics to Members from responsible gaming to sports betting and from 20 years of the EL/WLA Marketing event to the bi-annual EL Innovation Awards.



Nevertheless, we must not forget that 2022 also brought with it a new crisis – Russia's invasion of Ukraine. This ongoing war, early condemned by EL and its Members, is not only a fight against a country but also against its citizens and western values of democracy and freedom. The situation compelled the EL General Assembly in 2022 to suspend the membership of its Members in Russia and Belarus. I am proud of the EL Members who again upheld their historic role to support society in times of need by taking swift action to provide financial and non-financial aid to Ukraine and its people.



There is no doubt that the core values of EL were more relevant than ever in 2022. EL worked hard after its responsible gaming certification became mandatory with 85 percent certified by the end of 2022. A special EL Environmental Initiative was launched to further enhance the activities of EL Members in the field of sustainability and the Women's Initiative in Lottery Leadership continued its success, highlighting the importance of diversity and gender equality within the EL membership. Sport integrity was still high on the agenda of EL, working together with like-minded stakeholders across Europe.



The monitoring of, and contributions to EU dossiers and legislations continued. On the content-side, this focused now more on general initiatives with influence on gambling and lotteries than on core lottery regulation. The “Anti-Money-Laundering-Initiative”, the regulation of online-platforms or Artificial Intelligence might not focus on our industry but are relevant for all of us and the final decisions limit or empower our Members further to be able to create more added value and act as a leading Association in the lottery sector.

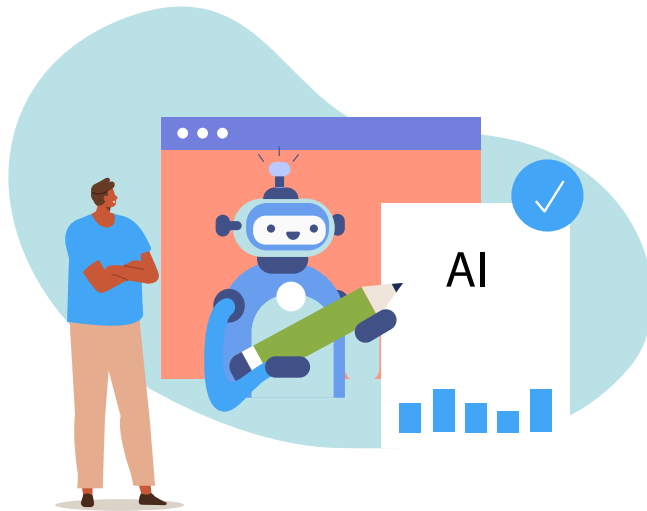

These developments were at least a reason for us to move the statutory seat of our Association from Lausanne to Brussels. Lausanne with its network of global sports organisations and an additional focus on non-EU-developments still plays an important role in our activities while a formal seat in Brussels opens up new doors to official hearings, deates, and additional own activities. I had for example the pleasure to attend a dedicated event in the European Parliament in Brussels on the hot topics of AI and the Digital Services Act (DSA).

In summary, EL focused on its way to serve members and to defend its values for the benefit of society. I now warmly invite you to explore the achievements of the Association in this fifth edition of the EL Annual Report.

But I do not want to finish without some personal words and thanks!

This was the final Statement in my role of EL President, I therefore reflect not only on the past year since Wiesbaden, but on the eight years which I had the honour to lead this Association. It was a time of challenges such as difficult court rulings on European level with a direct threat to the lottery-monopoly but surely, this time was also determined by bringing joy and happiness as I stand united with you all to make the lottery model successful.

I have led and guided the evolution of the Association, constantly striving to serve the interest of its Members, and fulfil the EL mission to promote a sustainable and sound gaming model for the benefit of society. Through thick and thin, especially in the recent years, EL has overcome challenges and taken on opportunities. As an Association, we are now stronger than ever, more agile, resilient, and innovative, united in our core values. I have learnt a lot, cherish the memories I have made and wish EL and the lottery community all the best for the future.

Would like to thank the Association – the EL Team, the Executive Committees in its different but always supportive compositions, the Working Groups and the EL Partners for their dedication, commitment, and passion over the past years. Last but not least, I would like to thank you, our Members for your support.

With this, I wish the incoming President and new Executive Committee as well as all of you all the best for the future.

With warmest regards,
Hansjörg Höltkemeier

EL Governance

Composition of the EL Executive Committee in 2022



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

Chairwoman and CEO |

La Française des Jeux | **FRANCE**

Member of the Executive Committee **since 2015**

First Vice-President **since 2017**



Second Vice-President:

Romana GIRANDON

President & CEO | Loterija Slovenija d.d. |

SLOVENIA

Member of the Executive Committee **since 2019**

Second Vice-President **since 2021**



Member:

Robert CHVÁTAL

Executive Chairman | SAZKA a.s. |

CZECH REPUBLIC

Member of the Executive Committee **since 2015**

Previously second Vice-President 2017–2021



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

CEO – Lotterie Nazionali / CEO – Lottolitalia / SVP,

Italy Lottery Operations – IGT Lottery S.p.A. | IGT

Lottery SpA | **ITALY**

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 2022 two physical meetings took place. The Executive Committee held three conference calls.

EL and its Members RECONNECT(ED) in 2022

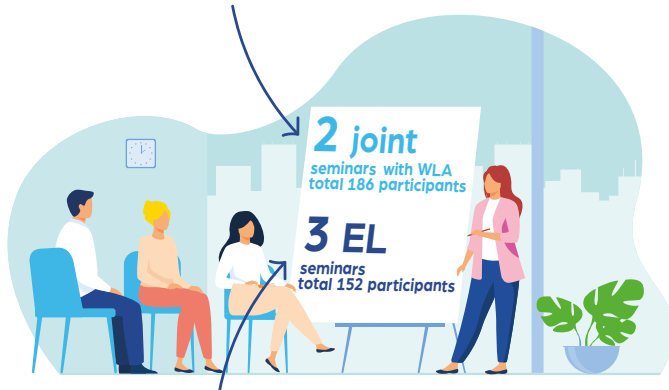
With the aim to improve services to Members, create added value to their Membership and of course meet again in person, the overarching theme of "Reconnect" was unveiled as the 2021-2023 Executive Committee workplan. This good work therefore continued in 2022.

The best of both worlds....

Return of physical events

Over 25 days: First physical events after two years!
Total unique participants: 705

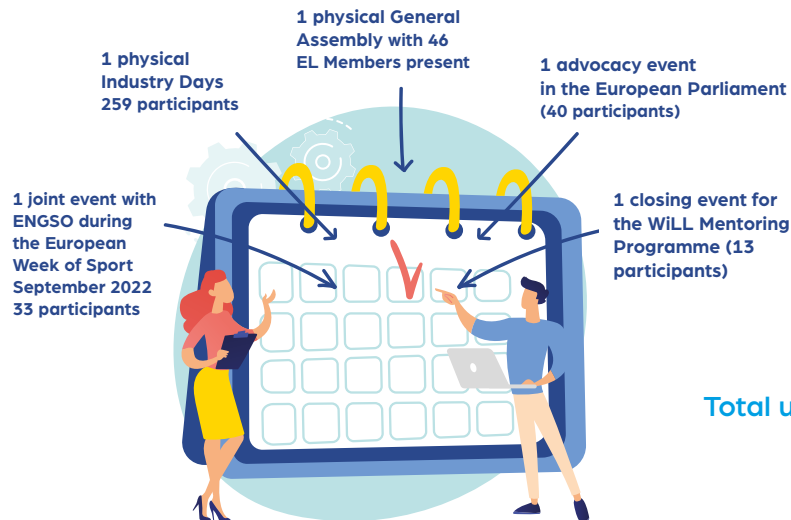
CSR-RG & Sport Betting.



1 in person ELCU Executive 17 participants

First ever ELCU Directors 5 participants

Data & Research, and Innovation.



Digital EL in 2022

Over 50 hours (3,000 minutes):
Winter webinar series
Total unique participants: 829



Marketing and Security.



Data & Research, Communications, & dedicated webinar on Draw, Balls & RNGs.

Total unique participants in 2022:

1,534

WE CONNECT(ED) in 2022

Industry days 2022



- First big moment to “reconnect” after two years.
- First ELCU Directors Module.
- Celebration of Responsible Gaming certified members.
- Iconic yellow bench from the 2022 Invictus Games.
- Hosted by Lotto Hessen in close collaboration with EL’s Level 1 Partners Scientific Games and IGT.



General Assembly

- Dedicated GA webpage.
- Adoption of EL Environmental Initiative.
- Results of EL Research Study on Young Generations and Games presented for the first time.
- Interactive Directors Table.
- Exclusion of the EL regular Memberships of CJSC Sport-Pari (Belarus) and JSC Technology Company “Center” (Russia) because of the war on Ukraine.
- UNL and MSL in Ukraine released from their duties to pay the membership fees over 2022.
- EL welcomed National Videolottery of Macedonia as a new Regular EL Member.



“After two years of being apart, the 2022 EL Industry Days brought together Members in a setting to (re)connect. This was a moment to rejoice but to also reflect on the past, present and future. It was a pleasure to see friends and colleagues, to meet and to exchange both business wise and personally.”

EL President Hansjörg Hötkemeier

A Yellow Bench, an iconic symbol from the 2022 Invictus Games in The Hague was placed at the venue to emphasize the importance of connecting with each other. Whether it was an acquaintance, a friend or more often than not, a complete stranger, participants had the chance to sit down and have a conversation.

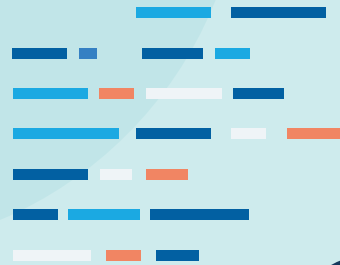
Chapter

03



Communications 101

2022: EL in numbers.



MyEL

- Important source of information for Members, with regular updates (EU Dossiers, EL Library).
- Over 2,000 users in 2022;
- New features at time of writing: Reference Risk Cards & Lottery Commercials Library.



E-learning platform

- For EL Members, free of charge, four languages
- New modules for the WiLL Mentoring Programme.



EL website as central hub

- 36 articles published in 2022, average 3 per month.
- Over 140,000 users **(+57,000 from 2021)** with over 365,000 page views **(+111,000 from 2021)**.
- Share of registered mobile website visitors grew from around 50% to more than 80% in one year.



Reports, questionnaires and studies

- 1 Report on the lottery sector 2021
- Questionnaires to Members e.g., on exclusive sports data rights, CSR Guidelines
- EL Research project on Young Generations and Games

Media coverage

- Over 80 mentions in EU and sector press: VIXIO Gambling Compliance, Public Gaming (PGRI), Lottery Insider, Lottery Daily, European Gaming, Jamma, Press Giochi, Insider Sport, Intergame, YogoNews International, SBC News, CasinoBeats, Gambling News.

Communications webinar: From online engagement to responsible communications

- Successful exchange and learning experience on topics such as social media, the rise of e-sports, responsible gaming campaigns and lottery community projects.
- Keynote on the rise of NFTs in Marketing
- Over 160 registered, over 80 participants per day



Twitter @EuropeLotteries

- **315 tweets** in 2022, on average **26 tweets** per month

LinkedIn

- Over 2,000 followers



Following the establishment of the **EL Marketing & Communications (MaC) Working Group** in 2021, the work continued with regular exchanges of best practices and the organisation of the Communications webinar in October 2022. The WG also contributed constructively to the 2022 Marketing webinar.

Back to the future! Celebrating 20 years of Marketing



In early February 2022, EL and WLA brought together 370 participants online to celebrate 20 years of the annual iconic marketing event, normally held in London. Marketing has significantly evolved over the last two decades, especially during the pandemic years. National lotteries have learnt to be innovative, adapt to unprecedented circumstances and consider technological advances, behaviour change, and responsibly gaming to continue their regulated service to players.

In the words of the Keynote speaker Ray Bates, Honorary EL President:

“In 20 years, lotteries have shown resilience, innovation, and creativity, but within constraints of regulation, responsible gaming for the good of society. In the words of Leonardo da Vinci, lottery is like Art. Art lives from constraints and dies from freedom”.

EL Innovation Awards 2022



The bi-annual EL Innovation Awards showcase the top lottery innovations in the EL membership. The 2022 Award, presented during the EL Innovation Seminar in Milan (October 2022) went to Norsk Tipping A/S for its campaign “Spillepuls: Realtime data-driven player interactions” – the lottery’s latest innovation in the field of responsible gaming. The Seminar was an opportunity to showcase the status of digital transformation with a focus on AI and the metaverse.

Jarmo Kumpulainen, Executive Chair of the EL Innovation & Technology Working Group:

“Putting responsibility at its core, this lottery’s campaign ticked all the boxes to be the worthy winner. Customer friendly systems, effective campaigns, attractive products, high levels of trust and a good reputation are among the secrets of Norsk Tipping’s success”.



The Innovation Awards are an initiative of **EL Innovation and Technology Working Group**.

Partnerships and alliances



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



EL has been a trustworthy partner of the Council of Europe for many years, supporting it technically and financially in several projects promoting and safeguarding sports integrity. The latest joint project “ACT- Addressing Competitions Manipulation Together” started in 2022 and will run until 2025. It aims to promote and enhance the implementation of the Convention of the Manipulation of Sports competitions (Macolin) as widely as possible.



United Lotteries for Integrity in Sports – ULIS (previously 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, especially with the organisation of joint events on marketing, responsible gaming, security and sports betting. Member of the EL team participated in the World Lottery Summit in Vancouver in October 2022.



As Chairman of the European Association for the Study of Gambling, EL Secretary General Arjan van 't Veer had the pleasure to participate at the 13th European Conference on Gambling Studies and Policy Issues in Oslo in 2022.



In 2022 EL proudly endorsed again the Gift Responsibly Campaign by the National Council on Problem Gambling (NCPG) and the International Centre for Youth Gambling Problems and High-Risk Behaviours at McGill University. The campaign aims to educate communities on the dangers of buying lottery tickets for children, raise awareness about the risks of youth gambling and support responsible gambling practices while remaining neutral about legalised gambling. In 2022, nine EL Regular Members participated in the campaign as well as EL's Level 1 Partners.

#BeActive!



As an official partner of the European Week of Sport, EL organised with ENGSO a launch event of the Erasmus+ co-funded “Youth Integrity Ambassadors Programme” (YIAP) in September 2022. This new initiative aims to empower young people to become sport integrity ambassadors in their communities and actively promote actions at local levels, fostering active participation in sport as well as building a culture of integrity within the European grassroots sport community.



In 2022 EL had 2 Level 1 Partners



Chapter

04





Membership developments

As an Association made up of Members, the EL Statutes state that it may have Regular Members, Observer Members or Associate Members. At the beginning of 2022, EL had:

41

Regular Members in 41 countries

- 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

2

Observer Members in 2 countries

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

14

Associate Members in 14 countries

- Person or organisation that supplies goods or services to Regular and Observer Members.
- No voting rights in Annual General Assembly.

At the beginning of 2021, EL had: During the 2022 General Assembly, 1 Regular Member was formally accepted: National Videolottery of Macedonia.



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. EL Members approved this decision at the General Assembly.

During the second half of 2022, the EL Executive Committee pre-approved the membership application of Loterie Korunka s.r.o. (CZ) and National Lottery plc (MT) as Regular Members and OpenBet Ltd (UK) as an Associate Member. These applications will be presented for formal approval by the EL General Assembly in 2023.



Statutory Tasks Platform for education & exchange of best practices

2022 saw the return of physical seminars (Spring-Summer) in combination with webinars (Autumn-Winter) to take into account any potential COVID waves.

Seminars covered topics from taxation (legal seminar), responsibly gaming (CSR-RG seminar), sports betting, data and research and innovation. Digital exchanges remained purposeful with a high number of participants attending webinars focused on data and research, marketing, communications, operational risk, and a dedicated end of year webinar on Draws, Balls and RNGs.

These events were organised in close collaboration with the EL Working Groups.



The ELC(V)U is made possible with the support of the EL Education Working Group.

Back to school! EL Corporate University

The EL Corporate University proved successful once again in 2022 with two online Induction modules and a physical Executive module. The first ever Director module was launched under the overarching theme of "We Connect" at the EL Industry Days. This was the perfect opportunity for senior lottery professionals to connect with each other in a dedicated session.



Statutory Tasks

Advocating & promoting the interest of EL Members

Just as one crisis was coming to an end, another one began in 2022 – Russia's invasion of Ukraine. Europe no doubt felt the impact, with a sudden influx of refugees and high inflation. Although such crises remained priorities for the EU, legislative work on important dossiers continued. The re-opening of the EU Institutions, plenary sessions in Strasbourg and the return of physical meetings made advocacy work easier again.



In 2022 the EL Public Affairs Coordination Working Group (PAC) continued to adapt its activities and remain flexible in its approach.

The EL Legal Advisor was also involved with his expertise in the field. For the first time since the start of the pandemic, EL and PAC organised an event in the European Parliament.

As EL monitored policy developments, several relevant EU dossiers continued in 2022 with gambling advertising, anti-money laundering (AML), loot boxes, green taxonomy and digital services all being priorities to follow.

Digital Services Act (DSA) and Digital Markets Act (DMA) adopted

The DSA continued to be one of the most important dossiers for EL to monitor in 2022 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.

The two adopted Acts aim to address the societal and economic effects of the tech industry by setting clear standards for how they operate and provide services in the EU.

The DSA is of special interest to EL and its Members as it attempts to tackle illegal content online. For example, the concept of “trusted flaggers” might in particular be a powerful tool for national lotteries for this purpose.

EL welcomed several provisions foreseen in the DSA, namely on content moderation and notice-and-action rules, which will be of use in the fight against illegal and irresponsible online gambling and gaming offerings.

EL continues to monitor the developments of the two Acts at EU level as the focus is now on the enforcement of the new rules.

European Parliament own initiative reports

The rapid growth of technologies for digital transformation such as artificial intelligence (AI) and new forms of (online) entertainment like e-sports and videogames are important developments. A legislative framework on AI and two own-initiative report of the European Parliament related to e-sports and videogaming and consumer protection were put forward in 2022, with an interest particularly on loot boxes. Although own-initiative reports are not regarded as part of the formal decision-making procedures of the EU, they can be a precursor to legislative procedures that might be initiated in the future.

EL calls for a clear separation line to be maintained between gambling and gaming. While this line can sometimes get blurred, jurisprudence of the Court of Justice of the EU is clear. All issues involving gambling – including defining what gambling is and what it is not – fall within the exclusive competence of the Member States and should continue to be addressed by the relevant authorities at the national level.





Lotteries in the Digital Age

Focused on the DSA and AI, a dedicated event in the European Parliament was organised by EL and the PAC Working Group in June 2022. EL and its Members called for consumer protection and clear guidelines on digital developments in the gambling and gaming sector. EL stands for achieving a fine balance between the deployment of new technologies for purely commercial purposes on the one side and consumer or player protection and public order on the other side.

The event was hosted by Member of the European Parliament Fulvio Martusciello (EPP, Italy) and included representatives of the European Commission, Czech Presidency of the Council (at the time) and the lottery sector.



Discussion on the new anti-money laundering (AML) rules continues

Following four legislative proposals published by the European Commission mid 2021, Member States in the Council finalised their positions by the end of 2022, while the European Parliament continues to work on its position in 2023.

In 2022, several amendments concerning gambling were put forward by the Institutions involved. These were closely followed by EL and the PAC Working Group with dedicated advocacy work, such as hosting a European Commission official at one of its meetings. Once the European Parliament finalises its position, trilogue discussions will start to determine the final version of the future laws.

The existing EU-level AML legislative framework already has a substantial impact on the gambling sector given that all providers of gambling services fall under its scope. However – provided an adequate risk assessment – EU Member States may grant full or partial exemptions.

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 the risk-based approach. There should be, for example, no EU-level supervisor for the gambling sector. On the other hand, EL sees further enhancement of cooperation and coordination between Financial Intelligence Units (FIUs) as potentially beneficial, for example by enabling the exchange of “politically exposed persons” lists between the FIUs.



Other developments in 2022

“Green” and social taxonomy

Establishing a list of environmentally sustainable economic activities could play an important role in helping the EU scale up sustainable investment and implement the European Green Deal. But as there is no obvious environmental impact, gambling has been left out of the (green taxonomy) list due to the “significant social impact” it can cause. This might have repercussions on funding for lotteries and their overall dealings with financial institutions.

In 2022 there was ongoing cooperation between several EL Working Groups (PAC, LRWG and CSR/RG) on this topic especially in light of potential efforts of the European Institutions on the future social taxonomy. Related files that EL monitors closely are the CSRD (Corporate Sustainability Reporting Directive) and CSDD (Corporate Sustainability Due Diligence Directive). EL continues to monitor this dossier into 2023.

Data Act

The EU Data Act was a new regulation proposed by the European Commission in early 2022, as part of a broader EU data strategy including several other legislative pieces such as the DSA. It intends to revise the 1996 Database Directive, which introduced, among other things, a specific sui generis right for databases to the extent that the producer of a database substantially invested in obtaining, verifying and presenting the data. This Directive has been for many years in the middle of a debate, which started with the so-called “catalogue right”, among lotteries operating sport betting and certain leagues.

The question again finds itself in the middle of the debate, in the context of the protection of sport integrity through monitoring platforms controlling the use of sport fixtures to be used for betting purposes. There is a need to balance the policy objectives of IP protection of such databases in the context of the data economy, where exclusivity of data is in general considered an impediment to innovation.

EL as liaison organisation of the European Committee for Standardisation (CEN)

EL maintains its observer position within the European Committee for Standardisation and continues to monitor its developments. Work on the new standard commenced in 2023. Assessment of the situation, information exchange and coordination in terms of possible next steps in the dedicated EL Taskforce continue.

Gambling regulation and taxation

EL Members consider that taxation is an 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).

Taxation can be seen as a tool to help create a level playing field for all the gambling operators on the market and in particular to fight against illegal operators. It could also be an instrument to regulate markets and contribute to compliance in responsible gambling programmes or even act as a crowbar in enforcing CSR goals.

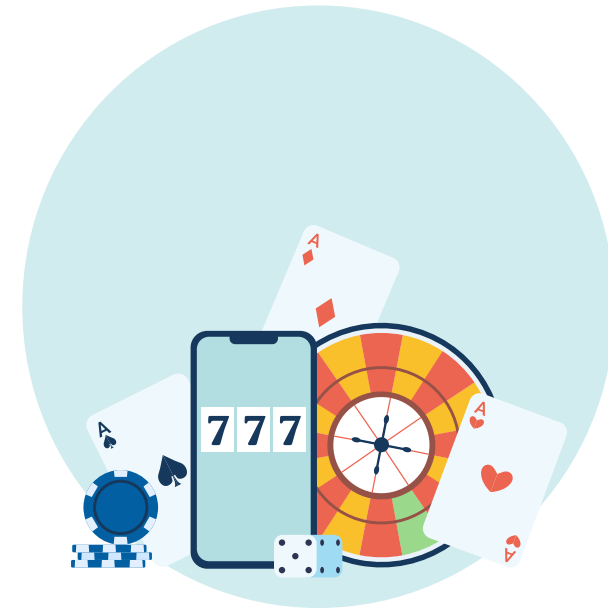
Examined during the Seminar were different gambling taxation regulatory models across Europe, relevant gambling taxation related case-law of the European Court of Justice, latest developments in the OECD and EU on taxation of digital economy.



In May 2022, the EL Legal and Regulatory Working Group (LRWG) organised a seminar focused on these topics

Gambling advertising

Gambling advertising remained a hot topic for EL and its Members in 2022. Ever since a total ban on gambling advertising was introduced in Italy, a wave of related severe restrictions has swept across Europe. Back in 2019, EL Members adopted the Antwerp Resolution calling for a risk-based approach towards gambling advertisement in order to safeguard the channeling role of and



the benefits for the society generated by the lotteries.

Since then, discussions on gambling advertising continue full speed across different European jurisdictions. In the UK, the new Gambling Commission powers all but guarantee tougher responsible marketing guidelines. In both Belgium and Spain, there are impending changes to legislation that will restrict the ability to advertise gambling and in several other countries the subject remains high on the political agenda. The expectation is that the private operators will attempt to challenge these developments in front of courts, especially where a different treatment of lotteries is concerned.

Legal experts in the EL membership together with EL's legal adviser and the LRWG continue to follow this topic closely in 2023.

Chapter

05



Financial Statements and Accounts 2022

In this chapter the financial statement/balance sheet, profit and loss statement as well as the reserve funds of the Association for 2022 are presented. In addition, an explanation is given on 2022 accounts.

Balance sheet as at December 31

Assets			6'893'705, 85
Fixed assets			236'738,49
	Intangible fixed assets	56'237,51	
	Tangible fixed assets	145'771,91	
	Financial fixed assets	34'639,07	
Current assets			6'656'967,36
	Amounts receivable within one year	699'012,53	
	Cash at bank and in hand	5'872'127,33	
	Accruals and deferred income	85'827,50	
			6'893'705,85
Equity and liabilities			6'893'705,85
Equity			6'378'594,90
	Reserves	3'995'994,93	
	Accumulated profits/losses	(+)2'382'599,97	
Amounts Payable			515'110,95
	Amounts payable within one year	(-)96'775,22	
	Accruals and deferred income	611'886,17	

Profit and Loss account as of December 31 (in EUR)

Operational income			2'954'649,60
	Membership fees	2'088'578,50	
	Associate Members fees	143'924,86	
	Level 1 Partnerships	171'699, 83	
	Seminar fees	539'885,91	
	Other income	10'560,50	
Operating charges			3'174'295,51
	Salaries, social costs and pensions	1'018'178,14	
	Services and other goods	2'116'786,80	
	Amortisations	38'983,05	
	Other (VAT non deductible)	347,12	
Operational profit/loss			-219'645,91
Financial charges			20'746,64
Profit/Loss for 2022 before taxes			-240'392,55
Taxes	Swiss income taxes		27'211,10
Profit/Loss for 2022			-267'603,65

Explanation to 2022 accounts

Following the decision to move the statutory seat of the Association from Switzerland to Belgium, EL was officially established under Belgian law by Royal Decree as an International Association without a Lucrative Purpose (IVZW) in late February 2022. To arrange the accounts according to the Belgian regulations, external auditor firm Grant Thornton (team lead by Ms Marleen Mannekens) was asked to support the accounting activities. Due to the last part of the pandemic as well as some omissions by the Federal administration in Belgium (Chamber of Commerce, VAT registration and UBO register), the formalisation of EL as a full Belgian entity became effective in the last quarter of 2022. Until July 1st all accounts were booked and managed via the Lausanne office; the second half of the year was managed under the new Belgian entity and regulations.

With the setup of the new entity, a further professionalisation of the accounts became possible and this opportunity was taken. The financial statements are now in a state-of-the-art setup and the further development is under the guidance of Grant Thornton. EL will open an application for a new accounts officer (in Brussels) later in 2023. The second half of 2023 will be used further to work on the needed VAT administration as well as an application for a bank account in Belgium.

The provided (draft) balance sheet over 2022 is fully in Euro (2021 was in CHF). Also due to Belgian regulations as well as a revision of the budget lines, some items are grouped and/or split. This makes a comparison with 2021 not always directly possible but will provide a transparent base for future comparisons.

Based on the financial overviews and the overtake by Grant Thornton, 2022 is closed with a negative result. This is mainly caused by higher costs (e.g. electricity, rent). Also upon the return of in-person events, more organizational costs were made (flights, hotels, speakers). To this, the Balance sheet shows that the amount under debtors is high due to the (very) late moment of invoicing for the 2022 events, causing also a larger negative result over 2022. A large part of the invoices were sent only in early January 2023. The seminar income was much higher compared to 2021 as in 2022 EL could return to in-person events again. The seminar costs cover as well the 2022 Industry Days. Legal and advisory costs, as well as the Partnerships with ULIS (GLMS) and ENGSO remained all the same and within budget.

It is proposed to compensate the negative result over 2022 by the Associations general reserves.



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 The European Lotteries

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**THE EUROPEAN
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FOR THE BENEFIT OF SOCIETY

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