

Netherlands Ministry of Justice and Security

Comparison of European Draw Based Lottery products and licensing regimes

July 2021

Contents

Glossary	3
Overview and comparison	5
Austria	10
Belgium	12
Czech Republic	14
Denmark	16
Finland	19
France	22
Germany	25
Hungary	34
Italy	36
Norway	39
Portugal	42
Spain	44
Sweden	47
Switzerland	50
UK	53

Glossary

Draw-Based Games: lottery games that are based upon numbers drawn centrally at random to a regular calendar, typically one or more time per week but sometimes more occasionally. Customers typically pick c. 6 numbers on a ticket out of c. 49 drawn; prizes are divided by the number of accurate guesses, formed from a proportion to ticket sales (typically c. 50%). The jackpot is only won by correctly guessing all numbers, the odds of which in a 6/49 lottery are 13,983,816:1. Lottery draws are usually weekly or bi-weekly and some such as EuroMillions can be played by customers from different countries, with the prizes pool together.

Keno: refers to a draw-based game adapted from lottery. It is played much more regularly than draw-based lottery and is therefore often found in landbased casinos as well as being offered by some lottery operators. Payout ratios tend vary more dramatically in keno than slower draw based games, with some having lottery-style pay outs of 50% but others mirroring casino-style products.

Scratch Cards / Instants: refers to either paper-based or digital products where a customer wins a prize based upon a pre-determined or randomly generated outcome. These prizes tend to be much smaller and can be played instantly by an individual customer rather than entering into a draw. Payout ratios also tend to be higher than draw-based lottery at c. 60-75%. Scratch Cards and Instants tend to make up c. 35-50% of lottery revenue. They are out of scope for this study.

Video Lottery Terminals: refer to a type of gaming machine similar to a slot machine when it is operated or licensed by a lottery authority. Payout ratios tend to be similar to slot machines at c. 80-95%. They are out of scope for this study.

Pool Betting refers to a betting product in which all customers' stakes are pooled together and then the prize pool is distributed to winning customers after deducting the management costs of the pool, which are usually set at between 15 and 30%. Pool betting is different from a lottery because customers predict sports results rather than random numbers. Many European lottery companies started as pool betting businesses and still offer these products. They are out of scope for this study.

Ticket Sales: refers to the total value of tickets sold in financial terms.

Revenue: refers to the total value of tickets sold less prizes issued and any customer bonuses provided (which would be captured in 'gross gaming revenue'; NB, bonuses comprise minimal amounts for draw based lottery). For the purposes of this document revenue includes all taxes which are directly levied on the lottery operator or deducted from customer winnings at source. Taxes which customers may declare separately as income tax are excluded from revenue and effectively captured within prizes.

Payout ratio: is the percentage of ticket sales which is paid out in prizes. For the purposes of this document this includes prizes paid to the customer which may be subject to income tax, but excludes all taxes on ticket sales and prizes which are deducted directly by the operator.

Prize Pool: the total value of prizes available or paid out in financial terms for the relevant product and time period (annually unless otherwise stated)

Good Causes: a general term to describe all lottery distributions to institutions or people which is separate from general taxation or central government funding. For the purposes of this document, therefore, Good Causes can include sports sponsorship as well as charitable and cultural funding.

Administrative costs: covers all the costs of operating the lottery. This includes marketing, staff costs, property costs, software and infrastructure, suppliers and third-party games content.

Taxes: captures all taxes that are specific to the provision of lottery services, whether they are levied on ticket sales, deducted from winnings or charged on net revenue. We do not include taxes which are incidental to the provision of lottery services, such as payroll taxes or Corporation Taxes.

State profit: is the income a state monopoly remits to the state because the state or state agencies are the owners of the lottery. Where the state is the owner, it is not always deemed necessary to set specific taxes or good cause contributions because the public purse is the net beneficiary of the activities of the entity.

Overview and comparison

Regulus Partners has examined the lottery markets of fifteen European countries so that they can be compared to the situation in the Netherlands. While much of the detail is country-specific, we pull out some important themes in this section. The Netherlands is one of ten European Countries of the fifteen examined which operates a state-owned lottery; it is one of five countries which has a licensing regime for charity lotteries which can offer cash prizes. The Netherlands follows the European average in terms of average ticket sales per capita and overall distribution of taxes and Good Causes as a proportion of revenue. The Netherlands stands out in having a far more developed licensed charity lottery sector than any other European country.

Due to the significant disruption caused by Covid-19 in 2020 we have focused our comparison on 2019, where figures are more 'normal' and circumstances between countries more comparable.

Lotteries by type: availability and access requirements

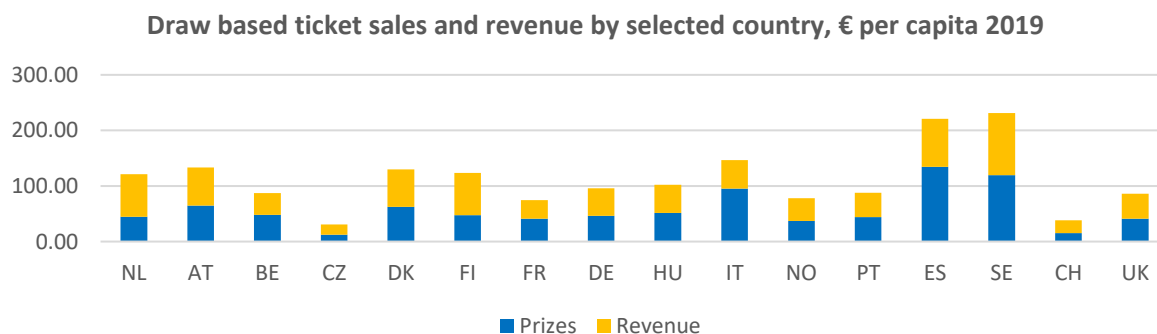
Across the fifteen European countries examined in this report:

- Ten operate a lottery through state-owned companies, including the Netherlands but no longer including France, which privatised FDJ in 2019
 - Netherlands, Sweden, Denmark, Finland, Norway, Belgium, Spain, Germany, Switzerland and Hungary
- Four countries have monopoly licences operated by for-profit companies
 - UK, France, Italy, Austria
- Two countries have a monopoly in the hands of a charity lottery
 - Portugal, Spain (along with a state monopoly)
- Five countries have licensing regimes for Charity Lotteries that can offer cash prizes
 - Netherlands, Sweden, Denmark, Norway, Germany
- One country has a commercial licensing regime for lotteries without limited licensed or an explicit requirement to pay a certain amount of sales in Good Causes
 - Czech Republic

Lotteries: size by type

In 2019, the average ticket sales per capita for all lottery types across all countries reviewed was €114, with revenue (after prizes, including taxes) of €51. The Netherlands is broadly average in terms of ticket sales (€121) and above average in terms of revenue (€76). The Netherlands has a stronger revenue performance because of a high Charity Lottery mix (see below), which typically have much lower prize pools in relation to ticket sales than state or commercial lotteries.

The chart below illustrates the total ticket sales (revenue + prizes), prizes payed out and revenue generated per capita across all licensed lotteries in the countries under review for 2019; we break down this analysis in more detail below and a table of figures is provided at the end of the introductory section

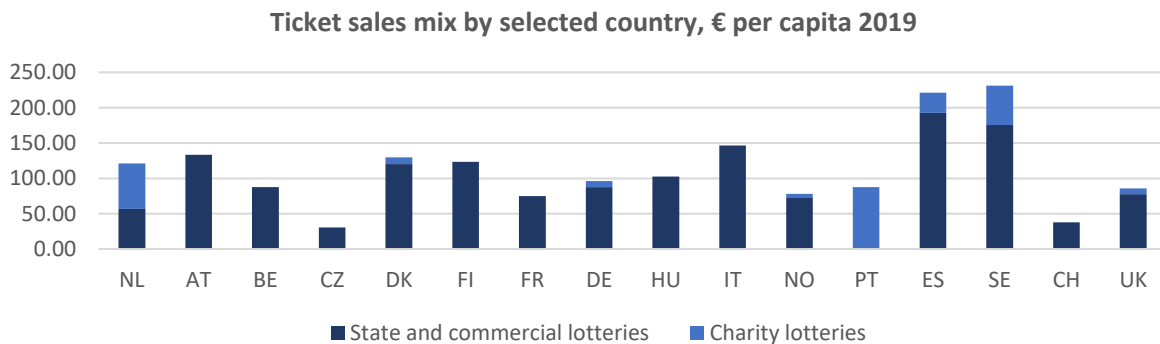


Revenue splits: taxes and Good Causes

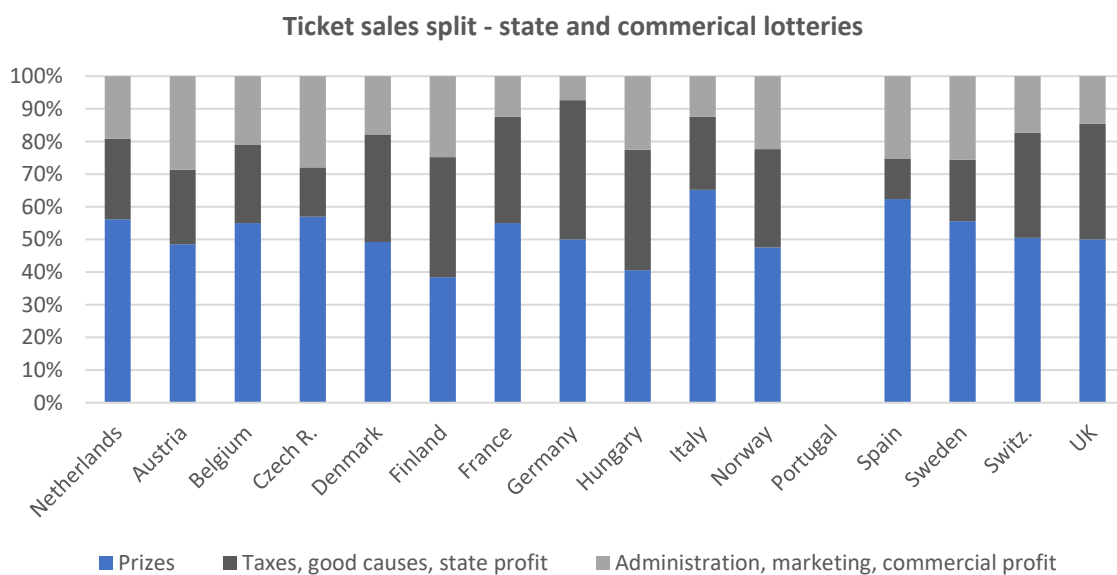
The Netherlands has a clear rules-based system for taxes (including payments to the state) and Good Causes for each of its lottery sectors (State Lottery, Lotto, Charity). The individual country sections go into detail as to how these compare and it should be stated that there is no clear pattern across countries, but there are some broad themes.

- Not all state monopolies pay taxes since profits perform the same function (depending upon how monopolies are treated from a tax perspective; However, this is not the case where a state has adopted (or is adopting) a broader commercial licensing regime, when the tax rate often represents a ‘level playing field’
 - no lottery-specific tax in: Norway, Spain, Belgium, Switzerland
 - general taxes introduced in licensing in: Sweden, Denmark, France
- Monopolies run by for-profit companies usually have a tax rate ranging between 15% and 35% of revenue, the only major outlier is Italy, but this is because there is no mandated Good Cause element in Italy, meaning that all ‘Public Good’ is represented by taxes
- Charity lottery regimes are usually exempt tax but require between 20% and 30% of ticket sales (as an average) to be distributed to charities

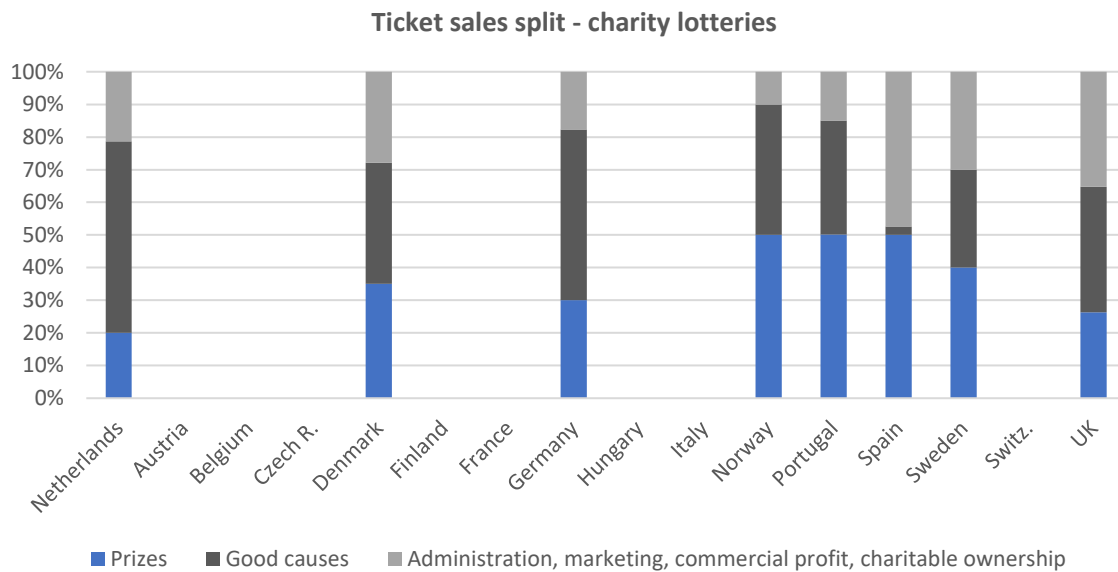
The chart below illustrates the different mix between state and commercial lotteries and charity lotteries by country since charity lotteries have very different tax and good cause treatment, as shown in the two charts below



The chart below illustrates the ticket sales breakdown of state and commercial lotteries as a % ticket sales



The chart below illustrates the ticket sales breakdown of charity lotteries as a % ticket sales



It can be seen from the charts above that the Netherlands is in a typical Western European average in terms of revenue distributed in the form of tax and Good causes, with c. 60% as a fairly consistent average excluding the unique commercial regime that exists in the Czech Republic. It should also be noted that Spain’s figure is skewed by the fact that the charity (ONCE) owns the lottery, meaning that profits are essentially charitable in the same way that the state profits of a monopoly can be seen as a tax.

Where the Netherlands stands out is that its charity lottery mix at 53% of ticket sales is significantly higher than any country which has not granted monopoly status to a charity (Portugal). Indeed, it is more than double the next highest score of 24%, which is Sweden. The Netherlands stands out as having a highly developed Charity Lottery sector. Crucially, this does not reduce the overall distribution to taxes and Good Causes for three key reasons:

- Charity lottery prize distribution was set at 50% before being lowered to 40% in 2020
- ...which has been followed in practice by the sector (at c. 50% in the 2019 data)
- Player winnings taxes apply to Charity lotteries

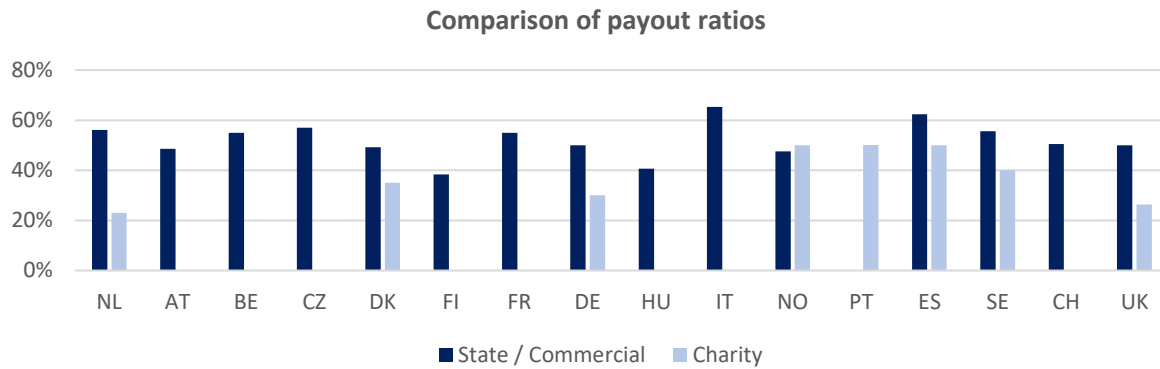
There is no clear pattern in the detail of rules for Good Cause distribution, but as a theme, lotteries tend to fund sports, culture and community projects. Please see the country sections for details on how each country approaches Good Cause distribution and selection criteria.

Payout ratios

The payout ratios of the main draw-based lottery products are decided much more by the type of lottery being offered than state legislation. Across jurisdictions, lottery products are relatively homogenous and some are even cross-border (such as EuroMillions, Eurojackpot). State and commercial draw-based lotteries tend to have a payout ratio of c. 50%, meaning that half of ticket sales by value get paid back in prizes. Only Italy stands out as being materially more favourable to

customers; this is due to a broader range of domestic lottery products and a more competitive lottery environment.

The chart below compares the payout ratios (prizes as a proportion of ticket sales) across jurisdictions and between state/commercial lotteries and charity lotteries. The chart uses actual or estimated real payout ratios rather than any mandated minimums or maximums that will be explained in the following country sections (NL State / Commercial combines the Staatsloterij and Lotto).



Charity lotteries tend to have a much lower payout ratio of c. 20-30%, which is usually governed either directly or indirectly by the legislative framework. The only material outliers are Spain and Portugal, which have charity lotteries which are quasi state national lotteries, and Sweden and Norway, which have less heavily regulated charity lottery frameworks in terms of prize pool rules.

NB the data for all the charts above have been generated from the table on the following page.

Draw-Based Lottery Data Summary																	
	€m - 2019	Netherlands	Austria	Belgium	Czech R.	Denmark	Finland	France	Germany	Hungary	Italy	Norway	Portugal	Spain	Sweden	Switz.	UK
State and commercial lotteries	Ticket sales	985	1180	1002	553	699	682	5015	7270	325	8840	385		9044	1793	1000	5181
	Prizes paid	-553	-573	-551	-315	-344	-262	-2758	-3635	-132	-5768	-183		-5644	-996	-505	-2591
	Revenue	432	607	451	238	355	420	2257	3635	193	3072	202		3400	797	495	2591
	Taxes / state profits	86	189	101	83	230	231	145	1163	32	1976	116		1126	319	322	622
	Good Causes	157	80	139	0	0	20	1487	1937	88	0	0		0	20	0	1215
	Admin. costs / corp. profits	189	338	211	155	124	169	625	535	73	1096	86		2274	458	173	754
Charity lotteries	Ticket sales	1106				54			709			31	902	1330	570		545
	Prizes paid	-221				-19			-213			-16	-452	-665	-228		-144
	Revenue	885				35			496			16	450	665	342		401
	Taxes / state profits	96				0			113			0	41	0	0		0
	Good Causes	553				20			258			12	275	35	171		209
	Admin. costs / corp. profits	236				15			125			3	134	630	171		192

For sources see main document

Austria

Lotteries by type: availability and access requirements

The Austrian Gambling Act of 1989 allows a single monopoly licence for draw-based games, currently held by Austrian Lotteries, a subsidiary of Casinos Austria, which is owned by SAZKA (Czech Republic).

While the operating licensed entity needs to be established in the EEA (changed from Austria in 2010) and take the form of a joint stock company, this can be owned by non-Austrian commercial interests. The minimum capital required for the joint stock company is €109m. Applicants must also demonstrate competence in anti-money laundering, social responsibility, lottery operations and corporate governance. The monopoly licence lasts for fifteen years, with the current licence due to expire in 2027. The lottery also offers scratch cards, sports betting and Video Lottery Terminals.

The Austrian Tax Office grants licences based on a transparent tender procedure. There is an application fee of €10,000 and a fee of €100,000 payable upon receiving a licence (across lottery, casino and betting). The document for public tender of the lottery licence informed applicants that changes to the legal framework are possible at any time and that there are no guarantees regarding the scope of exclusivity of the licence.

Charity lotteries are also defined in the Act. Any lotteries with ticket sales of over €15,000 must be directly for charitable, religious or philanthropic purposes and cannot be for profit operation. However, while it is possible that charity lotteries exist in local form, there seems little information available and we would deduce that they are a small part of the market.

Lotteries: size by type

The draw-based games of Austrian Lottery generated estimated 2019 ticket sales of €1,180m and revenue of €607m. This equates to €132 ticket sales per capita and €68 revenue.

Revenue splits: rules based or caused by rules

Lottery taxation is set at 16% of ticket sales, which equates to 30% of revenue.

No formal Good Cause requirement applies to the lottery.

Revenue splits: commercially or environmentally based

Austria Lottery operates a broad range of draw-based games, but the most popular are domestic Lotto, EuroMillions and Joker, which between them account for c. 96% of draw based ticket sales. These are offered on internationally recognised prize structures and payouts.

Good Causes: amounts and distribution requirements

The main Good Cause beneficiary of the Austrian Lottery is sports, which receives c. €80m per year.

The Lottery also supports charitable foundations, although to a much smaller scale.

Good Causes: distribution

The €80m of sports funding goes directly to the Austrian Federal Sports Organisation.

Good Causes: selection requirements

The Austrian Federal Sports Organisation is a non-profit institution which represents the interests of Austrian sport both nationally and internationally. This funds elite sports directly.

Tax: rules, rates and amounts

The key lottery tax in Austria is the 16% ticket sales tax. In total this generated €456m in 2016, with 41% of this being attributable to draw based games and the rest other products. Austria Lottery is also subject to commercial taxes such as social security and Corporation Tax, but not VAT. This is not a uniform gaming tax rate, with different taxes levied on online gaming, sports betting and casino.

Environment: background to the status-quo

Austrian law establishing the lottery, which formalised and modernised the lottery environment, has not changed significantly since 1989. One major change occurred in 2010-11 when in response to EU Case Law (the Englemann ruling) the law was amended to allow EEA countries to participate. However, this has had no practical effect.

Environment: proposed and potential changes to the status-quo

In response to a major corruption scandal that affected casinos and the ministry of finance, Austria is now proposing a new regulator to oversee gambling. This is unlikely to directly affect the lottery monopoly, but it may have an impact on advertising and other products such as VLTs and betting.

It is also possible that a broader licensing regime might normalise tax onto one level across all gaming products. However, multiple tax rates for different products exist in most EU jurisdictions. We do not therefore see significant changes to the lottery fiscal-regulatory framework occurring even though there could be significant changes in Austria's overall gambling framework.

A major catalyst for change may be a different lottery provider winning the tender for operations after 2027.

Sources and further reading

Lottery Law

<https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10004611>

Lottery Casino financials

<https://www.casinos.at/downloads/Casinos-Austria-Group-Annual-Report-2019.pdf>

Engelmann Ruling

<https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:116:0009:0009:EN:PDF>

Charity lottery information

<https://www.aclcu.eu/charity-lotteries/austria>

New Gambling Regulator

<https://igamingbusiness.com/austria-to-establish-new-gambling-authority-in-regulatory-shake-up/>

Belgium

Lotteries by type: availability and access requirements

Belgium has only one licensed lottery, the monopoly Nationale Loterij. This was founded in 1934 as the 'Colonial Lottery' to support the Belgian Congo and expanded its game footprint in the 1990s (especially adding scratch cards). Since 2002, the Nationale Loterij is administered as a private company governed by statute (the 2002 National Lottery Act) but owned by the government. The lottery is supervised by the Ministry of Finance and the Ministry of Budget, not by the Belgian Gambling Commission. There are no other forms of licensed lottery available in Belgium.

Lotteries: size by type

The Belgian draw-based lottery market in 2019 amounted to €1,000m ticket sales (excluding Keno) and c. €450m revenue; which represents €87 ticket sales and €39 revenue per capita. Draw based lottery games represent c. 66% of total Nationale Loterij ticket sales, and c. 75% of revenue.

Revenue splits: rules based or caused by rules

There are none which affect payout and the lottery is not directly taxed (see below).

Revenue splits: commercially or environmentally based

The Nationale Loterij operates a standard range of draw-based products, such as a domestic Lotto, Joker and Euromillions. These are offered with internationally recognised prize and payout structures.

Good Causes: amounts and distribution requirements

The Nationale Loterij pays an annual Good Cause 'subsidy' which is set annually by the Council of Ministers. The monopoly fee is €185m, which represents 31% of pro rata draw based revenue and 14% of draw-based ticket sales.

Good Causes: distribution

Subsidies are granted for projects and activities that take place in Belgium and give a 'positive image of the participation of the National Lottery' under public perception. The lottery also provides sponsorship to sporting teams, typically favouring the national cycling team.

The €185million was provided to associations and societal initiatives with a 'humanitarian, social, sporting, cultural or scientific aim. The distribution of the subsidies is decided by the Federal Government.

- Matters directly administered by the government: €135.6m
- Institutions and organizations of particular social interest (specific donations): €20m
- Institutions and organizations of cultural or scientific interest (specific donations): €7.5m
- 'Prestige National': €8.75 m
- Calls for Projects: €0.75m
- Social Integration: €3.5m
- Renovation & restoration projects: €3.3m
- Societal participation: €3.9m
- Events: €0.1m
- Exceptional provision: €1.9m

Good Causes: selection requirements

An organisation cannot be supported by both sponsorship and subsidies, although both can be applied for by the same organisation. The conditions under both circumstances are:

- The organisation or event must take place in Belgium
- The event cannot involve a minors target audience or support a specific individual
- The event as well as proposed returns, must fit in with the marketing & sponsorship strategy of Nationale Loterij. The event or activity must adhere to the image and commercial objectives of LN and its brands.
- The Nationale Loterij obtains exclusive sponsorship in Belgium in the sector of games of chance & sports betting
- The application must be submitted, at latest, four months prior to the start date of the event

Required documentation:

- Company detail
- Event date, location, duration, target audience, description, number of people
- Communication options
- Amount requested (incl VAT)

Tax: rules, rates and amounts

The Nationale Loterij pays an annual monopoly licence fee which is set annually by the Council of Ministers, see above.

Environment: background to the status-quo

The 2002 change in law was designed to improve the efficiency of the National Lottery, allowing for accountable professional management of a state-owned entity, rather than leaving it as a state-run entity.

Environment: proposed and potential changes to the status-quo

The recent success of FDJ's part-privatisation in France has led to the Nationale Loterij to call for similar privatisation in Belgium. However, there is union opposition and the Belgian federal government stressed that it is still the owner. Changes are therefore possible rather than likely, in our view.

Sources and further reading

Lottery Law

[http://www.ejustice.just.fgov.be/cgi_loi/loi_a1.pl?value=%22%22=&sql=\(text%20contains%20\(%27%27\)\)&language=fr&rech=1&tri=dd%20AS%20RANK&numero=1&table_name=loi&F=&cn=2002041935&caller=image_a1&fromtab=loi&la=F](http://www.ejustice.just.fgov.be/cgi_loi/loi_a1.pl?value=%22%22=&sql=(text%20contains%20(%27%27))&language=fr&rech=1&tri=dd%20AS%20RANK&numero=1&table_name=loi&F=&cn=2002041935&caller=image_a1&fromtab=loi&la=F)

National Lottery financials and breakdown

<http://www.loterie-nationale.be/>

National Lottery management contract

http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&table_name=loi&cn=2016072604

Potential privatisation

<https://www.brusselstimes.com/news/belgium-all-news/79936/privatising-the-national-lottery-is-a-decision-for-the-government-de-croo-stresses/>

Czech Republic

Lotteries by type: availability and access requirements

The Czech Republic is unusual in having an open licensing regime for lotteries. There are currently three companies with lottery licences (Sazka, Euro Queen, Tipsport), though some (eg, Fortuna, a local betting company) have exited. Lottery operators need to be based in the EEA but all have local subsidiaries. The market is nevertheless dominated by Sazka, which has a 94% share of the draw-based lottery market. Lotteries are regulated by the Ministry of Finance. Licences are granted for a maximum of six years, with a nominal licence fee. Licensees must also provide a refundable surety of €2m.

Lotteries: size by type

The draw-based lottery market represents c. 75% of the total lottery market, which is worth c. €553m of ticket sales and c. €238m of revenue. The most popular games are the local Lotto (Sazka), Joker and Eurojackpot. The draw-based market therefore represents €50 ticket sales per capita and €22 revenue.

Revenue splits: rules based or caused by rules

Czech Republic has a revenue tax for lottery, which was increased from 23% to 35% in 2020. Because the lotteries are commercial licenses, there are no other rules impacting revenue splits

Revenue splits: commercially or environmentally based

Other than the tax rate, other splits are commercially arrived at. The payout ratio and product mix of Czech draw-based lotteries is at the internationally recognised standard.

Good Causes: amounts and distribution requirements

There is no requirement to support Good Causes, but Sazka does sponsor and donate to sports clubs and funds youth sports through schools. The Czech Republic is rare in allowing commercial businesses to apply for a lottery licence and run the lottery for entirely commercial purposes, subject to tax.

Good Causes: distribution

Sazka manages distribution to Good Causes working alongside the Ministries for Sports and Education in a collaborative way. However, this is voluntary.

Good Causes: selection requirements

Sazka manages this internally as a voluntary process, the amounts and details of which are not public.

Tax: rules, rates and amounts

The tax rate for draw based lotteries is now 35%, which equates to 15% of turnover. From a draw-based perspective, this raised €83m in 2019. There is also a nominal licence fee of €200, which works out at €33 per annum. Winnings are not taxed if they are below €40,000 but above that they are subject to income tax.

Environment: background to the status-quo

The Czech gambling market evolved organically until 2016 when a new Gambling Act designed to capture all activities under the same legislative and regulatory regime was put in place, effective from 2017. Czech gambling law is therefore relatively modern.

Environment: proposed and potential changes to the status-quo

Given the recent tax increase and the relatively modern legal framework, we see little likelihood of further change. However, Sazka has threatened to take the government to the EU court over the tax increase. This may prove a catalyst for more substantial changes (eg, putting a monopoly structure in place) if the case is pursued and the government loses.

Sources and further reading

Lottery Law

<https://www.zakonyprolidi.cz/cs/2016-186>

Lottery licensees

<https://www.mfcr.cz/cs/soukromy-sektor/hazardni-hry/prehledy-a-statistiky/prehledy-legalnich-provozovatelu-whiteli>

Licence fees

<https://www.zakonyprolidi.cz/cs/2004-634>

Lottery financials

www.mfcr.cz/cps/rde/xchg/mfcr/xsl/en.html

Sazka Annual Report

https://www.sazkagroup.com/data/file_items/ion3l-SG-AR-2019-Annual-Review-Final.pdf

Sazka potential CJEU over tax increase

<https://www.bloomberg.com/news/articles/2020-01-24/czech-lottery-owner-sazka-asks-eu-to-probe-gambling-tax>

Denmark

Lotteries by type: availability and access requirements

Denmark has three types of licensed lottery, supervised by the Gambling Authority:

- Danske Spil, the state lottery monopoly
- Class Lotteries, which are reserved lotteries designed to provide money to Good Causes
- Charity Lotteries, which support specific charities

The state monopoly Danske Spil was a broad betting, lottery and bingo monopoly until 2012, when betting (along with online casino gaming) became commercially licensed. However, the state lottery retains a monopoly on draw-based lottery products other than the licence types explained below. Danske Spil's licence is for an indefinite period.

There are three Class Lotteries operating in Denmark, all of which are old organisations designed to support specific good causes (Klasselotteri, 1753; Varelotteriet, 1887; Landbrugslotteriet, 1907). The licensing regime has therefore been retrofitted to recognise these organisations and it is not possible to create new ones. The Klassenlotteri (Danske Spil) is owned 80% by the state and 20% by two sports organisations, while the other two are owned and managed by charitable organisations. The licenses of the Class Lotteries are for an indefinite period.

Charity lotteries are licensed for each specific draw, which means that licenses are seasonal. Due to the popularity of pre-Christmas charity lottery draws, the number of lottery licenses peaks in Q4 of any given year, where c. 400 are typically run. During the first half of the year, typically fewer than 100 such lotteries operate per calendar quarter. These lotteries must be based upon an existing Danish charity and sales cannot exceed €33,000. Consequently, these are not recurrent lotteries but instead managed on a per-draw basis. In 2018 672 such lottery draw licenses were issued. They cannot therefore be considered commercial or quasi commercial operations.

Given the restricted requirements of all three Danish lottery types, all lottery operations are domestic.

Lotteries: size by type

The Danish draw-based lottery market breaks down as follows (2018-19 figures):

- Danske Spil: €550m ticket sales, €303m revenue
- Class Lotteries: €148m ticket sales, €52m revenue
- Charity Lotteries: €54m ticket sales, €35m revenue

The overall Danish draw-based lottery market is therefore €753m ticket sales, €390m revenue; which represents €130 ticket sales and €67 revenue per capita.

Revenue splits: rules based or caused by rules

The Charity Lotteries have a requirement to distribute 35% of ticket sales back to the charity, which limits prize payments.

The Class Lotteries pay a 6% ticket sales tax (see below) but this is not a rate that materially influences prizes or other distribution of costs.

Revenue splits: commercially or environmentally based

The legacy nature of the Class Lotteries means that these had developed attractive payout ratios prior to broader international lottery practices being established. These lotteries therefore tend to pay out c. 65-70% of ticket sales as prizes, which is materially higher than most draw-based lotteries.

Danske Spil offers an internationally recognised suite of draw-based games, principally a local Lotto, Joker and EuroJackpot. Its revenue splits in terms of prizes are therefore broadly internationally benchmarked by a standard product.

Good Causes: amounts and distribution requirements

As a state monopoly, the Good Cause requirements of Danske Spil are reflected in the ownership and practice rather than clear requirements, since it is lottery and horse racing profit that is returned to the state. In common with most other lotteries, the arts is the main beneficiary of Denmark's state lottery, with the distribution of profits for lottery being split in the following manner:

- 81.24% to the Ministry of Culture
- 10.42% to the Ministry of Children and Social Affairs
- 3.39% to the Ministry of the Environment and Food
- 2.95% to the Ministry of Health and the Elderly
- 1.61% to the Ministry of Education
- 0.39% to the Ministry of Education and Research

The ministries then distribute the funds to sports and community projects. The total amount Danske Spil paid to the state in 2019 was €513m, made up of €440m profits and €73m fees and taxes. However, only 47% of Danske Spil's revenue was made up of draw based games.

The Class Lotteries work withing the same framework, with the Landbrugslotteriet specifically supporting rural and agricultural community projects. The Charity Lotteries support the specific charities the draw was run for after prize payments, marketing and administrative costs.

Good Causes: distribution

Please see above for Distribution: the Danish system is either government or specific licensed charity controlled and so there is no requirement for an independent distribution system. Instead, distribution is by profit and is therefore is reflected by share ownership:

- 80% owned by the state, going to the Ministry of Finance
- 10% owned by the Danish Sports Federation
- 10% owned by the Danish Gymnastics and Sports Associations

Good Causes: selection requirements

Please see above for selections requirements: the Danish system is either government or specific licensed charity controlled and so there is no requirement for an independent selection system. In terms of broad government guidance for those seeking to apply for grants, the following areas are specifically mentioned:

- General culture and sports (elite and grassroots)
- Non-profit and humanitarian purposes
- Public information
- Research purposes

- Outdoor life
- Social purposes
- Disease control organisations and organisations for the elderly
 - o 4 pools for disease fighting organisations
 - o 1 pool for nationwide elderly support organisations
- Teaching (new initiatives in the field of education)
- Youth initiatives

Tax: rules, rates and amounts

Danske Spil pays a 15% tax on revenue across all of its products, which for draw based lottery amounts to €45m. However, as a state-owned enterprise this is not the principle means by which value is extracted from the lottery, as noted above.

All Class Lotteries pay 15% revenue also, amounting to €8m, while the Klassenlotterei also pays 6% stakes (an unknown amount as accounts not published).

Charity Lotteries pay a 17.5% tax on winnings that exceed €25. Again, the precise amount generated by this tax is not known, but it would appear to be relatively small.

Environment: background to the status-quo

While Denmark's legacy lotteries are relatively old, Danske Spil only started to offer lottery products in 1989. Because Danske Spil started as a football pool betting business (in 1948), it had evolved into a betting-led monopoly which came under pressure from European monopoly laws.

This pressure caused a move to create a licensing regime for betting as well as online casino from 2009, which led to a formal licensing regime being adopted in 2012. However, this did not directly involve the lottery regimes, other than setting a 15% revenue tax across all products and channels.

Environment: proposed and potential changes to the status-quo

Given that Denmark has already liberalised its licensing regime around lottery, we see little likelihood of a material change to the status quo.

Sources and further reading

Market overview from the regulator

https://www.spillemyndigheden.dk/uploads/2019-04/SPM%20%C3%85rsberetning%202018_GB.pdf

Tax rates

<https://www.skat.dk/skat.aspx?oid=1978200&chk=216985>

Charity lottery structure

<https://www.aclcu.eu/charity-lotteries/Denmark>

Finland

Lotteries by type: availability and access requirements

Finland has a state monopoly national lottery which is operated by its combined state gambling monopoly Veikkaus. Veikkaus was formed in 2017 as a merger of the lottery and betting monopoly Veikkaus (formed in 1940 as a pool betting company, lottery has been operated from 1971), the slots monopoly RAY and Fintoto, the horseracing monopoly.

Charity lotteries are allowed in Finland under the 2001 Lotteries Act, but total sales are limited to €2,000 and prizes cannot be in cash. This sector is licensed by the District Police or the State Provincial Office. As well as sports associations (125 registered), these lotteries are also used by major charities such as the Red Cross and Unicef.

PAF, a company licensed in the semi-autonomous Finnish island of Åland, is also allowed to organise lotteries, although PAF is primarily an online gambling business.

Lotteries: size by type

Veikkaus reported revenue from draw-based lotteries of €420m in 2019, which triangulates to ticket sales of €685m. This represents ticket sales of €124 per capita and revenue of €76 per capita.

The sales of Charity Lotteries are not broken down and size prizes are non-cash they are not considered comparable to the state lottery or Charity Lotteries in other jurisdictions.

PAF does not break its contribution from lotteries down, suggesting a very small proportion of sales.

Revenue splits: rules based or caused by rules

Finnish draw-based pay-outs follow custom rather than being prescribed by rules, as is usually the case for a state monopoly (ie, the state does not see the need to prescribe rules for itself). Because the Lottery Tax is levied on revenue rather than ticket sales, it does not impact payouts.

Revenue splits: commercially or environmentally based

Veikkaus's draw-based games achieve a payout ratio of 40%, which is somewhat lower than international benchmarks of c. 50%. The three main products are the local Lotto (48% of ticket sales), Eurojackpot (41%) and Viking Lotto (11%), which is a lottery game played across Nordic regions.

Good Causes: amounts and distribution requirements

Because Veikkaus is a state monopoly, disentangling the elements which are lottery vs. other products is not possible. After operating costs, Veikkaus returns c. €1.2bn to the state per annum. A proportion of this is hypothecated to Good Causes, with Veikkaus mentioning:

- Culture
- Sports
- Science
- Youth Work
- Social Welfare and Health
- Equine Industry (through Fintoto)

Additionally, Veikkaus sponsors a number of Finnish sports teams.

Good Causes: distribution

Good Cause distribution is managed at Ministerial Department level, effectively as a form of tax.

Good Causes: selection requirements

Selection requirements are not clear since the Veikkaus funds are not clearly hypothecated but support the budgets of relevant spending departments.

Tax: rules, rates and amounts

Finnish Lottery Tax is set at 12% of revenue (ie, ticket sales less payout), but this rate is deceptive given that Veikkaus is a monopoly and so all profits go to the state. In 2019 this tax raised €203m from Veikkaus, although only 25% of this (€50.4m) relates specifically to draw-based games rather than other activities. For 2021 this rate has been temporarily lowered to 5.5% to assist Veikkaus with dealing with Covid-19 disruption. For non-exclusive lotteries, the tax rate is 30% of distributed winnings.

Environment: background to the status-quo

Finland's national lottery commenced in 1971 and has been operated as a state monopoly since. The need to comply with EU Directives in respect to monopolies has led to a number of important changes, including:

- Preventing retailers from promoting lottery products from 2015
- A reduction of TV advertising from 2019

These interventions have exacerbated underlying reductions in participation and expenditure on draw-based products. However, as can be seen from the per capita expenditure, Finland's base of lottery expenditure is still relatively high.

Environment: proposed changes to the status-quo

In November 2019 the Finnish Competition Authority published a report that questioned the logic of Finland's current combined monopoly approach, considering it weak in terms of government oversight, accountability and compliance with EU monopoly law. The report recommended a break-up and the creation of more clear regulation, although the Covid-19 pandemic has impacted the timing of considering and responding to the report.

Should the Competition Authority's advice be followed, it is highly unlikely that draw-based lottery will be directly impacted in terms of ownership and rules, though the following environmental changes might occur:

- A licensing regime for Charity Lotteries which allows larger, cash-based prize products could be part of the reforms, bringing Finland into line with broader European practice
- A stricter code on advertising and responsible gambling might be required to ensure EU compliance with monopoly regulations
- A stricter code on the distribution of Good Causes might be a result of greater accountability

Sources and further reading

Lottery Legislation

<https://finlex.fi/fi/laki/ajantasa/2001/20011047>

Tax Legislation

<https://finlex.fi/fi/laki/ajantasa/1992/19920552>

Lottery framework

<https://www.aclcu.eu/charity-lotteries/Finland>

Veikkaus Financials

https://cms.veikkaus.fi/site/binaries/content/assets/dokumentit/vuosikertomus/2019/veikkaus_annual_csr_report_2019_200520.pdf

PAF Financials

<https://aboutpaf.com/corporate/annual-reports/>

Competition Authority report

<https://www.kkv.fi/en/current-issues/press-releases/2019/8.11.2019-fcca-report-regulation-of-veikkaus-marketing-requires-reform/>

France

Lotteries by type: availability and access requirements

France has only one licensed lottery, the monopoly Francaise des Jeux (FDJ). The duration of FDJ's exclusive rights is set at 25 years, expiring May 2044. Until 2019 this was state-owned, but it has since been part-privatised (the state now owns 22% of a listed entity). FDJ therefore refers to itself as a 'semi-public limited company'. No other forms of licensed lottery exist. As well as the lottery monopoly, FDJ has a monopoly on landbased sports betting and operates a commercial online sportsbetting licence. In addition, FDJ has a B2B sports betting business.

The first French National Lottery was established as a lottery in 1933, specifically to aid the wounded of the First World War. FDJ, founded in 1991, incorporated this organisation. Consequently, two relevant military charities (Union Supporting Veterans with Face and Head Injuries; Andre Maginot Federation) own 15% of the listed entity.

Lotteries: size by type

The French draw-based lottery market in 2019 amounted to €5,015m ticket sales (excluding Keno) and c. €2,250m revenue; which represents €76 ticket sales and €34 revenue per capita. Draw based lottery games represent c. 31% of total FDJ sales and betting stakes, and c. 43% of revenue. Instant ticket business is significant in France, representing c. 50% of sales.

Revenue splits: rules based or caused by rules

In preparation for the privatisation of FDJ, France's gambling tax and Public Levy laws were changed. First, taxation was moved from a direct proportion of ticket sales to a proportion of revenue.

Social security taxes on Lotteries were calculated at 3.0% of ticket sales, which amounts to c.6% revenue. This has been replaced by a direct revenue cost of 6.2% from 2020. An additional lottery payment requirement of 5.1% revenue is directly linked to the National Centre for the Development of Sport (CNDS).

Remaining Public Levies to Good Causes are set as an outcome. For Draw Based games FDJ is allowed to charge a net revenue for itself of 12.6% of ticket sales. This equated to €630m in 2019 (FDJ reports a slightly higher figure of €666.7m because it includes Keno within Draw Based games). This figure is deducted from FDJ's revenue less specific taxes detailed above.

Revenue splits: commercially or environmentally based

FDJ operates a range of draw-based games that are internationally familiar, including a domestic LOTO, Euromillions and Joker. These all exhibit typical payout ratios in terms of prizes. Payouts are now decided by environmental factors, with a 3% ticket sales tax rate being too small to influence payouts and Good Causes calculated as an outcome, described above figure. Betting has a payout limit of 85%, but this is much greater than any material draw-based lottery product.

Good Causes: amounts and distribution requirements

During 2019 €3.2bn of FDJ's total revenue was distributed to Good Causes. Within this figure, the amount related to draw-based games was €1,490m, which breaks down as:

- €115m specifically for CNDS
- €1,375m for general Good Causes

The total works out at 30% of ticket sales and 66% of revenue.

Good Causes: distribution

FDJ supports both sport and culture, along with the veterans charities reflected in the share ownership (paid through dividends). At the elite level, FDJ sponsors the Tour de France cycle race and the French team. FDJ also sponsors a broad range of elite cycling, athletics and handball, especially in women's sports. In 2019 FDJ paid €89m to the French National Sports Agency, which promotes and supervises elite sport, covering 33% of the agency's budget. Elite men's sport sponsorship is positioned more clearly to FDJ's betting brand (eg, NBA partnership, Marseilles and Lyon football teams). Through the Mission Patrimoine games, exceptional Ministerial loans, donations collected and sponsorships, FDJ raised a total of approx. €47 million for the restoration of at-risk French heritage sites in 2019. FDJ also operates 'Corporate Foundation' fund out of its own profits, which has pledged €18m over five years (ending in 2021) to over 100 community-led associations across France. It is worth noting that this comes from total revenue, and not specifically draw-based revenue.

Good Causes: selection requirements

In common with many state-owned (or semi-state-owned) lotteries, the selection requirements for achieving funding are not clear but are linked clearly to historical and government priorities. The nature of the Public Levy system puts the French Government in charge of most Good Cause spending outside specifically linked activities such as sports funding (set by a quasi-tax) and heritage sites (set by specific game types).

Tax: rules, rates and amounts

FDJ has both a direct tax rate and a tax which relates to exclusivity or monopoly status. As discussed above, FDJ pays 6.2% of revenue in Social Security taxes, which on 2019 revenue would have yielded €140m specifically relating to draw based games.

The total value of FDJ's exclusivity was set at €380m for 25 years, all of which was paid by FDJ in 2020. This works out at €15.2m per annum; if the figure is divided pro rata by revenue the value of draw based exclusivity would be €5m per annum.

Environment: background to the status-quo

FDJ had been established in its state-owned form since 1991. The French government decided to attempt some controlled privatisations of public assets and this was approved by the French parliament in 2019. FDJ represented the first of these. In order to create a more flexible environment for a listed company with a semi-commercial mandate, taxes were moved from ticket sales to revenue, though this has a greater impact on sports betting and scratch cards than draw-based lottery, given that FDJ's draw-based product was already internationally benchmarked. Separately, France now has one regulator for all gambling except casinos, the ANJ.

Environment: proposed and potential changes to the status-quo

Given the significant changes that have taken place in 2019-20, we see no likely structural changes in the medium-term. However, there may be some additional pressure on the extent to which FDJ can advertise and how it delivers social responsibility through its products.

Sources and further reading

FDJ financials and Good Cause rules

<https://www.groupefdj.com/en/investors/financial-publications.html>

Tax law

<https://www.legifrance.gouv.fr/codes/id/LEGITEXT000006073189/>

Monopoly law

<https://www.legifrance.gouv.fr/loda/id/JORFTEXT000038496102/>

Advertising and social responsibility controversy

<https://igamingbusiness.com/french-monopolies-under-the-social-responsibility-spotlight/>

Germany

Lotteries by type: availability and access requirements

Germany operates three types of lottery:

- State monopolies pooled together under the federal umbrella Deutscher Lotto und Totoblock (DLTB)
- Charity lotteries
- Gemeinsame Klassenlotterie der Lander (GKL)

The DLTB is effectively a consortium of sixteen separate state monopolies operating under one common regulatory umbrella or State Contract. Each monopoly is owned by its respective state and have their own games, customer base, brand and marketing. All sixteen cooperate on one block Lotto game that is pooled nationally. Re-sale and marketing of lottery products is allowed through indirect channels (e.g. Tipp24). The aim is to attract differing player demographics and markets. The charity lotteries can operate across Germany. There are currently five of these, with two launching in early 2020 (Action Man, Postcode Lottery, Fernselotterie, Sport Lottery, Freiheit+). The Fernsehlotterie dates back to 1956, whereas the Postcode Lottery was launched in 2016. The GKL is a 2011 amalgamation of two Klassenlotterie (Nordwestdeutsche and Sueddeutsche). The GKL provides a common framework for the sixteen Lander lotteries (one for each State). The establishment of the GKL joint class lottery was completed on July 1, 2012.

Before they merged, NKL and SKL acted as two independently operating lottery organizers, which carried out class lotteries on behalf of 10 (NKL) and 6 federal states (SKL) respectively. Lander lotteries are small in comparison to DLTB and have no significant impact on the German market.

Lotteries: size by type

The draw based product in Germany breaks down as (2019):

- DLTB ticket sales of €7,270m with revenue of c. €3,635m
- Action Man ticket sales of €495m with revenue of €349m
- German Postcode Lottery ticket sales of €65m with revenue of c. €45m
- Fernselotterie ticket sales of c. €150m with revenue of c. €80m

Revenue splits: rules based or caused by rules

All German lotteries must pay a tax of 16% ticket sales, which equates to c. 32% of revenue for DLTB and 23% for Charity lotteries, given their lower payout ratios. Because DLTB is state owned, all residual income after costs flows to the states. For the Charity lotteries at least 30% of ticket sales must be distributed to Good Causes.

Revenue splits: commercially or environmentally based

DLTB runs a typical range of draw based games and therefore has an internationally recognisable revenue split driven by this. The combination of 30% of ticket sales to Good Causes and 16% tax limits Charity Lottery Payouts to some extent, but since these are typically lower than National Lottery rates, these rates conform to international norms.

Good Causes: amounts and distribution requirements

In 2019 the DLTB generated €3.1bn to the state, including taxes. These are distributed via the individual state on a pro rata basis (see below).

The Charity lotteries generated €260m to Good Causes, which represents 36% of ticket sales (higher than the required minimum).

Good Causes: distribution and selection requirements

For DLTB, each state has a different mechanism, detailed below:

Baden-Württemberg

The Lotto Baden-Württemberg has the following initiatives:

- Lotto sports youth sponsorship award
- Cultural & social projects
- Lotto Museum Prize Baden-Württemberg
- Cabaret Prize Baden-Württemberg
- Lotto music theatre award
- Baden-Württemberg sporting events
- Sports club sponsorship

The Lotto Sports Youth Sponsorship Award. Together with the Baden-Württemberg Sports Youth & the Ministry of Culture, Baden-Württemberg Lotto provides €100,000 in total awards – split across the 10 regions within the state. Six award winners in each region will be chosen and broken down as follows:

- 1st place (€2,000)
- 2nd place (€1,500)
- 3rd place (€1,200)
- 4th place (€1,000)
- 5th place (€800)
- 6th place (€500) (2x)

All of these are awarded in each of the 10 regions totalling (€75,000).

Of the regional winners, three winners are then selected for state-level winners and receive extra prize money totalling €15,000.

- 1st prize (€7,500)
- 2nd prize (€5,000)
- 3rd prize (€2,500)

An additional 10 x special prizes of €1000 are also distributed.

Criteria:

- All sports clubs that are organized in the member sports federations or sports associations of the State Sports Association of Baden-Württemberg
- One application per club (or one per department for multi-disciplinary clubs)
- Sports associations / sports circles are excluded from participation, but cooperation projects between clubs and professional associations are permitted
- Financing information, details of the project, information around the club / the leadership of the club

Process:

- Eight jurors decide the relevant winners

The Lotto Museum Prize

- Award to museums in the area of funding (2020 due to lockdown 6x €5,000 winners) – decided by a panel of 7 jurors from over 200 museums in the state

Cabaret prize/small artist award:

Three main awards of up to €5,000 and a sponsorship prize of €2,000.

- Must be at least 16 years old
- Must be resident in the state
- An application form/submission can be obtained from the Cabaret Prize of the State Association of Cultural Initiatives and Sociocultural Centres

Musical Theatre Award

Total of €10,000 to the top three – with four special awards of €1,000 each. Applications are submitted before further vetting by a panel of jurors and judging on the best performance.

Sponsorship in general:

There is no specific application form for sponsorship of events (or cultural & social projects) or sports club sponsorship, but there is a wide variety of sponsorship activity undertaken by the state lottery operator.

Bavaria

The only public information available for Lotto Bayern (Bavaria's) public contribution is the Lotto Bayern Music Award. In 2019, 220 songs were submitted through an application and €6,000 was awarded.

Criteria:

- All creative / musical singers / songwriters and bands from Bavaria are eligible to apply
- Song maximum length of 4 minutes
- Online voting is used to determine the winners

Berlin

The lottery tax goes directly to the state – and income of 20% goes to the LOTTO Foundation Berlin which then uses the funding for popular sport, charitable, social organisations and culture as well as environmental/monument protection.

On average, over 250 applications are received per year – before submitting an application the following **criteria** must be met:

If the answer is "No", the project cannot be funded.

- Are you planning a social, charitable, cultural, civic or environmental project?
- Is the applicant an institution in Berlin or is the planned project to be carried out in Berlin and is it in Berlin's interest?
- Is the applicant a legal person?
- Exception: In the cultural sector, natural persons are also entitled to apply, provided the funded measure is to be made accessible to the public.
- Is the project future-oriented and has the measure not yet started?
- Is it a charitable project?

An application form must then be submitted with granular detail of project, area of work, budget, financing required and a decision will then be made by the Board of Trustees of the LOTTO Foundation Berlin.

Brandenburg

Brandenburg Lottery provides money to the state and the ministries, who then decide independently on how to distribute lottery funds. A brochure is then produced by the Lotto of projects that have received funding from lottery (in collaboration with the ministries).

Bremen

No information from the lottery or good causes available – state tax and subsequent distribution likely the case.

Hamburg

Lotto Hamburg is involved as a promoter and supporter for regional/national youth, popular and competitive sports / associations and/or sports and sponsors accordingly.

Hesse

€129.4 million for Hessen in 2019 broken down as follows:

Benefactor	Amount (€ million)
State sports Federation of Hesse	20.1
League of Independent Welfare Care	5.3
Hessian Youth	2.2
Extracurricular Youth Education	6.6
Political Youth	0.6
Monument Protection	1.6
German Olympic Sports Confederation	2.1
Federal Association of Indep. Welfare Care	1.6
Sporthilfe Hessen Foundation	0.5
Beneficiaries not yet determined	0.5
Earmarked funds to state of Hesse for the promotion of sporting, cultural, social and monument preservation purposes	82.6

The allocation of funds to society and ministries will then be further disseminated by the ministries. The Lotto-Hessen also undertakes significant sponsorship activity across sport & culture in the region.

North Rhine-Westphalia

Benefactor	Amount (€ million)
Working group of the leading associations of independent welfare in North Rhine-Westphalia	24.2
Federal Association of Free Welfare Care	3.4
German Foundation for Monument Protection	3.4
German Olympic Sports Confederation	4.6
German Sport & Olympic Museum	0.3
Cathedral building association	2.9
Development of popular sport	0.05
Promotion of popular culture	2.8
Art Foundation NRW	9.6
Landessportbund	28.5

NRW Foundation for Nature, Home & Culture	7.4
Major sporting events	0.2
Sports facility funding	1.2
Sports foundation NRW	3.9
Foundation of the State of NRW Welfare Care	1
Racing	1.2
Environment & Development foundation	2.8
West German Football & Athletics Association	0.2
Subsidies to support families of gambling addicts	1.3
Total	98.95

Specific applications are then submitted to the relevant department.

Saarland

Saarland distributes 20-22% of every euro played (as with the rest of Germany) to the state for distribution towards sports, culture, the environment + social affairs as well as 16.6% in lottery tax to the state treasury. The following projects are supported through Saartoto:

- Hermann-Neuberger-Sportschule
- Olympia-Stützpunkt Saarland / Rhineland-Palatinate
- Ronald McDonald-Haus / Homburg
- Max-Ophüls-Filmfestival
- Musikfestspiele Saar
- Bexbacher Bergbaumuseum
- "House of the Environment" / Saarbrücken

Rheinland-Palatinate

Rheinland-Palatinate has a foundation which allows for organisations to apply for funding (over €1m each year).

The foundation aims to recognise social problems and be close to people and non-profit organisations. Specifically, it aims to promote:

- The welfare system in Rhineland-Palatinate
- Art and culture in the state
- Sport in the state
- Education, science and research in the state

Partners can only be associations in Rhineland-Palatinate, and associations and institutions that can prove their charitable status.

The foundation does not support:

- Construction projects/conversions
- Subsidies for personnel costs
- Acquisitions/subsidies for vehicle rental/acquisition

The application form requires the following:

- Description of project/general work undertaken
- Amount of funding required
- Period of implementation
- Legal nature of the organisation
- Proof of tax relief/non-profit status of the grant recipient

- Costs & financing overall of the funding measure

In addition agreement is required from the relevant parties to:

- Prove appropriate use of funds
- To reimburse improper use of funds
- To refer to the funding received from the foundation in relevant corporate material
- To grant the lottery permission to:
 - o Examine the appropriate use of funds
 - o To report in writing & pictures about the funded project, and commitment of the foundation as part of its PR work and other corporate publications.

Saxony

Saxony benefits indirectly from lottery money paid. Information is contained in the state's budget along with overall funding to relevant areas of society.

Schleswig-Holstein

Schleswig-Holstein through duties and statutory obligations contributes a three-digit million amount to the state year-on-year, promoting social, humanitarian and cultural institutions, measures of monument preservation and environmental protection as well as other projects in the public interest.

Thuringia

As well as standard contributions, LOTTO Thuringia supports top Thuringian athletes and clubs through sponsorship – but there's no bespoke application form.

Lotto Niedersachsen

No information from the lottery or good causes available.

Mecklenburg-Vorpommern

No information from the lottery or good causes available

Saxony-Anhalt

No information from the lottery or good causes available.

For the Charity Lotteries:

- Action Man is its own charity
- Fernsehlotterie supports individual community projects (368 in 2019)

Postcode Lottery funds qualifying charities directly, with the following process:

The following states can only submit applications for up to €30,000:

- Berlin, Bremen, Hamburg, Mecklenburg-Western Pomerania, Saarland

The following states cannot submit applications for €500,000:

- Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Western Pomerania, Saarland, Saxony, Saxony-Anhalt, Thuringia

The funding areas are:

- Nature and environmental protection
- Social cohesion
- Equal opportunity

More specifically funding can be used for the following charitable purposes:

- Promotion of public health
- Promotion of youth/elderly care
- Art & Culture
- Student aid & youth development
- Nature preservation
- Environmental protection (coastal, climate and flood)
- Overall welfare promotion
- Help for politically, racially or religiously persecuted persons, displaced persons, war victims, survivors of war, memory of persecuted people, victims of disaster
- Promotion for tracing service of missing people
- Gender discrimination victims
- International and culture tolerance and learning / international understanding
- Animal Welfare
- Development cooperation
- Gender equality
- Marriage & family protection
- Sport
- Home care
- Local history
- Animal breeding / plant breeding / allotment gardening

Overall requirements:

- Not-for-profit organisation
- Valid notice of exemption (including charitable/not-for-profit purpose)
- Proof of at least 20% personal contribution to financing
- Organisational headquarters in Germany
- Project implementation in Germany
- Authorization to receive monetary donations

No funding for:

- Religious orders/parishes directly
- Individuals or organisations without their own legal capacity
- Festivals/Conferences
- Vehicles exclusively powered by fossil fuels
- New construction or renovation work

Process:

- 1) Submit an expression of interest (incl proof of corporation tax exemption)
 - a. Have check made by the Postcode Lottery, thus granting access to the online portal where further application will be taken
- 2) Submit application form
- 3) Approval
- 4) Undertake project (funding within 8 weeks of approval and agreement)
- 5) Donation receipt to be sent – funds to be used within 12 months of disbursement
- 6) Submit a project evaluation
- 7) Provide evidence and checks on the project to the lottery.

As the level of funding increases – the amount of information required increases on each application and more detail is needed.

Tax: rules, rates and amounts

All lotteries in Germany are subject to a 16% ticket sales tax. In 2019 this yielded:

- €1,160m from DLTB (32% revenue)
- €113m from the charity lotteries (23% revenue)

Environment: background to the status-quo

Germany renegotiates its lottery, sports betting and online gaming treaties between states every five years or so. While these have created considerable internal and EU friction on the issues of betting and gaming licensing, the central premise of a combined state monopoly for draw-based games has never effectively been challenged.

Environment: proposed and potential changes to the status-quo

We do not see any material changes impacting the German draw-based lottery market.

Sources and further reading

Inter-State Treaty

<https://www.lotto.de/ueber/gluecksspielstaatsvertrag>

DLTB

<https://www.lotto.de/ueber/deutscher-lotto-und-totoblock>

Action Mensch details

<https://www.aktion-mensch.de/ueber-uns/jahresbericht.html>

Postcode Lottery details

<https://publicaties.novamedia.nl/annual-report-2019-novamedia-postcode-lotteries/page/8-9>

Fernselotterie details

https://cdn.fernsehloterie.de/content/uploads/2020/01/29162946/2019_DFL_Jahresbericht_210x297_web_39L.pdf

Charity Lottery summary

<https://www.aclou.eu/charity-lotteries/Germany>

Hungary

Lotteries by type: availability and access requirements

Hungary has only one lottery, the state-owned monopoly Szerencsejáték Zrt and no licenses are available for any other form of lottery. Szerencsejáték Zrt also offers scratch cards and sports betting, both of which are domestic monopolies.

Lotteries: size by type

Szerencsejáték Zrt generated draw-based ticket sales of €325m in 2019, with revenue of €193m. This equates to €33 ticket sales per capita and €19 of revenue.

Revenue splits: rules based or caused by rules

The Hungarian monopoly is subject to taxes set by lottery game type, detailed below. The Good Cause contributions are also defined by a Business Plan approved by the government

Revenue splits: commercially or environmentally based

Szerencsejáték Zrt offers a range of draw-based products, including a domestic lotto, joker and Eurojackpot. These follow international patterns. Szerencsejáték Zrt's overall payout looks generous overall, which has been commented on, this is because of the higher payout sports betting monopoly rather than lottery-specific practices.

Good Causes: amounts and distribution requirements

Szerencsejáték Zrt pays to specific good causes in the following broad splits:

- C.€30m to supporting culture
- C. €33m to supporting sports

However, these are distributed out of general funds subjected to review rather than being specifically rules-based or based upon a formula. For these reasons it is also difficult to attribute values to draw-based lottery. On an overall basis, Szerencsejáték Zrt distributes c. 15% of revenue to Good Causes.

Good Causes: distribution

The majority of Szerencsejáték Zrt's Good Cause distribution is delivered via the Ministry of finance via the National Cultural Fund and the National Film Fund with exception of two areas:

- In Sport, Szrt. directly sponsors Hungarian teams, especially soccer and including the Hungarian national team. However, since Szerencsejáték Zrt also operates sports brands and a sports brand is typically used (Tippmix), it is not necessarily accurate to attribute this to lottery
- In Culture and Community, 1.9% of revenue is made available to Good Causes at Szerencsejáték Zrt's discretion

Good Causes: selection requirements

The company's 'Code of Ethics' states that "No person or organisation whose profit-making activity is targeted primarily at minors shall be supported or sponsored by Szerencsejáték Zrt".

The annual report for 2019 outlines 'as part of charity donations, we paid special attention to ensuring that financial assistance is indeed provided to those truly in need, as well as for the accomplishment of objectives that are useful and create value for Hungarian society'.

Outside of contribution to government through taxes, Szerencsejáték Zrt places heavy emphasis on equal employment & has charitable scratchcards which are sold (largely) by those unable to seek employment elsewhere. However, this again is separate to draw-based games.

Tax: rules, rates and amounts

Szerencsejáték Zrt is a monopoly and profits are returned to the state exclusively. Nevertheless, the following taxes apply to draw-based games:

- Lottery: 24% of the monthly prize pool, taxed at source
- Joker: 17% of the monthly prize pool
- Other lottery: 17% of the monthly prize pool

Environment: background to the status-quo

Hungary has been defending its monopoly status for sports betting in an EU context for a number of years. This directly impacts the monopoly because the same company offers lottery and sports betting. However, the nature of the lottery element of the monopoly does not seem to be challenged and has substantial EU precedent.

Environment: proposed and potential changes to the status-quo

While it is possible that EU challenges significantly change Szerencsejáték Zrt from the sports betting side, which may also impact sports good causes, we do not see any material change to the lottery element of the monopoly as being likely.

Sources and further reading

Gambling Act

<https://net.jogtar.hu/jogszabaly?docid=99100034.TV>

Szrt Annual Report

https://rolunk.szerencsejatek.hu/uploads/files/original/static_page/20180801093739/szrt-2018-eves-jelentes-eng-0324.pdf

EU challenges

<https://www.lexology.com/library/detail.aspx?g=ac9e2331-c226-4e25-8c8a-52f59fe5081c>

Tax summary

<https://iclg.com/practice-areas/gambling-laws-and-regulations/hungary>

Italy

Lotteries by type: availability and access requirements

Italy operates a system of private monopolies for lottery. The current regulatory regime reflects two established lotteries:

- National Lottery: which has been in existence since Unification and is operated by Lottitalia a consortium led by IGT (Lottomatica) since 2016 (on a nine-year licence). The Consortium was founded in 1990, listed in 2001 and merged into Lottomatica in the same year. The Consortium has been the sole operator since 1993
- SuperEnalotto: which has operated since the 1950s, operated by Sisal since 1997, with the licence renewed for a nine-year term in 2019

These lotteries are supervised by the ADM, the Customs and Monopolies Agency under the Ministry of Finance, which has authority over gambling. No other lottery licensing types exist or are available in Italy.

Lotteries: size by type

The draw-based products for the two licensed monopolies break down as (2019):

- National Lottery: €7,090m ticket sales, €2,370m revenue
- SuperEnalotto: €1,750 ticket sales, €700m revenue

This aggregates to ticket sales of €8,840m and revenue of €3,070m. On a per capita basis, this equates to €147 of ticket sales and €51 of revenue.

Revenue splits: rules based or caused by rules

Italy taxes its lotteries differently, described below. In addition to tax rules, both the National Lottery and the SuperEnalotto pays 8% of ticket sales to retailers under the terms of their concession agreements. Further, SuperEnalotto has its ticket sales set by the rules of its concession:

- 60% prize fund (NB, prizes above €500 are also taxed at 20% from 2020)
- 28.27% to the Treasury (excluding winning taxes)
- 8% retailer commissions
- 3.73% to Sisal (ie, 9.4% of revenue)

The National Lottery is subject to an 18% sales tax as well as an agreement to pay 8% of ticket sales to retailers. Prize fund is 70%. In addition, prizes above €500 are taxed at 20% since 2020.

Revenue splits: commercially or environmentally based

Italy has a relatively competitive and highly localised lotto market, meaning that payout ratios are typically more generous than in other monopoly environments. Domestic lotto games therefore tend to outperform internationally recognised products such as Euromillions and Joker.

Good Causes: amounts and distribution requirements

Italy does not specify Good Cause requirements outside of tax, hence the tax rates being relatively high. Nevertheless, both licensees contribute to Good Causes on a corporate basis.

Good Causes: distribution

Sisal (SuperEnaLott) contributes to Good Causes under the broad categories:

- Innovation, talent and research
- Customer care and protection
- Art and culture
- Sport
- 'Other initiatives' (support for education)

Under innovation, talent and research, Sisal runs a start-up competition (in partnership with CVC Capital Partners) which attracted 160 startups in 2020. The competition offers a chance for new Italian businesses to gain mentorship and potential investment – with 'Business Resilience' and 'Collectivity' the two broad categories – looking at companies making a difference to local communities and driving social innovation.

In addition, Sisal supports various charitable and scientific causes such as AIRC, "Pink is Good" – Vereonesi Foundation, #presente Telethon and Fondazione ItaliaCamp – although all were small donations in prior years.

Under Art and Culture, Sisal is the main partner of 'Manifesta 12' a project to promote the value of contemporary art and culture in Italy, and under Sport Sisal supports the 'We Playground Together' initiative, as well as the Liberi Nantes association and the We Are Football (equality) scheme. Lottomatica follows a broadly similar approach – with the bulk of contributions coming through tax, but other corporate initiatives also being supported under the headings:

- Art and culture
- Young people and the future
- Technology and innovation

None of the above (except the GoBeyond start-up competition) have any application process but given the tax and licensee-fee drivers of each of the aforementioned companies, there is no particular emphasis on 'lottery income' or 'where the money goes' in comparison to other countries.

Good Causes: selection requirements

NA, see above

Tax: rules, rates and amounts

Both lottery licensees have paid a significant upfront concession fee:

- €770m paid in three instalments (€350m and €250m in 2016, €70m in 2017) for a nine-year licence for the National Lottery (€86m per annum)
- €222m up front for a nine-year licence for the SuperEnaLotto (€25m per annum)

In addition, the National Lottery pays an 18% tax on ticket sales while SuperEnaLotto pays 28.3%.

The annualised yield of these taxes and fees amounts to €1,980m, which equates to a sales tax equivalent of 22% and a revenue tax of 64%. Given the high rate of these taxes and the 8% sales payment to retailers (23% revenue), it is unsurprising that there is little room for Good Causes.

Environment: background to the status-quo

Italy's draw based lottery products and licence conditions have evolved over a long period of time. They are not subject to a specific body of gambling legislation and are seen principally as tax-raising vehicles rather than Good Cause distributors. While the Italian gambling regime has been subject to considerable EU legal scrutiny and has driven licensing changes, the basic premise of monopolies for draw-based lottery has never been effectively challenged.

Environment: proposed and potential changes to the status-quo

Given the extended licensing regimes we see little likelihood of change to the status quo beyond further adjustments to the tax system. It should be noted that Italy changes its gambling taxes regularly, especially with regard to player winnings. For example, the player winnings rate was introduced in 2012 at 6%, increased to 8% in 2017, to 11% in 2019 and 20% in 2020. However, the sales tax basis of the two lotteries has been stable and we expect it to continue to be so.

Sources and further reading

IGT financial data

<https://ir.igt.com/static-files/3bd5e527-7b17-4a52-b103-5d1cbf9325e8>

SISAL financial data

<https://www.sisal.com/documents/94028/642588/Sisal+Group+Consolidated+Financial+Statements+FYE+2019.pdf/3771104e-72b9-4140-b665-a683529f7c33>

Superenalotto sales breakdown

<https://www.superenalotto.net/en/distribution-of-revenue>

Superenalotto licence fee

<https://www.sisal.com/eng/news-media/press-releases/investor-relations/superenalotto-tender>

Lotto licence fee

<https://www.sbcnews.co.uk/retail/2016/04/19/lottomatica-wins-italian-lottery-provisional-concession/>

Overall market data

<https://www.adm.gov.it/portale/monopoli>

Norway

Lotteries by type: availability and access requirements

Norway has two types of licensed lottery, supervised by the Gambling Authority, Lottsift:

- Norsk Tipping, the state monopoly
- Four licensed charity lotteries

The state monopoly was established in 1948 as a football pools organisation, 40% owned by the state with the remainder shared between the Norwegian Sports Federation (40%) and the Norwegian Football Association (20%). Lottery was launched in 1986 and the business became fully state owned in 1993.

Charity lotteries were licensed in Norway prior to 2015 but in an opaque manner that was challenged under EU competition law. From 2015, Charities Lotteries are licensed by Lottsift for 9 years, subject to the following restrictions:

- €30m annual ticket sales per licence limit
- 50% of ticket sales to be paid out in prizes
- An aim to distribute 40% of ticket sales back to the charity after marketing and administrative costs (not enforced but monitored, similar to the UK)

Given the relatively new window of licensing and the tight restrictions only four licensees have been added so far, while the Norwegian Red Cross (established in 2008) has continued:

- Zeal Network's subsidiary Lottovate, supporting UNICEF
- Postcode Lottery, SOS Children's villages and Norwegian WWF
- Foto Lotto, supporting Right to Play (children in conflict zones)
- Norsk Pantelotteri AS, supporting Norwegian Red Cross
- Norsk Underholdningsspill AS, supporting Regnskogfondet, Caritas Norge and Utviklingsfondet (rainforest fund, Catholic charity and development fund specifically on hunger/poverty)

Charitable lottery providers and their charities can be based anywhere in the EEA, in part as a result of the 2015 legislation being EU competition directives driven.

Lotteries: size by type

The Norwegian draw-based lottery market (excluding other products) breaks down as follows (2019):

- Norsk Tipping: €385m ticket sales, €202m revenue
- Charity Lotteries: €31m ticket sales, €16m revenue (ie, none yet reaching their turnover limit)

The total Norwegian draw-based lottery market is therefore €416m ticket sales and €218m revenue; which represents €78 ticket sales and €41 revenue per capita.

Revenue splits: rules based or caused by rules

The Charity lotteries have a prize payout limit of no more than 50% and an aim to distribute 40% of ticket sales to the charities supported, leaving an implied 10% to cover administrative and marketing costs once scale and operating maturity has been reached. There are no rules-based impacts on Norsk Tipping.

Revenue splits: commercially or environmentally based

Norsk Tipping does not have legally set revenue splits, typical of most older monopolies. However, its draw-based product is environmentally typical, consisting of local lotto, Viking Lotto (a Nordic consortium product), Eurojackpot and Joker. Payout ratios reflect the norms of these products. In addition Norsk Tipping offers 'Nabolaget' a draw-based lottery based upon the population register; this has a far more generous 78% payout ratio, but it represents less than 3% draw-based turnover.

Good Causes: amounts and distribution requirements

As a state monopoly, the Good Cause requirements of Norsk Tipping are reflected in the ownership and practice rather than clear requirements, since it is profit that is returned to the state. In common with many other lotteries, sports the arts and charities are main beneficiaries of Norway's state lottery, with the distribution of profits being split in the following manner:

- Sports (58%)
- Culture (16%)
- Humanitarian purposes (17%)
- Other (9%)

It should be noted that a combination of Norsk Tipping's roots (described above) and its continued betting product offer (12% of revenue in 2019) influences this mix. Norsk Tipping also sponsors Norwegian sports teams, though not those aimed at minors or through advertising. The total surpluses returned to Good Causes each year by Norsk Tipping is c. €575m, though this is from all products; it is not possible to isolate the returns from draw-based lottery only, though as a guide these represent 26% of revenue.

Good Causes: distribution

Please see above: the monopoly environment combined by the direct links to charity means that distribution is either centrally managed or explicitly linked to specific charities.

Good Causes: selection requirements

As well as directly funding larger organisations where a more direct relationship exists, Norsk Tipping runs a grant fund ('The DAM Foundation') to which Norwegian individuals, businesses and public agencies can apply for funds. Selection is via an application form, assessment and interview, with the process managed internally by Norsk Tipping

Tax: rules, rates and amounts

Lotteries are not taxed in Norway.

Environment: background to the status-quo

Norway has been attempting to reinforce its gambling monopolies against commercial gambling and external lottery providers for many years. In 2015, as noted above, a new more transparent licensing regime was adopted for Charity Lotteries, but the turnover requirements in particular are regarded as limiting in terms of investment.

Environment: proposed and potential changes to the status-quo

As part of Norway's continued attempts to protect its monopoly, a range of more restrictive measures are being legislated around social responsibility, advertising and black-market restrictions. These do not directly impact the lottery and it is unlikely that the lottery element of the status quo will be materially impacted

One possible change is that if Norway adopts a licensing regime for commercial gambling products then this will come with a tax rate. In order to avoid anti-competitive challenges and in common with other EU states, the tax may apply to Norsk Tipping's lottery products. However, as a state monopoly that redistributes all of its surplus funds, this will make little practical difference beyond shifting the mechanism of funding from 100% specific state choice to a proportion going into general taxation (though this may still be hypothecated to specific Good Causes in theory).

Sources and further reading

Sources

Lottery Legislation

<https://lovdata.no/dokument/NL/lov/1995-02-24-11>

Monopoly financial and Good Cause distribution data

<https://www.norsk-tipping.no/selskapet/engelsk/annual-reports>

Charity Lotteries

<https://www.aclcu.eu/charity-lotteries/Norway>

<https://publicaties.novamedia.nl/annual-report-2019-novamedia-postcode-lotteries/page/8-9>

<https://irpages2.eqs.com/download/companies/tipp24/Annual%20Reports/DE000ZEAL241-JA-2019-EQ-E-00.pdf>

Portugal

Lotteries by type: availability and access requirements

Portugal has only one lottery, the monopoly Santa Casa da Misericordia de Lisboa (SCML). The SCML was established in 1893 as a state-sanctioned monopoly, becoming the 'National Lottery' in 1955. Since 1987, SCML has been able to offer betting. SCML is a private non-profit person overseen by the Ministry of Solidarity, Employment and Social Security as well as the Inspectorate General of Finance. No other lottery licenses exist or are available in Portugal

Lotteries: size by type

SCML draw based games generated €902m in 2019, with Euromillions contributing 90% of this. With payout of c. 50% leading to drawbased revenue of c. €450m. This equates to per capita draw-based ticket sales of €90 and revenue of €45.

Revenue splits: rules based or caused by rules

The tax rate to which SCML is subjected is not high enough to influence draw-based games. Equally, as a non-profit all income after expenses is distributed to Good Causes.

Revenue splits: commercially or environmentally based

SCML's lottery products are both domestic and Euromillions and follow internationally typical forms.

Good Causes: amounts and distribution requirements

In 2019, SCML generated income of €880m, of which €784m was paid out to Good Causes. Given that draw-based games represented c. 35% of total revenue (with scratch cards and instants representing c. 50% and betting the rest), the pro rate Good Cause distribution from draw based games can be calculated at €275m, which represents 31% of ticket sales and 61% of revenue.

Good Causes: distribution

SCML's Good Causes are distributed centrally to the following departments and institutions:

- Ministry of Internal Affairs (MAI)
 - National Civil Protection Agency
 - MAI General Secretariat (Social Risks)
 - MAI General Secretariat (Policing of Sporting Events)
- Treasury and Debt Management Agency
- Presidency of the Council of Ministers
 - Cultural Promotion Fund
 - Portuguese Institute of Sport and Youth
 - Office of the Secretary of State for Citizenship and Equality
- Ministry of Labour
 - Social Security Financial Management Institute
 - Senior and Social Tourism and Leisure Organisation
- Ministry of Health
 - School Sports
- Regional Directorate for Youth and Sport (and the Azores Sports Institute)
- Santa Casa (the Jesuit Charity)
- Alcoitao Rehabilitation Medicine Center

With regards to sports sponsorship – Jogos Santa Casa supports 17 national sports federations, and 99 national teams (30 female) – as well as 17 national university teams. However, it should be noted that SCML also operates a sports betting business and so disentangling sports sponsorship from this activity is complicated.

Good Causes: selection requirements

SCML states that ‘entities are responsible for applying the amounts received for purposes that embody the social policies of the state – including support for the most elderly, families, children and young people, people with disabilities, victims of violence as well as promoting and valuing culture, improving educational quality, increasing sports activity and combatting addiction’.

None of the above state elements seem solely supported by the lottery – and most have a broad set of goals/initiatives across Portuguese society which SCML has no say in allocation of.

Tax: rules, rates and amounts

SCML is not subject to gambling tax, but players winnings above €5,000 are subject to 20% income tax from 2013. SCML is, however, subject to Stamp Duty (tax) at a rate of 4.5% of ticket sales. From a draw-based perspective, this generated €40m in 2019 and equates to a 9% revenue tax.

Environment: background to the status-quo

SCML is an old institution that has evolved out of pre EU approaches to gambling and monopolies. As such, its betting monopoly has been successfully challenged and Portugal now operates a licensing regime for online sports betting (establishing a licensing regime in 2015). The CJEU ‘Santa Casa’ case of 2009 was also important in establishing the boundaries of lottery monopolies within the EEA. SCML was deemed an appropriate monopoly because it was not extensively promoting gambling and was in fact fulfilling its purpose of generating income for Good Causes with appropriate levels of control and protection.

Environment: proposed and potential changes to the status-quo

Given that Portugal has only relatively recently adjusted its gambling laws to reflect CJEU rulings and has a long history of supporting SCML, which itself is an effective distributor to Good Causes, we see little likelihood of material changes in the Portuguese draw-based lottery environment.

Sources and further reading

Lottery Monopoly Decree - 1955

<https://dre.pt/application/file/247336>

Tax status of gambling

<https://dre.pt/application/file/247336>

Distribution of Good Causes

<https://dre.pt/application/conteudo/493013>

CJEU Santa Casa case

<https://curia.europa.eu/juris/document/document.jsf?text=&docid=77072&doclang=EN>

Spain

Lotteries by type: availability and access requirements

There are two lotteries licensed and operating in Spain, both governed by the Spanish Gambling Act of 2011:

- SELAE is the state controlled and state-owned lottery, founded in 1984
- ONCE is a charity lottery, owned by the national Charity for the Blind, founded in 1938

There are no other forms of licensed lottery available across Spain, but local autonomous communities can licence local lotteries. Further, there is no national licensing process, both of the nationally available lotteries were recognised in law having already existed.

The lotteries are supervised directly by the Ministry of Economy and Finance rather than the gambling authority (DGOJ).

Lotteries: size by type

The draw-based games of the two licensed lotteries in Spain break down as follows for 2019:

- SELAE: €9,044m ticket sales, €3,400m revenue
- ONCE: €1,330m ticket sales, c. €665m

This leads to total ticket sales of €10,374m and total revenue of €4,065m. This equates to €220 of ticket sales and €86 revenue per capita.

Revenue splits: rules based or caused by rules

As state owned and charity owned lotteries, all profits are returned to Good Causes. Given the lack of tax (see below), revenue splits are not influenced by specific rules. The lotteries do however have to demonstrate to the Ministry of Economy and Finance that they are maximising returns to good causes and not abusing their monopoly position.

Revenue splits: commercially or environmentally based

While SELAE's Lotto product has a more generous payout than international standards (due to a long history of Spain-specific game development dating back to 1763), the products of SELAE and ONCE broadly follow international standards.

SELAE currently pays:

- 19% of revenue (7% ticket sales) in commissions to retailers
- 0.5% revenue (0.2% ticket sales) on the cost of manufacturing tickets
- 2% revenue (0.8% ticket sales) on marketing

Good Causes: amounts and distribution requirements

SELAE generated €2,600m of profit that was returned to the government, which equates to €1,600m if pro rata to draw based games only. This represents 18% of stakes and 47% of revenue. Profits are distributed centrally by the ministry of finance (see below).

ONCE generated €77m after costs, all of which funds the ONCE charity.

Good Causes: distribution

The profits of SELAE are distributed centrally by the federal government into:

- Education and culture (eg, funding the Children’s College of San Ildefonso)
- Community (eg, Spanish Red Cross and Spanish Association against Cancer)
- Sport, sponsoring or otherwise funding:
 - Olympic teams
 - Cycling and Mountain biking
 - Canoeing
 - Handball
 - Athletics
 - Swimming
 - Disabled sports

The ONCE charity funds a range of activities relating to its purpose, including:

- Grants to carry out language courses abroad
- European Social Fund
- Job Creation
- Youth Employment
- Entrepreneurship of people with disabilities
- Training
- Creation of Occupational places
- Investment in Service Centers
- Individual accessibility grants for employment
- Vehicles for collective transport
- Studies, publications & awareness
- Conferences & congresses
- Sensory communication accessibility
- Care programs for personal autonomy

Good Causes: selection requirements

To obtain funding from ONCE, companies or individuals must submit an application through the foundation. Given the broad range of project areas, there is a range of information that must be submitted.

To be able to apply the following must be met (either):

- A legal entity with Spanish origin, that in accordance with its statutes, undertakes activities that align with the activity carried out by the ONCE foundation. This includes non-profit organisations focused on disabilities, associations, federations, foundations and confederations across the country.
- Any person of Spanish nationality affected by any type of disability – but they must have possession of the corresponding disability certificate issued by the government’s Public Administration.

The ONCE foundation has built a model that helps assess the viability of each application – allowing each prospective project to score between 0 and 10 on the information provided about 38 issues (distributed in four content blocks) as follows:

- Information around the requesting entity (40% of total score)
- Elements related to the impact or ex ante impact of the project (20% of the score)
- Elements relating to the characteristics of the specific project (25% score)
- Budget and financing information (15% of the total)

The model will also assess the risks of each project to – highlighting the following to those judging the applications:

- Risks related to the execution of the project(s)
- Risks related to the management of administrative/reputational issues
- Legislative and fiscal breaches
- Risk related to the reliability of the financing

To provide further detail on the content blocks:

- 1) Management: breaches related to the management of administrative / reputational issues, availability of an Action Plan, publicity and auditing of the annual accounts, existence of a code of conduct and compliance with tax obligations, etc.
- 2) Ex-ante impact: clear definition of objectives and activities, identification of indicators that allow verifying the expected changes with the execution of the project, identification of direct and indirect beneficiaries, identification of risks and actions contemplated to minimize their impact, etc.
- 3) Characteristics of the project: generation of employment for people with disabilities, incorporation of innovation in the project and actions for its dissemination and publicity, etc.
- 4) Budget and financing: detailed budget breakdown, degree of co-financing by other bodies, reliability of financing across the board.

Tax: rules, rates and amounts

Neither SELAE nor ONCE are subjected to tax. Winners have been subjected to a 20% tax on prizes above €2,500 since 2006.

Environment: background to the status-quo

Spain's lotteries are both relatively old institutions that have been preserved in law rather than substantially reformed or altered.

Environment: proposed and potential changes to the status-quo

Given that Spain has liberalised its commercial online market federally and has state-by-state licensing for landbased gambling, we see little prospect for material change in the legislative or operating environment of Spain's lotteries since the current system is stable.

Sources and further reading

Lottery law - modernising SELAE

https://www.boe.es/diario_boe/txt.php?id=BOE-A-2010-18651

Gambling law recognising legacy lotteries and prohibiting licensing

<https://www.boe.es/buscar/act.php?id=BOE-A-2011-9280>

SELAE data

<https://www.selae.es/es/web-corporativa/comunicacion/notas-de-prensa/notas-de-prensa>

ONCE data

<http://www.once.es>

Winners tax law

<https://www.boe.es/buscar/act.php?id=BOE-A-2006-20764>

Sweden

Lotteries by type: availability and access requirements

Sweden allows for two types of lotteries to be licensed:

- Svenska Spel, which is a state-owned enterprise with a monopoly on all lottery games other than the below
- National Charity lotteries, which are licensed by the Gambling Inspectorate

All licensees are Swedish-based, although the main Charity Lottery is owned by the International 'umbrella' lottery provider Novamedia, which operates the Post Code Lottery. This is the largest of the 38 licensed Charity Lotteries in Sweden by some margin, with an estimated c. 60% market share.

Lotteries: size by type

The size of the Swedish draw-based lottery market breaks down as:

- State Lottery: €1,790m ticket sales (76% total) total; €800m revenue (70%)
- Charity Lotteries: €570m ticket sales (24% total) total; €340m revenue (30%)

The total Swedish draw-based lottery market is therefore €2,360m ticket sales and €1,140m revenue, which represents €235 ticket sales and €114 revenue per capita.

Revenue splits: rules based or caused by rules

Because of evolving state ownership rather than a specific body of modern legislation, specific revenue splits are not specified legislation or regulation for the state lottery. The one exception to this is that all licensed gambling except charitable gambling is now subject to an 18% revenue tax in order that the monopoly rate is uniform with the licensed commercial sector. Because this is levied on revenue from a state-owned business it does not impact price or overall returns.

Charitable lotteries are not allowed to offer total prize pools below 35% or above 50% of ticket sales (which can be estimated if liquidity is shared across countries). There does not appear to be a minimum level of revenue which must go to the charity, other than an implied amount after deducting administrative and marketing costs from the prize pool.

Revenue splits: commercially or environmentally based

The State Lottery offers a range of draw based lottery products that are familiar across Europe. Pay-out ratios are therefore set by commercial and environmental convention.

While it is not clear, there is good reason to believe that Charity Lotteries have lower pay-out ratios than the state lottery products, in part because jackpot prizes tend to be lower and due how the law is written (see above).

Good Causes: amounts and distribution requirements

The State Lottery actively supports Good Causes as part of its State mandate. However, these have not been given specific legal or regulatory parameters.

Charity Lotteries are required to run as 'not for profit' organisations, although this can include allocations for administrative fees which means a commercial business case can be made for service providers and 'umbrella' companies.

The Distribution requirements of Charity Lotteries are therefore reverse engineers: that which is not paid out in prizes or expended in marketing or operating costs is the charitable distribution.

Good Causes: distribution

The State Lottery primarily supports grass roots through to elite sports with a combination of charitable donations (for grassroots) to athletic scholarships and team sponsorship (for elite). It should be noted that the latter is also likely to have a material advertising benefit to Svenska Spel's sportsbetting business, so disentangling how the value is really distributed is complex and potentially subject to conflicts of interest (supporting 'good causes' vs. promoting commercial gambling). Elite sports supported are: soccer, hockey, bandy, floorball, handball and esports. At the grassroots level over 70 different sports receive some form of donation.

Charitable Lotteries are owned by and/or support broader Good Causes. The Postcode Lottery donates 28% of ticket sales to 57 different charities. Other registered charitable lotteries include cancer and other illness support, local sports teams, the Swedish Arts Association and faith groups.

Good Causes: selection requirements

Svenska Spel operates two main selection processes. The first is identifying elite sport for sponsorship, as above. These organisations are few in number and have the organisational capacity to accept sponsorship and grants. In some cases these are specifically targeted to support emerging interests (eg, esports) or to promote diversity (eg, 55% of sponsorship is directed to women's sport).

For grass-roots sports, Svenska Spel runs a consumer-led points-based system. Lottery customers are able to nominate community sports schemes which have applied to Svenska Spel for funding. The funding pool (€4m in 2019) is then split according to the number of nominations each organisation has earned.

Tax: rules, rates and amounts

The State Lottery pays 18% revenue in gambling tax. However, as a state-owned company 60% of total revenue is returned to the state. Since Svenska Spel's business structure includes several business streams (gaming machines, casinos, online betting and gaming) which have material shared costs, apportioning the value attributable specifically to draw-based lotteries is not possible.

Charity lotteries are exempt from tax. All lotteries are exempt from VAT.

Environment: background to the status-quo

Svenska Spel was set up in 1997 as a state lottery. In common with many other countries, the state monopoly extended to all forms of gambling other than horseracing (controlled by another monopoly), small scale gaming (casino restaurants, bingo) and Charitable lotteries. Svenska Spel's broad monopoly was repeatedly tested under EU law and from January 2019 commercial licenses have been available for online betting and gaming. However, the underlying monopoly basis of the lottery products was never challenged and these remain in place.

The Swedish Gambling Act of 2018 supersedes previous laws for both the state lottery and charity lotteries.

Environment: proposed changes to the status-quo

Sweden is currently reviewing its advertising law in relation to gambling. This is unlikely to impact Svenska Spel directly since it has been a regular critic of ‘excessive’ advertising despite having a significant marketing budget (which it argues it deploys responsibly).

Environment: potential changes to the status-quo

Notwithstanding Svenska Spel’s protected position within Sweden, it is possible that commercial operators will continue to argue that the monopoly’s marketing budget and high-profile sponsorships contravene EU Directives and this might lead to legislative restrictions.

Sources and further reading

State Lottery financials

<https://om.svenskaspel.se/AnnualReport/2019/en/>

Charity Lottery revenue

<https://www.spelinspektionen.se/om-oss/statistik/spelmarknaden-kvartalsstatistik/>

Charity Lottery licences

<https://www.spelinspektionen.se/licensansokan/bolag-med-spellicens/#Allmannytta>

Lottery participation

<https://www.spelinspektionen.se/globalassets/dokument/statistik/enkatundersokning/allmanheten-om-spel-2019.pdf>

Postcode Lottery information

<https://publicaties.novamedia.nl/annual-report-2019-novamedia-postcode-lotteries/page/8-9>

Gambling Act

https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/spelforordning-20181475_sfs-2018-1475

Switzerland

Lotteries by type: availability and access requirements

Switzerland organises its lotteries by canton, with one state-licensed monopoly supporting the mostly German-speaking cantons and one supporting the mostly French-speaking cantons.

- Swisslos operates across 20 mostly German-speaking cantons and was formed in 1937
- Loterie Romande operates across 6 mostly French-speaking cantons, also since 1937

The monopolies have exclusivity over sports betting as well as lottery. Both monopolies are overseen by the Swiss Lottery and Gaming Board (GESPA). No licences are available to operate 'large scale' across Switzerland.

'Small scale' lotteries can be organised within cantons and can be inter-canton. However, these are very limited in size and scope, including a ticket sales limit of €55,000 and prizes to be non-cash only.

Lotteries: size by type

In 2019 draw-based games generated €1,000m of ticket sales and €495m of revenue, which equates to €117 ticket sales and €58 revenue per capita. Small scale lotteries generated revenue of only €10m. This broke down in revenue terms as:

- €350m from Swisslos
- €145m from Loterie Romande

Revenue splits: rules based or caused by rules

The lottery monopolies are non-profit and not subject to tax, therefore all residual income can be distributed to Good Causes. The only exception to this is a 0.5% revenue charge for preventing and treating problem gambling and gambling addiction.

Revenue splits: commercially or environmentally based

The Swiss lottery monopolies run an internationally recognised suite of draw-based games with payouts following typical patterns.

Good Causes: amounts and distribution requirements

All income is paid out to Good Causes. In 2019 from a draw-based perspective this amounted to:

- €260m for Swissloss (71% of the total)
- €90m for Loterie Romande (40% of the total given a broader games mix)

Good Causes: distribution

Swissloss distributes its Good Cause monies in the following split:

- 90% to the Swisslos lottery and sports funds (grass roots and regional level)
- 10% to the Sport-toto Association (elite sport)

The 90% which is distributed into Cantons is done so via an algorithm which factors in population size and gaming revenue contribution. Elite sports helps to fund the Swiss Football League, the Swiss Ice Hockey League and the Swiss Olympic teams.

Loterie Romande provides funding to the six French-speaking cantons (Vaud, Friborg, Valais, Neuchatel, Geneva and Jura). The cantons receive all profit after the payment of prizes, operating costs, and 0.5% for the prevention of problem gambling. The profits are devoted to the *support of public utility institutions in French-speaking Switzerland*.

The following applies:

- 85% of funding is distributed to the distribution bodies of the 6 French-speaking Cantons. These Bodies, all independent, take applications on an individual basis and support institutions, associations and foundations active in the 8 areas below:
 - Social work/elderly
 - Youth and education
 - Health and disability
 - Culture
 - Training and research
 - Heritage conservation
 - Environment
 - Promotion, tourism & development
- 15% of funding is distributed to amateur and professional sport (similar to Swisslos). The Association for the Development of Breeding and Races (ADEC) also benefits from Loterie Romande support.

Good Causes: selection requirements

Outside the funding to elite sport, each canton deals with applications separately. The criteria may differ from canton to canton – but broadly the criteria for application are similar.

- Funds must be used to implement projects that serve sports or charitable purposes
- Projects must be relevant to the canton in which the application is made
- Projects receiving funding outside of the canton must be of considerable importance to the canton or for the whole of Switzerland
- The allocation of a contribution is made dependent on the broadest possible financing by the applicant, and appropriate self-financing that ensure the continued existence of the supported project.
- Often the project must not have started to obtain funding
- Contributions to ongoing personnel and material expenses, recurring services & maintenance expenses that do not involve investment in property, plant and equipment are often not considered.
- The applicants must accept that the social security contribution of those involved must be settled by the applicant.

The project must broadly fall under the goals of each canton – which (using Aargau canton as an example can be broad):

- Promote cooperation
- Strengthen cultural participation (to promote cohesion in society)
- Activate potential (so that outstanding cultural institutions radiate throughout Switzerland)
- Paving the way for innovation (to promote pioneering art and culture)
- Make culture heard (to reach the population across the board)

The application form broadly needs the following information:

- Project documentation that describes the planned project in detail (background, motivation, goal, content and schedule) – which briefly introduces the applicants, and the institution.
- Information about the audience for which the project is targeting.
- A detailed budget breakdown of where the funding will go – and how it will be used.
- Financing plan – with detail of the type and scope of internal contributions, as well as detail of the origin of financial resources. A list of all income as well as details of the third-party funding providers requested with approvals/rejections detailed.

Each canton has an individual site with specific details of criteria & process for funding to be obtained. The application portal will contain the application form, with which information (detailed in section prior) must be provided. The application will then be checked on form & content on the basis of the Swisslos/Loterie Romande Fund Ordinance before being submitted to the government council as a complete application. The government council has the final say on each application and will inform the applicant of the decision on each individual funding application. Should the project receive support, the Swisslos / Loterie Romande logo must be used in all communication channels (subject to separate set of rules). Finally, once the project's completed – a final report with a comparison of invoice/budget must be submitted, and deviations of greater than 5 percent must be commented on by the party running the project.

Tax: rules, rates and amounts

The Swiss lottery monopolies are not taxed. Players are taxed on winnings greater than €900,000.

Environment: background to the status-quo

Both Swiss lotteries were set up in 1937 and have evolved subsequently. They were both recognised in the 2005 Inter-Cantonal Convention on Lotteries and Betting, which forms the current legislative basis.

Environment: proposed and potential changes to the status-quo

Switzerland recently changed its online casino laws to clarify that only landbased casino operators can offer online products. It is possible that a licensing regime for betting might be considered, but the current monopoly environment looks stable. If a licensing regime is considered, this will impact the betting element of lottery monopoly activities, but any changes are highly unlikely to impact the core lottery offer, in our view.

Sources and further reading

Swisslos financial data

<https://www.swisslos.ch/media/swisslos/publikationen/pdf/gesch%C3%A4ftsbericht-2019.pdf>

Loterie Romande

<https://ra.loro.ch/#chiffres-cles>

Regulatory Framework

<https://www.gespa.ch/en/types-of-gambling/lotteries>

Legislative summary

[https://uk.practicallaw.thomsonreuters.com/0-635-](https://uk.practicallaw.thomsonreuters.com/0-635-6150?transitionType=Default&contextData=(sc.Default)&firstPage=true)

[6150?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/0-635-6150?transitionType=Default&contextData=(sc.Default)&firstPage=true)

UK

Lotteries by type: availability and access requirements

The UK lottery legislation allows for three types of lotteries to be licensed by the Gambling Commission:

- The National Lottery, which is a monopoly run by private enterprise for a limited license period and with strict rules and regulatory oversight (see below)
- Large Society Lotteries, which are designed to raise money for charities and good causes; c. 1,000 of these are currently active
- External Lottery Managers, which is a lottery business which operates on behalf of charities which themselves do not wish to be licence; there are 64 of these which are currently active

Non-UK businesses can bid for the National Lottery license, but need to do so via a UK-registered company (there are few restrictions on this, with UK company registration being open and simple). Non-UK businesses can also act as External Lottery Managers. External Lottery Managers typically operate lotteries under the brands of the charities they represent, but they can also create their own 'umbrella' brands; there are currently eight 'umbrella' Large Society Lotteries in the UK. All Large Society Lotteries are currently UK-based or have a significant UK presence. We are not aware of any legislation to prevent a non-UK charity from being licensed to raise funds via lottery in the UK, but nor are we aware of any examples of this occurring. The key competitive restriction to Large Society Lotteries and External Lottery Managers is that individual draws cannot exceed €5.5m, maximum prizes cannot exceed 10% of the total (ie, €550,000) and annual sales (ticket sales) per lottery cannot exceed €50m.

Lotteries: size by type

The size of the UK draw-based lottery market (2019) breaks down as:

- National Lottery: €5,180m ticket sales (90% total) total; €2,590m revenue (86%)
- Large Society Lotteries: €115m ticket sales (2% total) total; €80m revenue (3%)
- External Lottery Managers: €430m ticket sales (8% total) total; €320m revenue (11%)

The total UK lottery market is therefore €5,725m ticket sales and €2,990m revenue, which represents €87 ticket sales and €45 revenue per capita.

Revenue splits: rules based or caused by rules

The National Lottery has its ticket sales split set by the licensing process, only tax is set by legislation, which at 12% of ticket sales has some bearing on pricing flexibility. However, this flexibility impact only affects instant games and not regular draw based. The current licence was won on the following split:

- 12% Lottery tax (statutory)
- 5% retailer commissions (for draw based products)
- 5% to the licensee, combined with 1% of prizes over £25 (for draw based products)
- 25% to Good Causes (for draw based products)
- Which leaves 54% for prizes, an internationally competitive rate

Large Society Lotteries are required by law to return more than 20% of ticket sales to good causes. In addition, External Lottery Managers must ensure that costs are 'reasonable and proportionate'.

Revenue splits: commercially or environmentally based

The National Lottery revenue split is driven by a combination of environmental and commercial factors each time the licence is renewed, other than Lottery Tax. In assessing a winning licence bid, the Gambling Commission seeks to maximise the funds raised for Good Causes, which might be different to a higher percentage if the winning bidder can demonstrate that additional flexibility will generate a higher return without impairing customer fairness or causing other socio-regulatory concerns.

While Society Lotteries and External Lottery Managers are required to pay at least 20% of ticket sales to Good Causes, in practice this figure is 44%. For commercial and environmental reasons UK Charity lottery regulation is therefore outperforming its statutory obligations. This is in large part due to the level of control charities have over the process either as licensees or in choosing a Manager.

Good Causes: amounts and distribution requirements

The National Lottery draw game ticket sales attract 25% contribution to Good Causes, which totals €1,200m per annum.

Large Society Lotteries and External Lottery Managers distributed €210m in 2019 based upon a pro-rata assumption of draw based vs. scratch card ticket sales, which is 120% greater than the minimum set by law.

Good Causes: distribution

Good Cause monies collected by the National Lottery Distribution Fund are distributed by twelve approved quasi-government bodies, which are chosen by Parliament. These represent sports (grassroots to elite), heritage, culture and the arts across the regions of the UK (England, Wales, Scotland, Northern Ireland); the sports bodies are among other things responsible for selecting and helping British Olympic athletes. One of the distributors is the 'National Lottery Community Fund', which helps to fund local people-led projects.

Good Causes: selection requirements

There are two broad types of selection operating in the UK for the National Lottery. The majority of funding is tied into organisations that have an existing need for funds and the organisation capacity to distribute them, especially in Sports and the Arts. These organisations have existing criteria for athletes, artists and capital projects which lottery funding helps to support.

As well as funding elite sport and the arts, the approved bodies also fund Community projects. In this context, selection criteria is open access, with charities and other organisations applying for grants, which are assessed by the relevant committees of the approved distribution bodies. The arts also has open access funding possibilities, such as the BFI Audience Fund, which is designed to support inclusivity and diversity in film.

For charities, the key funding requirement is to be a registered UK Charity. All charities are able to either apply for a Large Society Lottery Licence directly, or seek the services of an External Lottery Manager. There are no requirements as to scale or other funding so long as the licensing requirements for running or being part of a Large Society Lottery are met.

Tax: rules, rates and amounts

The National Lottery pays 12% ticket sales in tax, which represents €620m in 2019. The lottery operator also pays a €630,000 licence fee (pro-rata to draw based ticket sales), spread across the term of the licence. This covers the cost of licensing supervision rather than forming a tax as such.

Large Society Lotteries are exempt from tax, but profits from External Lottery Managers are subject to Corporation Tax at the normal rate.

All lotteries are exempt from charging VAT, but VAT is paid on goods and services bought by the lotteries, affecting the cost base.

Environment: background to the status-quo

The National Lottery was established in 1994 as a way to raise money for sport, culture and the arts. Scratch cards were added in 1995. The National Lottery is currently in its third licence phase, which expires in 2023. It has been operated by Camelot since inception (Camelot is now owned by a Canadian investor: the Ontario Teachers' Pension Plan). The National Lottery has grown revenue at an average of 1% per annum over the last five years, with revenue falling and then recovering from changes to the draw-based game format.

The legislation for Large Society Lotteries and External Lottery Managers was codified in the 2005 Gambling Act. Prior to this they were allowed on a similar regime under the 1976 Lotteries Act. The limits set on Society Lotteries are the subject of infrequent government review to keep them up to date. The reviews invariably moderately increase thresholds and limits. The last review was in 2019. Large Society Lottery Revenue has grown by an average of 13% per annum over the last five years.

Both regimes have demonstrated high levels of stability.

Environment: proposed changes to the status-quo

The National Lottery will have the minimum age for play increased from 16 to 18 to bring it in line with other UK gambling products in October 2021.

Environment: potential changes to the status-quo

The winning bidder of the Fourth National Lottery Licence is likely to bring in significant changes, although the nature of these changes is not yet visible as bids are being finalised (and are commercially highly sensitive).

Camelot has occasionally tried to get the regulatory framework of Large Society Lotteries further restricted in order to reduce competition, especially from the 'umbrella' lottery brands mentioned (such as the Health Lottery). So far, the amount raised for good causes raised by Large Society Lotteries and External Lottery Managers has protected them from material adverse changes to legislation or regulation.

It should be noted that betting on lotteries is not illegal in the UK and can be offered through a Gambling Commission betting licence. However, activity is currently small (less than 1% of the total market). However, it is illegal to bet on National Lottery games.

Sources and further reading

2019 Health Survey

<https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-participation-in-2019-behaviour-awareness-and-attitudes.pdf>

GB Industry Statistics

<https://beta.gamblingcommission.gov.uk/statistics-and-research/publication/industry-statistics-november-2020>

Camelot Annual Report

<http://www.camelotgroup.co.uk/about-us/reporting>

3rd licence fee cost

https://www.legislation.gov.uk/uksi/2010/17/pdfs/uksiem_20100017_en.pdf

Society Lottery data

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/817544/Response_to_Consultation_on_

Disclaimer

While every effort has been made to ensure the accuracy of the data presented, the opaque and disjointed nature of some sources means that some assumptions have been made and some errors may be present. The information provided represents the opinions of the authors. Any assessment of trends or change is necessarily subjective. The information and opinions provided are not intended to provide legal, accounting, or investment advice, nor should they be used as a forecast. Regulus Partners may act, or has acted, for any of the companies and other stakeholders mentioned in this report