



7th December 2023

Ref. No. Fi2023/02665 – Increased Gambling Tax

To whom it may concern

Dear Sir / Madam

This opinion is being presented by the 888 William Hill Group of Companies following the Government-proposed GGR tax hike in Sweden from 18% to 22%, which increase is intended to be introduced next year. As a gaming Group that has an established gambling business in different regulated markets, including Sweden, and that has been a pioneer in the industry for many years, we have assessed the different arguments given by both fronts, namely, those that are in agreement with this tax increase and those that fervently oppose it.

As much as we feel that the theories presented by those that are in favour of a fiscal surge may be plausible under certain circumstances, we however believe that the views against this increase are better founded in practice, since they are based on the convictions of those that have been working towards a sustainable future of the regulated gambling market in Sweden. One must in fact keep in mind that the gambling industry doesn't operate on a free market balance of supply and demand. In reality, the two main pivotal elements that can make or break a particular market are regulation and taxation. Both of these elements may easily distort competition and consequently this would result in having less Operators investing in markets that have strict regulatory limitations and higher tax rates.

A case in point on the industry's sustainability is the fact that the Government's proposal seems to be based on a precautionary measure to foster the growth of the market. We feel that a 4% spike on GGR would actually provide an opposite result, in that players would be incentivised to look at what is offered outside of the restrictive licensed sphere. It is good to point out that higher tax rates in the gambling industry generally result in a small amount of licensed Operators that would mainly cater for a narrow base of consumers, on the contrary, low tax rates give Operators the flexibility to grow their player base, and consequently create broader benefits to the industry and its consumers.

Truth be told, the free-for-all "black market" has the luxury of providing its players with less restrictive game-play, as well as provide offers which incentivise players to play more in the hope and expectancy to earn and win more. All of this takes place without any checks or restrictions, within a lawless environment, and to the ultimate detriment of players' safety, to the loss of the licensed Operators' businesses, to the defeat of the State's aim of having a gambling industry that is safe and run in a controlled environment, and to the damage of the industry as a whole.



For these reasons, as a Group, we feel that this tax proposal will mainly result in bolstering Government revenues, rather than foster the growth of the market. In fact it is safe to say that taxes are effective in raising revenue as long as they do not shrink the size of the market. If the Government's aim is increased investment within the industry in Sweden, the tax rates should be lowered rather than increased, thereby encouraging further investment by licensed Operators in their respective businesses. This will in turn incentivise Operators to invest more into public policy missions such as player safety including automated monitoring for early problem gambling detection and anti-money laundering tools.

Gambling Operators in any given market have to face a number of difficulties when assessing both entering or remaining in that particular market. These dilemmas are the result of both market and regulatory pressures, and an Operator has to first consider the following factors when assessing as to whether it is worth continuing a business in any given jurisdiction:

- Rate of financial returns;
- Competitive pressures from within the market;
- Regulatory and fiscal stability;

It would be mindful to note that the outcomes of the licensed gambling industry in Sweden have in fact not yet stabilised after 5 years of functioning under a regulated regime. This can also be attested from the channelisation rate that is still experiencing a yo-yo effect. With this in mind, a tax increase starting as of next year, will most likely have serious negative repercussions on an already vulnerable market.

As an Operator that is constantly striving to abide by regulation and the Authority's dictates, we also therefore have to keep up our guard for daily underhand dealings by rogue Operators. Any new constraint that is imposed on a licensee (such as an increase in the gross gaming revenue tax rate), worsens these business struggles, and consequently disincentivises licensed Operators like us from making every effort to forward our business in any given particular market – in this case, Sweden. We feel that tax rates can either severely limit the growth of a gaming market, or, when well planned, they allow the industry to flourish. We believe that keeping the tax rate low would contribute to the economic growth and prolongate the gaming industry in Sweden, whilst a high rate may result in an accumulation of negative influences, such as an upsurge in problem gambling, that would in turn create a much bigger problem for the community's welfare and the State as a whole.

Sincerely

888 Holdings Plc.