



# WEEK 17

## FRIDAY 30 APR 2021

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### EXCLUSIVE: SWEDISH GAMBLING AUTHORITY DEFENDS CASINO COSMOPOL RULINGS



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## THIS WEEK

- Evolution, Kambi, Betsson, Kindred report Q1 figures
- UEFA investigates Zlatan
- Q1 momentum for 888
  - New Tabcorp offer from Entain

### GUEST COLUMNIST:

- Liam Mulvaney, commercial director, Gamingtec

# WEEK 17

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### EXCLUSIVE: SWEDISH GAMBLING AUTHORITY DEFENDS CASINO COSMOPOL RULINGS ▼



### See Also Page 3 ▼

Florida Governor Ron DeSantis, Seminole Tribe sign sports betting deal



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The Swedish regulator has provided an exclusive response to *Gambling Insider*, after it was challenged for giving Casino Cosmopol special treatment. Regulatory stand-offs in Sweden don't appear to be on the wane any time soon

▶ In a recent article previewing his upcoming *Gambling Insider* magazine column, secretary general of Swedish trade association for online gambling, Branschföreningen för Onlinespel (BOS), Gustaf Hoffstedt, asked whether the Swedish state is giving preferential treatment to Government-owned Casino Cosmopol.

Discussing a case where the operator was granted a full five-year Swedish licence despite previous anti-money laundering failings, Hoffstedt wrote: "This story has reignited a question that is always smouldering in the Swedish gaming market: Does the Swedish state treat its own gaming company differently from other players in the market?"

But speaking exclusively to *Gambling Insider*, Anders Sims, head of communications at Swedish regulator Spelinspektionen (the Swedish Gambling Authority/SGA), denied the claim. In the first instance, the SGA believes media coverage within Sweden has been one sided on the matter.

"As we see it, we couldn't get through with our best arguments, although we provided the journalist at *Svenska Dagbladet* with a lot of information," Sims explained. "We got the feeling there was no interest from the newspaper in presenting a more balanced picture. It was as though their mind was already made up: the state's authority isn't capable of controlling the state-owned casino."

The SGA further clarified it does not deem it fair to "double punish" licence holders and, as such, believes Casino Cosmopol should not have its licence restricted or denied.

This is because the brand has already been penalised for anti-money laundering failings. The issue was a key point initially brought up by Hoffstedt.

"One of the things we tried to explain to the journalist is the relationship between issuing sanctions and licences, which is addressed in your article by Gustaf Hoffstedt," Sims continued.

"A sanction issued by us in the current licence period does not affect our assessment when the licence is to be renewed. In that process we mainly look at the economic circumstances. We do not double punish licence holders. The sanctions and the licence renewal are two separate things. And that goes for all licence holders.

"We have also had operators holding an online casino licence that have received a five-year licence despite having received a sanction in the previous licence period, without being preceded by a follow-up on the violation. In the Casino Cosmopol case, however, we have done a follow-up, but not on site; which partly can be explained by the fact casinos have been closed for about a year."

In its conclusion, the SGA is unequivocal that it does not treat Casino Cosmopol differently from the rest of the market. According to the regulator, punishing the operator

**"So if the question asked in the article, 'Does the Swedish state treat its own gaming company differently from other players in the market?' shall be answered based on the facts we have on the table, the answer is no"**

further would in fact constitute the opposite, as it would be sanctioned to a greater extent than anyone else in the sector.

Sims added: "So if the question asked in the article, 'Does the Swedish state treat its own gaming company differently from other players in the market?' shall be answered based on the facts we have on the table, the answer is no.

"Finally, we have never had a case where an operator has received a shorter licence period twice due to the same violation. That would be to treat Casino Cosmopol differently from other players in the market. But that is what BOS is asking for, as I understand the article."

**GI Verdict:** With operators constantly calling for a greater dialogue with the regulator in Sweden, it's fantastic to see the SGA reaching out and getting its view across through *Gambling Insider*. Hoffstedt, too, has welcomed the response – encouraging open and honest debate.

At risk of sitting on the fence, in a market where both private and public companies are competing for a similar pool of customers, issues like this are inevitable. In his extended article for *Gambling Insider* magazine, Hoffstedt also points to other examples where he feels Casino Cosmopol gets away with more than a private firm operator would. The SGA, however, clearly feels greater scrutiny for one party would not be in the interest of fairness across the wider market.

This week, a further punishment was confirmed by the regulator, as LeoVegas was warned and hit with a sanction fee of SEK 2m (\$240,000).

According to the regulator, LeoVegas is considered to have breached customer due diligence routines with Swedish customers during the first year the Swedish market was regulated in 2019. But LeoVegas intends to appeal and has also stated its hope the courts can provide operators with more guidance on how current regulation is being interpreted.

So once again, we can see the SGA's relatively hard line is being challenged from all angles, whether it's accusations of preferential treatment or a regular questioning of individual decisions. So far, though, the regulator is holding its ground.

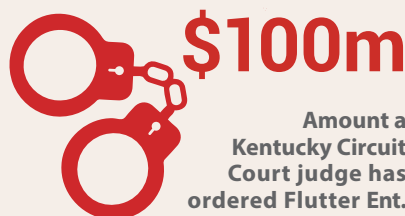


# THIS WEEK IN NUMBERS

## £3.7bn



Super Group, the parent company of online operator Betway, is closing in on a deal to go public at a valuation of around \$5.1bn



## \$100m

Amount a Kentucky Circuit Court judge has ordered Flutter Ent. to pay in bonds due to its ownership of PokerStars

## 70%



Of European land-based casinos are still closed, according to data released by the European Casino Association. They were closed for an average of 136 days in 2020

## 50% capacity



New York casinos will see capacity increase from 25% starting May 15, according to new orders from Governor Andrew Cuomo

## \$20.4m



March revenue for Colorado sportsbooks, as they took in more than \$300m in wagers thanks to March Madness

## FLORIDA GOVERNOR RON DESANTIS, SEMINOLE TRIBE SIGN SPORTS BETTING DEAL

Florida Governor Ron DeSantis and the Seminole Tribe have agreed to a new gaming compact that would bring online sports betting to the country's third-most populous state.

The compact now heads to the state legislature. If passed, it would also need approval from the federal government.

The 30-year gaming compact between Florida and the Seminole would allow the tribe to offer online sports betting and expand existing casinos with craps and roulette. Online sports betting would operate in partnership with Florida's pari-mutuel facilities, including horse tracks and jai alai locations.

"The Seminole Tribe of Florida is committed to a mutually beneficial gaming compact with the State of Florida and looks forward to its approval by the Florida Legislature, the Seminole Tribal Council and the US Department of the Interior," Seminole Tribe chairman Marcellus Osceola Jr. said in a statement.

Florida Senate president Wilton Simpson said in a memo that the compact would create a \$2.5bn revenue-sharing guarantee in the first five years, with \$6bn in new revenues for Florida through 2030.

"By comprehensively addressing issues raised for almost a decade, the 2021 compact will maximise revenues for the state and provide new opportunities for both the Tribe and Florida's pari-mutuel businesses by updating Florida law to better reflect the current gaming climate," Simpson said in the memo.

The Seminole Tribe has previously held an adversarial attitude toward revenue sharing with the state. In 2019 the tribe withheld \$350m, claiming Florida allowed privately held casinos to violate

the Seminole's exclusivity on designated player card games.

Though Seminole and DeSantis are on better terms, the two sides must now wait to see if the state legislature indeed passes the revised compact.

The *Sun Sentinel*

reports that anti-gambling activists will point to Amendment

3 passed by voters in 2018, a citizens' initiative requiring 60% voter approval is "the exclusive method of authorising casino gambling" in the state.

Proponents of the compact argue its language allows the legislature to legalise sports wagering.

**GI Verdict:** The phrases "speed bump" and "uncertainty" have been commonplace in stories surrounding the future of Florida sports betting since this initial news broke. And there are two equally important facets at play here: on the one hand, this agreement is absolutely massive news for Florida; on the other, there's a long way to go until legal sports wagers can actually be placed in the Sunshine State.

Of particular note in Florida is the opposition to legalised gambling by Disney, owner of the state's Walt Disney World Resort. But it is a strange situation given Disney may still own a stake in DraftKings, as well owning ESPN, which now regularly broadcasts sports betting content.

Much like in New York, though, sports betting (and eventually mobile sports betting) are inevitable. With a population just short of 21.5 million, Florida is simply too big a market for sports wagering to miss out on.

Expect bumps in the road still but, ultimately, expect a resolution that creates one of the US' strongest sports betting markets.



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## \$16.1m

March revenue for Tennessee sportsbooks, with \$206m in handle for the month

## 5



Year-plan for a organisational strategy that UK-based charity GambleAware hopes can stop people from suffering gambling-related harm

## 66% rise



Gaming Realms 2020 revenue increased year-on-year to £11.4m (\$15.8m) for 2020

## Q1 ROUND-UP: EVOLUTION, KAMBI, BETSSON, KINDRED

Industry giant Evolution's operating revenue shot up by 105% for Q1 2021 to €235.8m (\$284.7m) from the €115.1m gained in the first quarter of 2020.

The supplier's operating profit for Q1 this year increased 148% year-on-year to €141.6m.

EBITDA also rose to €160.1m, a 150% year-on-year rise; 2021's EBITDA corresponded to a margin of 68%.

Profit for the first quarter reached €132m, up from Q1 2020's profit of €54.2m. Elsewhere, supplier Kambi increased its Q1 revenue by 55% to €43.2m (\$52.2m), up from Q1 2020's €27.9m.

For Q1 last year, Kambi reported a profit of €4.8m; this year, however, profit after tax climbed to €15.1m and earnings per share were also up to €0.487.

Operating profit (EBIT) increased year-on-year by 173% to €18.7m and at a margin of 43%, while cash flow from operating and investing activities amounted to €16.5m for the first quarter of 2021.

Meanwhile, operator Betsson Group has reported Q1 group revenue of SEK 1.59bn (\$190.2m), a 12% increase from the previous year's SEK 1.41bn.

Casino revenue also increased by 16%, while sportsbook revenue went up by 2% with a sportsbook margin of 7.2%.

Finally, Kindred Group generated gross winnings revenue of £352.6m (\$489.2m), a 41% increase from last year's Q1 revenue of £249.7m.

Underlying EBITDA and EBITDA also increased year-on-year, reaching £98m and £97.6m respectively.

Profit had the most significant increase for the company: in 2021 profit before tax was £85.3m and after tax it was £72.6m. To compare, the year before these figures only reached £2.4m and £1m respectively.

The growth in figures came as online gaming soared during the pandemic; indeed, this year Kindred reached a record high of 1.8 million active customers among its brands.



## THE WEEK IN QUOTES

*"We are excited to offer our state-of-the-art sportsbook app and market-leading promotions in Indiana, Pennsylvania and Colorado a week before our biggest event of the year, the Kentucky Derby. Because we are backed by Churchill Downs, we can leverage nearly 150 years of wagering history to offer the best sports betting experience."*

**TwinSpires president Ian Williams after Churchill Downs Incorporated launched online sports betting in Indiana, Pennsylvania and Colorado**

*"That fine reflects the seriousness of this matter, and the fact that Crown's failure to implement a robust process occurred over an extended period."*

**Ross Kennedy, chairman of the Victorian Commission for Gambling and Liquor Regulation, after the body fined Crown Melbourne AUS\$1m for failing to comply with regulatory requirements in relation to junket operations**

## UEFA INVESTIGATES ZLATAN IBRAHIMOVIC'S INVOLVEMENT IN BETHARD

Earlier this month, news broke that Swedish and AC Milan footballer Zlatan Ibrahimović could face a three-year ban from football due to his stake in operator Bethard.

Ibrahimović owns a Swedish company called Unknown AB, which holds 10% of the shares in the Maltese gambling brand and he has been the brand's ambassador and co-owner since 2018.

Under FIFA regulations, footballers cannot have any financial ties with gambling companies, hence Ibrahimović's indirect involvement with Bethard could land him in hot water.

The story originally broke from Swedish paper Aftonbladet, which speculated that he could receive a three-year ban and a fine worth millions; with UEFA now actively pursuing the case, this could become a reality.

A statement from UEFA said: "In accordance with Article 31 (4) of the UEFA Disciplinary Regulations, a UEFA ethics and disciplinary inspector has

today been appointed to conduct a disciplinary investigation regarding a potential violation of the UEFA disciplinary regulations by Mr Zlatan Ibrahimović for having an alleged financial interest in a betting company."

If found guilty, the player would be in violation of Article 12 (2) of the UEFA Disciplinary Regulations and a lengthy ban could be career-ending for the 39-year-old footballer.

With the investigation still premature, UEFA has said once it gathers more information on the matter, it will be made available to the public.

**GI Verdict:** This is perhaps the most high-profile football and betting case in recent times, given the inimitable Zlatan's fame and reputation. A three-year ban would effectively bring his playing career to an end. But considering he has recently signed a one-year contract extension at current club AC Milan, he clearly has no intention of retiring.

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**New York Governor Andrew Cuomo on the news casinos across the state will expand to 50% capacity on 15 May**

*“At Allwyn, as part of Sazka Group, we make lotteries better so that they can serve as a force for good. With innovative partners like Vodafone, an experienced steward in Sazka Group, and an impressive advisory board that includes Justin King and Brent Hoberman, Allwyn is building an exciting and credible future proposition for the UK market.”*

**Allwyn bid chair Sir Keith Mills, after the group selected Vodafone as connectivity partner for its bid for the UK National Lottery licence**

## 888 HOLDINGS REPORTS STRONG MOMENTUM

888 Holdings has reported year-on-year revenue growth of 56%, to \$272.5m, for the first quarter of 2021.

Growth in regulated markets contributed to 76% of its revenue, as the operator successfully deployed its in-house sports betting platform.

888 reported more players across its platforms as first-time depositors (FTDs) went up by 27% and there was an 18% increase in funded active players.

B2C revenue had a similar increase of 57% to \$262.8m as casino grew by 68%, sport by 53% and poker 10%.

The operator's B2B division grew by 20% to \$9.7m, with bingo and US operations spearheading this rise.

Itai Pazner, 888 CEO, said: “The strong momentum in 2020 has continued into the first quarter of 2021, with a new all-time-high for FTDs and revenues, although year-on-year trends were partly inflated by the disruption to sporting events at the end of the prior year period, and increased demand for digital

entertainment during this period across our main markets.

“We are particularly pleased with the strong performance of our new proprietary 888sport platform, which is already servicing the majority of bets while maintaining strong customer service levels and highly effective risk management and trading.”

Pazner added that 888 hopes to expand in the US and roll out sports betting in different states, as well as launch its upgraded poker platform in further states in collaboration with Caesars Entertainment.

**GI Verdict:** If there were ever any misconception that online gambling would fall during the Covid-19 pandemic, just look at the Q1 results of 2021 for suppliers and operators.

Q1 2021 is a direct year-on-year comparison of a pandemic quarter and a pre-pandemic quarter – and just look how many yearly rises above 40% we are seeing for the biggest firms in the industry.



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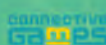
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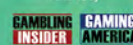
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**Tabcorp Holdings**  
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**Evolution**  
1,679 SEK 16%

**Kambi**  
441.60 SEK 9%

**Kindred Group**  
152.85 SEK 2%

## ENTAIN MAKES NEW AND IMPROVED US\$2.7BN TABCORP OFFER

Tabcorp has received an improved offer from operator Entain for its Wagering & Media arm, worth AU\$3.5bn (US\$2.7bn).

The latest bid is a significant increase from the original Entain offer in early February of AU\$3bn, which was formally rejected last month. The Australian firm also rejected a similar offer from another party, stating that the proposals did not “adequately value Tabcorp’s Wagering & Media business.”

Last month also saw Tabcorp announce a strategic review to “assess and evaluate all structural and ownership options,” with that review to assist the company’s board in making a decision on the latest Entain offer.

“The Tabcorp board has not yet formed a view on the merits of the revised proposal and will assess it in the context of the previously announced strategic review,” a statement from Tabcorp read.

“As stated, the objective of the strategic review is to assess and evaluate all

structural and ownership options to maximise the value of Tabcorp’s businesses for the benefit of shareholders.”

Tabcorp’s Wagering & Media division holds around 43% market share within Australia’s horse racing and sports betting market. Entain would immediately become the largest player in the market should it succeed with the improved proposal.

**GI Verdict:** It wouldn’t be an issue of *GI Friday* without some mention of Entain and its M&A activity. Since it turned down MGM Resorts International’s takeover offer earlier this year, this is the second major acquisition Entain is looking to embark upon following that of Enlabs.

The operator’s mantra has always been M&A first, and that looks as though it may never change, with the need to consolidate arguably even greater now given so many of the major brands fall under the rival Flutter Entertainment umbrella.

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## NEVADA MARCH REVENUE

Nevada generated gaming revenue of \$1.067bn for March, the most of any month since February 2013 – a remarkable feat given the current pandemic situation.

That was up 4.30% over the same month in 2019 despite 40% less visitation and 50% casino capacity restrictions. Revenue was up 72.66% over last year.

Las Vegas Strip was down 9.15% to \$501.455m from 2019 but rose 67.21% over last year. Those results came as baccarat hold of 20.17% far exceeded last year's 12.07% and 2019's 10.92%.

However, baccarat drop remains weak, down 5% from last year.

The Las Vegas locals market continued strong, rising 23.07% over March 2019. Downtown Las Vegas also had a good month up 21.01% over 2019. Reno similarly rose, moving 18.13%.

March visitation was the highest for Las Vegas since last February at 2.230m but was 39.7% below 2019.

Hotel occupancy was 55.5%, up 13.5% points from February. Weekend occupancy was 77.7%, up 14.9 points.

ALL-SOURCES REVENUE	REVENUE (M)	PERCENT CHANGE	
		2021	2020
Blackjack	\$419.431	\$202.137	+107.50
Baccarat	\$334.968	\$351.823	-4.79
Total Games	\$1.402B	\$785.502	+78.53
Total Slots	\$3.481B	\$1.574	+121.09

ALL-SOURCES REVENUE	REVENUE (M)	PERCENT CHANGE	
		2019	2020
Nevada	\$1.067 billion	+4.30	+72.66
Las Vegas Strip	\$501.455	-9.15	+67.21
Clark County	\$893.237	+1.18	+63.44
Downtown LV	\$70.988	+21.01	+63.39
North LV	\$26.315	+1.66	+17.03
Laughlin	\$47.750	-3.72	+55.80
Boulder Strip	\$96.557	+37.22	+34.73
Mesquite	\$16.542	+16.38	+145.94
Balance of County	\$133.629	+19.13	+86.47
Las Vegas Locals Market	\$256.502	+23.07	+54.69
Washoe County	\$83.122	+18.99	+152.55
Reno	\$59.022	+18.13	+163.72
Sparks	\$14.800	+18.56	+137.29
North Lake Tahoe	\$2.032	-2.53	+176.18
Balance of County	\$7.268	+36.51	+104.16
South Lake Tahoe	\$24.088	+51.37	+166.06
Elko County	\$34.017	+13.33	+130.87
Wendover	\$22.748	+10.49	+168.60
Balance of County	\$11.268	+19.54	+79.85
Carson Valley Area	\$11.977	+30.56	+130.31
Other Areas	\$20.539	+35.37	+115.29

NEVADA	REVENUE (M)	% CHANGE	WIN PERCENTAGE	
			2021	2020
Race Book	\$2.706	+106.41	16.72	16.34
Sports Book	\$39.344	+2,605.91	6.14	1.03
Sports Book Handle	\$640.78	N/A	N/A	N/A

ALL-SOURCES REVENUE	REVENUE (M)	% CHANGE	WIN PERCENTAGE	
			2021	2020
Blackjack	\$46.431	+41.44	11.07	16.24
Baccarat	\$67.563	+59.10	20.17	12.07
Total Games	\$208.389	+81.33	14.86	14.63
Total Slots	\$293.067	+58.44	8.42	11.75

## GUEST COLUMNIST



**LIAM MULVANEY**  
COMMERCIAL  
DIRECTOR,  
GAMINGTEC

*The unintended consequence of over-regulation? Mulvaney says strict local regulations are making grey markets far more attractive for suppliers*

I just want to start by saying I am in no way against regulation and licensing.

It is imperative that clear standards are set and met by both operators and suppliers to ensure players are properly protected at all times.

Global licensing jurisdictions such as the Malta Gaming Authority (MGA) and the Isle of Man Gambling Supervision Commission have emerged as leaders in this regard, with the operators and suppliers that hold their licences among the most trusted and reputable.

The problem for these organisations is that they also have to meet local licensing requirements in a growing number of markets including the UK and, most recently, Germany. This double layer is making it increasingly difficult for businesses to survive, let alone thrive.

For example, the MGA sets requirements when it comes to RTP and spin speed, but the Gambling Commission now requires suppliers to meet different standards, including a three-second minimum spin speed and no autoplay. Then, in Germany you have stake limits in place on top of spin speeds and of course heavy taxation considerations.

The unintended but inevitable consequence of this is that operators and suppliers are turning their backs on these global and local regulated markets. Just look at how many operator brands have withdrawn from the UK over the past 18 months. Others are entering unregulated markets where the going is a little easier.

These shifts are player-driven because regulators have, unintentionally it must be assumed, penalised the majority of players to protect the few. It is a necessary precaution perhaps but one which is top heavy, and has led to players seeking

casinos that can offer them bonuses and gaming experiences more aligned to their preferences.

The industry understands why regulators are taking these steps, but it must not be a case of action for the sake of action. Requirements must be researched and considered, and actually improve player protections. At the same time, they must still give operators and suppliers space to grow.

My opinion, and that of many others, is that it is action for the sake of action and ultimately this has had a detrimental impact on game development, and other service providers in the UK market. Instead of developers being creative and innovative, they are instead having to curb creativity to align with the apparent whims of regulators.

This in turn is impacting the commercial viability of studios (especially smaller ones), which is why some are shifting focus away from regulated markets; and instead are developing titles for operators targeting emerging jurisdictions where there is more freedom to be creative and innovative.

There is growing appetite for these games – even among operators that target locally regulated markets. This is because tight regulation squeezes margins, and operators have to look to other markets to offset this if they are to continue to grow.

And just because an operator or supplier chooses to work in an unregulated market, it does not mean they are not achieving gold standards when it comes to responsible gambling and safe gaming – by holding a global licence from a jurisdiction such as the MGA, they are.

Operators, game developers and platform providers absolutely do not want to engage underage players or encourage players to gamble irresponsibly – not only from a moral perspective but a commercial one. Healthy players are happy players that will remain engaged with your brand and games. Why would the industry risk burning out its player base? It would be commercial suicide.

It is in everyone's best interest to run online casinos, and design and develop games that deliver entertainment and fun but within a safe and secure environment. I believe global licences allow for this, without the need for local regulators to tighten things further.

Local regulation seems to be the way the industry is heading but, in the meantime, I think we will see more game and platform providers grow in grey markets where they are free to do what they do best while still making sure players are protected.

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