

# New Perspective

## Slovenia

With a sports betting and lottery monopoly, limited slot market, and little to no online regulated gambling sector, Slovenia is awaiting changes to its Gambling Act which is set to liberalise the market and create a more level playing field.

Slovenia has been in the process of updating its Gaming Act since 2014. The changes, when introduced, will open up the market to international operators and ensure compliance with EU legislation.

The last attempt to amend the act was in 2018 but this proved unsuccessful and the new draft law was introduced in September last year and approved by the National Assembly during a second reading in February and a third reading at the end of March.

Under the current Gaming Act only a Slovenian registered company in which the majority shareholder is based in Slovenia, municipalities, or a state-owned company, can operate via a Special Games of Chance licence in casinos. Private owners may only own 49 per cent of such

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a company. Likewise, only a Slovenian registered company already holding a gambling licence can apply for an online gambling licence, so the current legislation does not allow for online gambling private or foreign investors to operate within Slovenia.

Back in 2012 the EU Commission notified Slovenia that its Gaming Act was in contradiction with EU law and Slovenia prepared a new draft law to open up the market to foreign operators and abolish the strict state ownership requirement. The idea was new online gaming licences would be introduced to open up the market.

This, however, became sidelined and was put on hold until the new government term in 2018 where it proved unsuccessful.





Then in late 2021 the amendments were submitted in parliament. However, in March, four opposition parties, which made up the coalition Koalicija Ustavnega Loka (KUL), filed a proposal in parliament to initiate a referendum as to whether the National Assembly should pass the changes. This move prevented the National Assembly from discussing the bill at a third reading on March 23.

The parties argued that the new bill is “dangerous” as it opens the door to privatisation of the largest gaming company HIT and poses risks for gambling addiction issues and aggressive advertising.

The four parties – Levica (The Left), Lista Marjana Sarca (LMS), Alenka Bratusek party (SAB) and the Social Democrats (SD) – called for

a referendum saying the changes will only serve “harmful partial interests.”

Meanwhile parliamentary elections in Slovenia were held a month later, in April and this could now possibly hinder or delay the proposed changes due to the political changes now in place.

Prime Minister Janez Jansa’s Democratic Party was defeated in the elections by environmentalists’ Freedom Movement (GS) party.

Jansa is known for his extremist views and has been labelled a right-wing hardliner. He was selected as Prime Minister designate in March 2020 following the resignation of Prime Minister at the time, Marjan Sarec.

The Freedom Movement is led by Robert Golob who is promising to build a ‘free and open society.’ He was previously Secretary of State in the Ministry of Economic Affairs and later left politics and founded his own company in the energy sector. Early this year he took over the leadership of an ecologist party created in 2021 and renamed it the Freedom Movement. He is now expected to form a new government by early June and it is thought he will approach the Social Democrats to form his government and may expand the coalition to the left.

### THE GAMING ACT

The main aim of the amendments to the Gaming Act is to:

- Set up a legal framework to transparently



### Essential information and facts about Slovenia:

|                           |   |
|---------------------------|---|
| <b>Capital</b>            | Ljubljana   |
| <b>Total Area</b>         | 20,273sq.km   |
| <b>Population</b>         | 2.1 million   |
| <b>Median age</b>         | 44.9 years  |
| <b>Religion</b>           | Catholic (58%), Muslim, Orthodox, Christian Slovene (83%), Serb, Croat, Bosniak.                                  |
| <b>Ethnic Groups</b>      | Slovene (official), Croatian, Serbo-Croatian  |
| <b>Languages</b>          | Slovene (official), Croatian, Serbo-Croatian  |
| <b>Currency</b>           | Euro  |
| <b>Government type</b>    | Parliamentary Republic  |
| <b>Chief of State</b>     | President Borut Pahor (since 2012)  |
| <b>Head of Government</b> | Prime Minister Robert Golob (since April 2022)  |
| <b>Elections</b>          | President elected by majority vote for five year term. Leader of majority party usually nominated Prime Minister. |
| <b>Unemployment</b>       | 4.2 percent (January 2022)  |
| <b>Tourism</b>            | 4 million (2021)  |



*The bill removes the legal restrictions on the status of companies wishing to obtain a concession for Special Games of Chance. This means scrapping most curbs on casino ownership and employee licensing. The new direct share of the Republic of Slovenia owned by the concessionaire may not be less than 25 per cent plus one share in the case of a joint stock company.*

allow concessions to be granted to Special Games of Chance operators based on a public tender. Public tenders will be published at least three times a year and then once this has been implemented the government will award concessions to operators on the basis of criteria set out in the Gaming Act.

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- The minimum concession rate for Classic Games of Chance and other types of Special Games of Chance in casinos will be five per cent of the base and 20 per cent for halls.

- The minimum amount of share capital for Special Games of Chance will be increased. At the moment the rate is €416,000 for a casino

concession which will be increased to €500,000 and from €208,000 to €250,000 for gaming hall concessions.

- The number of slot machines in gaming halls will be increased. Currently the rate is at least 50 slots per gaming hall and this is expected to be increased to 100 minimum.
- There will be a removal of various administrative barriers and licences for work within the area of Special Games of Chance.
- An initiative to re-define the tasks undertaken by the supervisory board and harmonise penal provisions in terms of higher fines for medium to larger companies.

According to the proposed document:

"The basic goal of the bill is to establish a legal framework that will enable the granting of concessions for the organisation of Special Games of Chance in a transparent manner, on the basis of a public tender.

"In accordance with the bill, the government of Slovenia will conduct a public tender at least

three times a year for the award and extension of concessions for the organisation of Special Games of Chance. During the tender the government will be able to assess the need for new concessions and select the most suitable candidate from among the registered candidates based on the criteria set out in the law.

"By eliminating the requirement that a company wishing to obtain a concession for the organisation of Special Games of Chance be established in Slovenia, the legal regulation of the organisation of games of chance is harmonised with the acquis, taking into account the case law of the European Court of Justice. In connection with this, the status and legal restrictions on the form of the company are removed, and for concessionaires who organise Special Games of Chance in casinos, most of the restrictions related to the ownership of the concessionaire are also removed.

"It is newly determined that the direct share of Slovenia in the ownership of the concessionaire may not be less than 25 per cent plus one share in the case of a joint stock company and may not be less than 51 per cent in the business share of another form of company.







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# Reports

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## SLOVENIA - MARKET REPORT

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"Due to the fact that the law has so far either not prescribed, or has not prescribed the minimum concession fee rates, the minimum concession fee level is set for the permanent organisation of Classic Games of Chance and other types of Special Games of Chance in casinos in the amount of five per cent of the base and for Special Games of Chance in gaming halls the amount of 20 per cent of the base."

Although Slovenia was the last European country to regulate online gambling it is still not fully liberalised. Until 2016 only online lottery (via the monopoly run by the Slovenian National Lottery), online bingo and online sports betting (via a monopoly run by Sportna Loterija) were permitted.

In 2016 online casinos were permitted although, at this present time, the only licensed online casino in Slovenia to be operated is run by Casino Portoroz.

HIT Casinos, for example, operate an online casino for the Italian market via HitStars.it.

The current online gambling legislation is not EU compliant and has been the cause of much controversy behind the scenes. Slovenia players however can access foreign sites and play freely and are not prosecuted or fined.

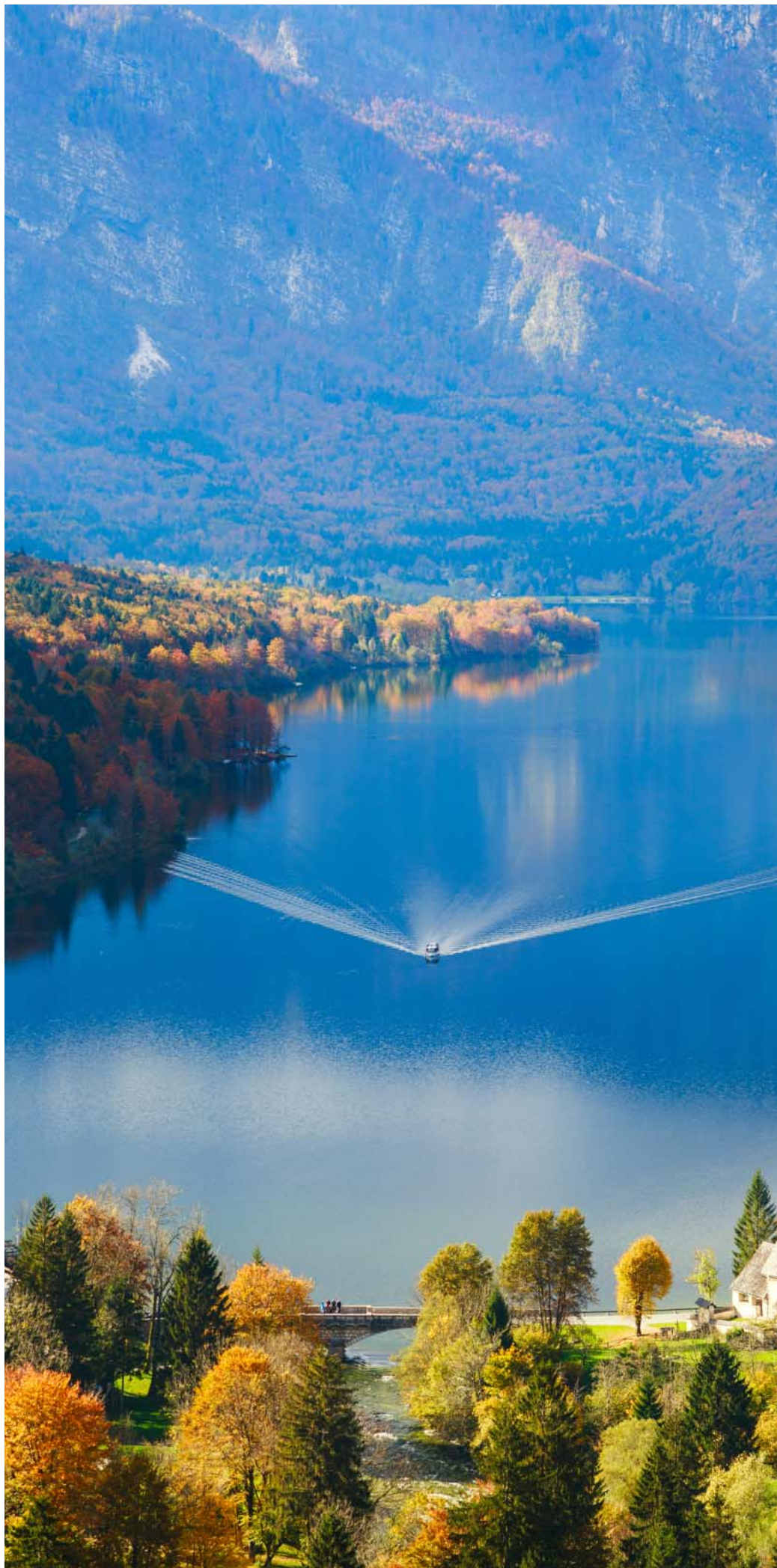
Slovenia has always had a relatively conservative approach around gambling due to the risks associated with gambling. A small, closed, and non-competitive market is often seen as easier to control with less effort required to regulate. However, with many players turning to foreign betting sites, not only is the state losing out on concession fees and gambling taxes, players are also not protected under Slovenian law. In turn the market then becomes more difficult to regulate and control.

It is said that between three and five per cent of Slovenians have gambling issues. The argument for the new amendments would bring more taxes and therefore more funding to help with gambling addiction programmes.

It is estimated that Slovenians spend around €300m on foreign online bookmaker sites compared to €100m spent annually on Slovenian betting sites via Sportna Loterija.

Many major EU and Balkan betting companies are interested in entering the Slovenian market once it is liberalised. With Balkan roots it is thought the Balkan companies may have more appeal to players due to cultural ties and links with the country.

Under the current Gaming Act companies wishing to apply for a concession to operate Special Games of Chance in a casino must be 100 per cent owned by a Slovenian company whilst joint stock companies must meet certain requirements in terms of share capital. The new amendments will remove these restrictions and







open up the market to more foreign investors.

It is anticipated that the changes will see a reduction in the number of gaming halls and an increase in larger scale operations. This ties in with the increase in the number of slots required per gaming hall which would be increased from 50 to 100.

#### GAMBLING BACKGROUND

Gambling in Slovenia has changed just as much as the political landscape. Gambling was at one time seen as a privilege for the upper social classes whilst the lower classes were not even permitted to gamble.

In 1962 a federal law on games of chance was adopted and this regulated lotteries, bingos, sports betting etc. Initially gambling funds helped provide resources for charitable purposes. In the mid 1960s the first legal casino

would bring casino clients across the border and sent a proposal to the government to allow casinos in other cities. This was refused initially and it wasn't until 20 years later in 1984 that Nova Gorica finally secured a gaming licence.

Casinos were at the time highly profitable. They paid only eight per cent tax on GGR prior to 1986 and with casinos in the best tourist locations they attracted wealthy customers and a big inflow of foreign currency.

This enabled the resorts to develop and considerable investments were made in the regions in terms of infrastructure including airports, marinas and golf courses.

By the early 90s when Slovenia achieved independence things began to change. The transition to a new economic and political system affected the Slovenian gaming companies and gaming prohibition for Slovenian

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was opened and amendments were added to the federal act and the Slovenian Gaming Act was introduced in 1965.

Casino Portoroz opened its doors a year before the Act was introduced and it began as a pilot project. At the time only foreign players were allowed to enter the casinos with wagers accepted in foreign currency. The casinos had to be established in major tourist areas and at the time only Portoroz and Bled (which opened in 1965) qualified.

Nova Gorica realised that its proximity to Italy

residents was scrapped and many bars and restaurants began to operate slot machines and gambling began to boom.

The market was largely unsupervised and this led to huge problems and eventually slots were removed from bars and transferred into licensed only gambling halls.

In 1995 the Gaming Act was adopted which divided the market into Special Games of Chance (table games, dice games, slots and bets) and Classic Games of Chance (lotteries, bingo, sports betting, sports pools) which was



*In terms of gambling revenues, total GGR for 2020 was €188.1m – a significant drop due to Covid from €322.2m in 2019. The market share is around 67 per cent for casinos and gaming halls and 33 per cent for lotteries whilst the GGR share between casinos and gaming halls is around 60 per cent casinos and 40 per cent gaming halls.*

permitted by two operators Loterija Slovenije (Lottery of Slovenia) and Sportna Loterija (Sports Lottery).

In 2001, an amendment to the Gaming Act abolished the use of slot machines outside of gaming halls and casinos, whilst in 2003 the number of concessions for casino and gaming halls was limited to 15 for casinos and 45 for gambling halls.

A concession fee is paid for each concession. Licences are issued by the Minister of Finance whilst the Financial Administration (FURS) carries out the supervision of gambling.

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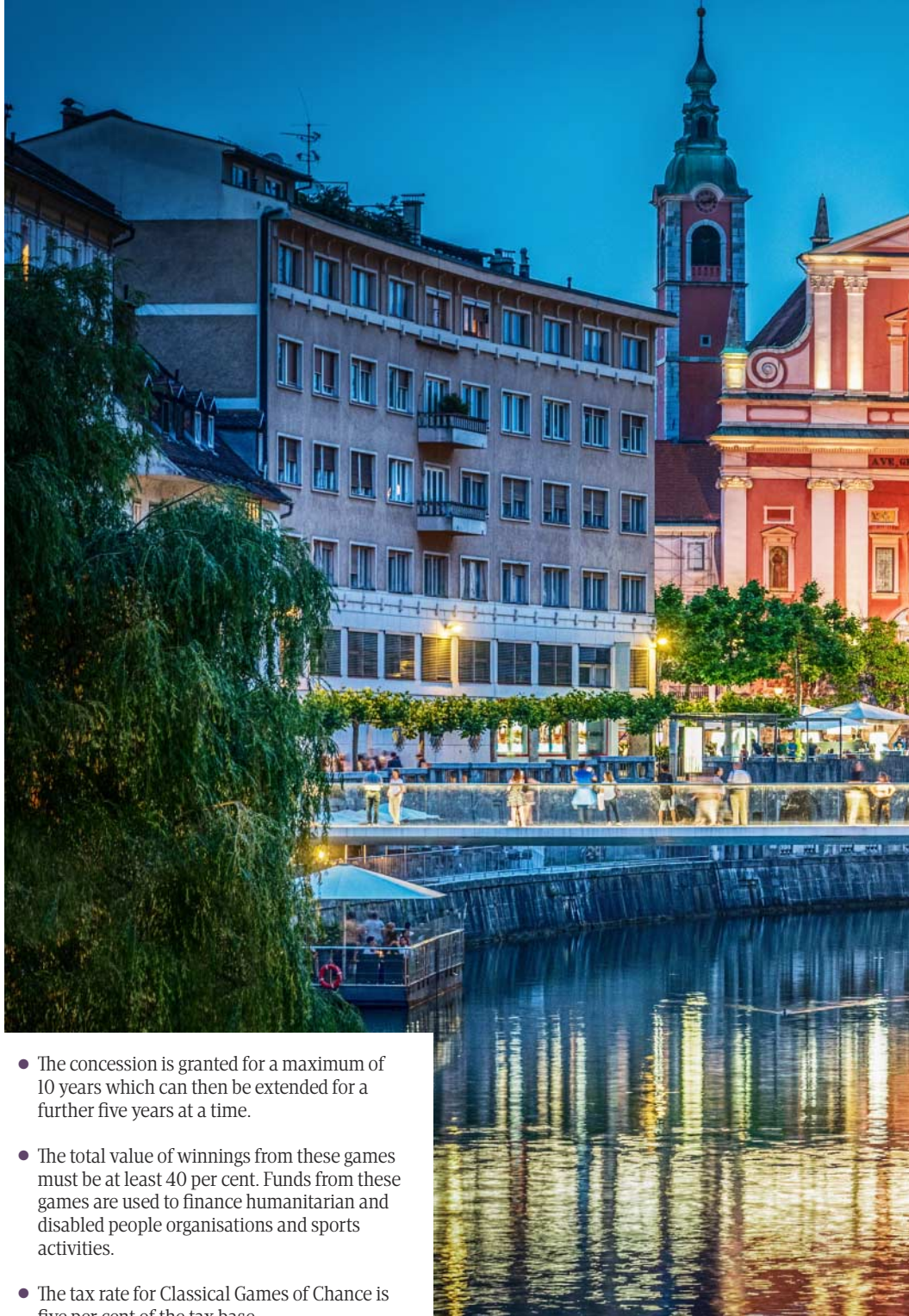
The current Gaming Act includes the following:

- Classical games of chance includes lottery, quiz lotteries, bingo games, lotto games, sport predictions, sport bets, raffles and similar games.
- Minimum amount of share capital for classical gambling operators is €100,000 per concession.

- The concession is granted for a maximum of 10 years which can then be extended for a further five years at a time.
- The total value of winnings from these games must be at least 40 per cent. Funds from these games are used to finance humanitarian and disabled people organisations and sports activities.
- The tax rate for Classical Games of Chance is five per cent of the tax base.
- Special games of chance include all types of casino games (boards, dice, cards, balls etc) and games played on slot machines or other gaming devices.
- Special games of chance can only be operated by joint-stock companies, which are located in the Slovenia on the basis of a concession.
- A concessionaire must have a share capital of at least €416,000 for one casino concession. For every additional concession another €416,000 capital is required. Concessionaires must also pay a security bond of at least 50 per cent of the value of the initial capital although this can be submitted gradually within three years of starting business.
- A maximum of 15 licences will be issued for casino operations
- Gaming Hall concessionaires need a

minimum capital of €208,000 for one concession. Another €208,000 is required for each additional concession.

- A maximum of 45 licences for gaming hall operations. Gaming halls can have a minimum of 50 machines and a maximum of 200 machines.
- A gaming salon can only be located in tourist areas (defined by those with a minimum of 500 beds in accommodation and 40,000 plus overnight stays registered annually), a city municipality with more than 40,000 inhabitants or border municipalities with the likelihood of foreign players visiting.
- The tax rate for Special Games of Chance is 18 per cent of the tax base.
- Only some forms of online gambling are legalised.



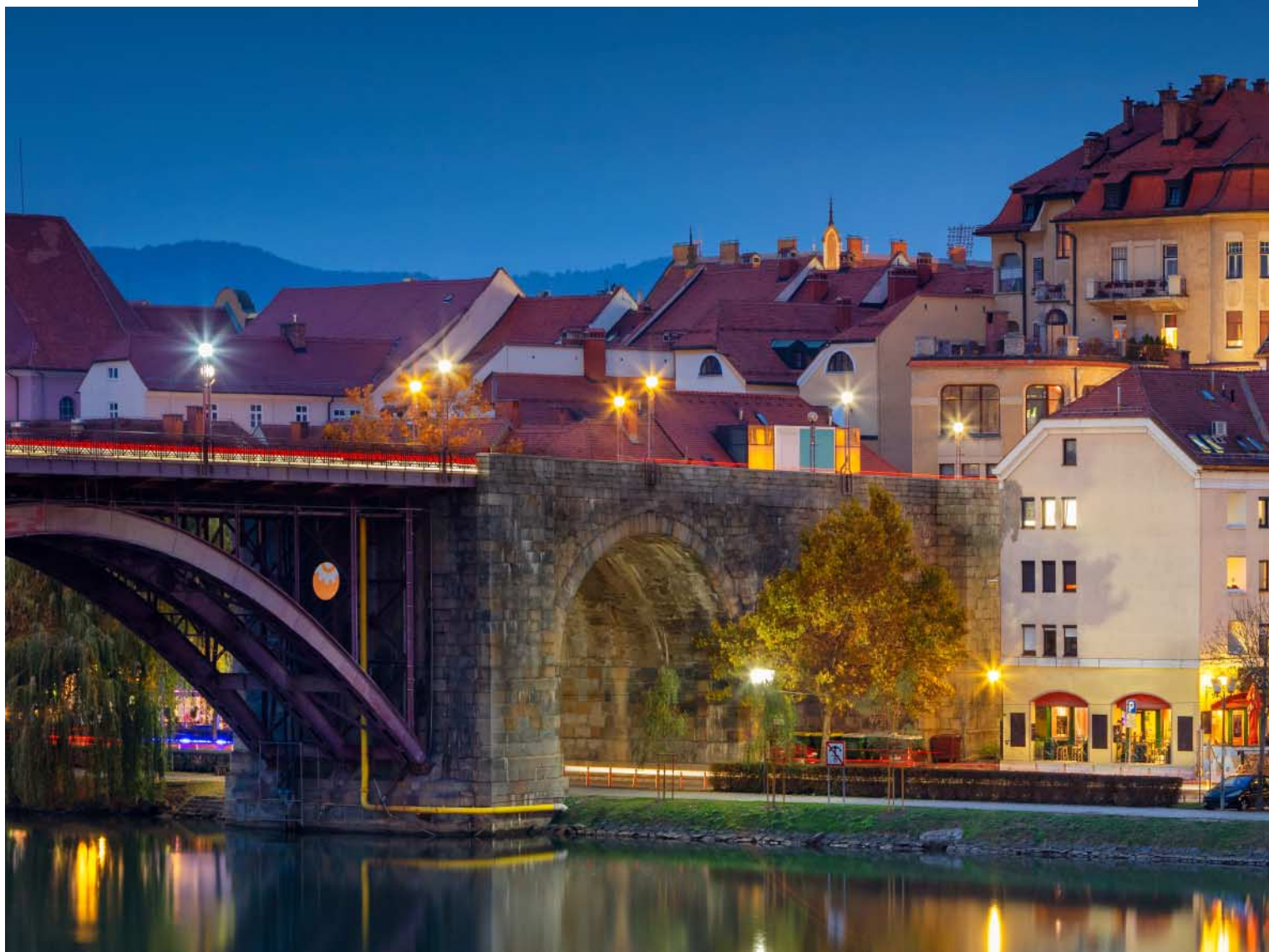




## SLOVENIA GAMBLING DATA

| GGR             | 2020    | 2019      | 2018      | 2017      | 2016      |
|-----------------|---------|-----------|-----------|-----------|-----------|
| TOTAL GGR       | €118.1m | €322.2m   | €307.8m   | €307m     | €306m     |
| LOTTERIES       | €61.3m  | €68m      | €61.9m    | €53.4m    | €58.7m    |
| GAMES OF CHANCE | €126.9m | €254.1m   | €245.9m   | €253.6m   | €247.3m   |
| - Casinos       | €75.5m  | €158.8m   | €152.2m   | €160.1m   | €152.5m   |
| - Gaming halls  | €51.4m  | €95.3m    | €93.7m    | €93.5m    | €94.9m    |
| TAXES           | 2020    | 2019      | 2018      | 2017      | 2016      |
| TOTAL TAXES     | €69.1m  | €115.2m   | €110.3m   | €107.6m   | €109.4m   |
| LOTTERIES       | €25.8m  | €28.4m    | €26m      | €22.2m    | €25.4m    |
| GAMES OF CHANCE | €43.3m  | €86.8m    | €84.3m    | €85.4m    | €84m      |
| -Casinos        | €23.8m  | €50.6m    | €48.7m    | €49.9m    | €48m      |
| -Gaming halls   | €19.5m  | €36.2m    | €35.6m    | €35.5m    | €36m      |
| NUMBER OF       | 2020    | 2019      | 2018      | 2017      | 2016      |
| Casinos         | 10      | 10        | 10        | 10        | 10        |
| Gaming tables   | 254     | 254       | 259       | 277       | 277       |
| Slots           | 3,705   | 3,681     | 3,727     | 3,782     | 3,782     |
| Visitors        | 658,000 | 1,653,000 | 1,686,000 | 1,735,000 | 1,773,000 |
| Gaming halls    | 22      | 25        | 26        | 26        | 26        |
| Gaming tables   | -       | -         | -         | -         | -         |
| Slots           | 3,475   | 4,040     | 4,230     | 4,246     | 4,246     |
| Visitors        | 819,000 | 1,658,000 | 1,682,000 | 1,763,000 | 1,865,000 |





### THE CASINO MARKET

There are currently 10 casinos open in Slovenia. The first seven are operated by HIT, two by Casino Portoroz and one by Casino Bled.

Casino gambling revenues reached €75.5m in 2020 (compared to €158.8m in 2019) whilst the 10 casinos operate a total of 254 table games and more than 3,700 slots and saw 658,000 visitors in 2020 (1.65m in 2019).

The casinos currently open are:

- Perla Resort and Entertainment in Nova Gorica is the largest casino in Slovenia operating 888 slots and 90 gaming tables with privé salons and bingo hall. It has a high number of Italian visitors due to its location.
- Park Resort and Entertainment is also in Nova Gorica and was Hit's first casino to open and offers eight gaming tables, 435 slots and bingo hall.
- Korona Resort and Entertainment is located in

Kranjska Gora near the border with Austria and has 19 table games, slots and bingo.

- Casino Drive-In in Nova Gorica is a themed casino on the American 1950s and offers 122 slots, table games and bingo.
- Mond Resort and Entertainment is located in Sentilj near the border with Austria has 432 slots and 27 gaming tables.
- Casino Fontana is in the heart of the spa town Rogaska Slatina and has more than 100 slots and table games.
- Aurora Resort and Entertainment in Kobarid has 224 slots and four table games plus a bingo hall.
- Casino Portoroz is located in one of the most attractive tourist resorts on the Slovenian Adriatic coast. The casino was opened back in 1913 and is the oldest casino in Slovenia. It was renovated in 2012 and offers 206 slots and several table games.

- Grand Casino Lipica is the sister location to Portoroz and located on the estate of the Lipica Stud Farm with more than 280 slots and table games.

- Finally, third operator Casino Bled operates its casino of the same name and this has 181 slots, three electronic roulette, table games and bingo. Casino Bled is the second oldest company dealing with gambling activities in Slovenia and the facility also houses a restaurant, bars, event hall and outdoor terrace.

In Slovenia the Hit Group operates hotels, seven gaming and entertainment centres/casinos and a slot hall (Casino Larix). In total the group operates around 2,866 slots and 177 table games in Slovenia plus just over 1,000 hotel rooms.

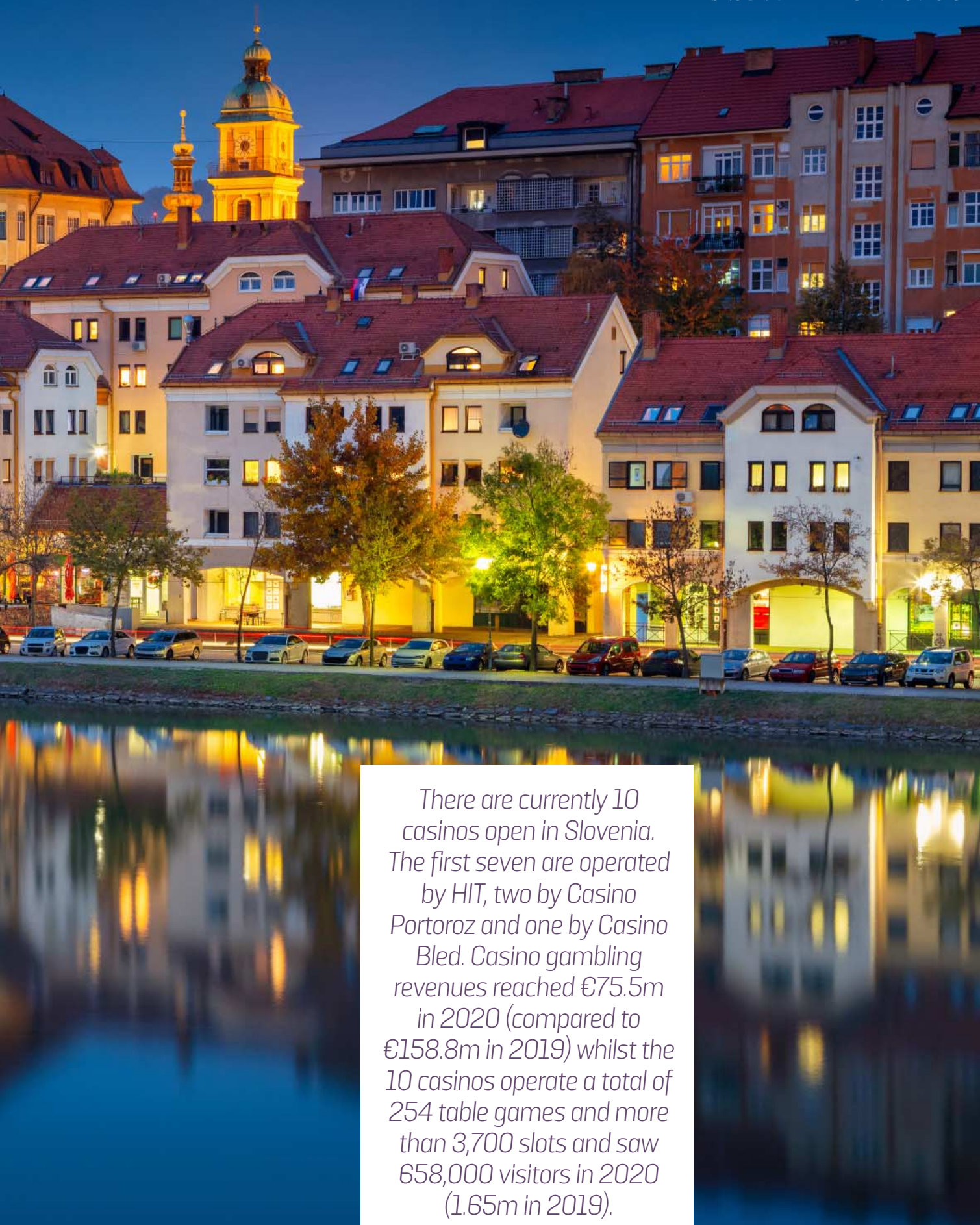
The Hit company comprises of parent company Hit Nova Gorica and four subsidiary companies, two of which are located in Slovenia and two in Bosnia and Herzegovina and Serbia.

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# Reports

## SLOVENIA - MARKET REPORT



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## SLOVENIA - MARKET REPORT



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Slovenia (end 2021) including those operated by HIT (Larix), Gold Club and 10 gaming halls operated by Casino Admiral.

The casinos and slot halls faced several closures from March 2020 until June due to Covid and again in October and December.

The operating revenues for HIT Slovenia in 2020 amounted to €80.7m – a loss of €58.1m compared to 2019.

Revenues from gaming activities accounted for 67 per cent of HIT Group's operating revenues in 2020 compared to its hotel and other tourism activities. Visitors to HIT casinos and gaming salons in Slovenia amounted to 557,000 in 2020 (60 per cent less than the previous year).

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### ECONOMIC LANDSCAPE

Slovenia began its transition as an emerging post-socialist country many years ago and as such outperforms the rest of the region. The country's post-independence growth was steady and prosperous until the global financial crisis hit in 2008.

The country struggled. GDP dropped, companies went bankrupt, whilst the banks were faced with non-performing loans. Apart from Greece, Slovenia recorded one of the largest cumulative falls in real GDP within the euro zone.

The country managed to just avoid a Euro zone bail out and began to organise a bank bail out plan in a response the banking crisis.

A privatisation plan was introduced and in 2013 the National Assembly confirmed a list of 15 companies set for privatisation. The first companies to be privatised were Helios and medical laser maker Fotona followed by car electronics company Letrika and Ljubljana airport operator Aerodrom Ljubljana.

The economy began to improve but Prime Minister Mira Cerar at the time then began to look at privatisation within the banking, tourism and gambling sectors, as a way of reviving the economy.

The privatisation plan included three banks in Slovenia including Abanka (sold to NKBM Slovenia's second largest bank) and Slovenia's largest bank Nova Ljubljanska Bank (NLB).

For some firms the state retained a 50 per cent plus one share minimum through the Slovenian Sovereign Holding (SSH) whilst in other they retained a controlling stake, or their minority interest stakes were sold off.





*Prior to Covid the Ministry of Economic Development and Technology launched a Strategy for the Sustainable Growth of Slovenian Tourism for 2017-2021. They were aiming to bring in up to 5.5 million tourist visits and between 16 million and 18 million overnight stays and increase international tourism receipts to up to €4bn.*



When Covid hit the economy slumped by more than seven per cent in 2020. According to the Ministry of Finance, public debt in Slovenia decreased by almost five per cent points in 2021 compared to 2020. That year public debt amounted to almost 80 per cent of GDP and by 2021 this had dropped to almost 75 per cent.

GDP in 2021 increased by 8.1 per cent in real terms whilst the fourth quarter of 2021 saw a 10.5 per cent increase compared to the same period in 2020.

Projected growth for 2022 is around five per cent and despite Russia's invasion of neighbouring Ukraine, the first three months of this year saw an increase of one per cent quarter-on-quarter according to the Slovenian Central Bank.

Employment has increased by 1.4 per cent mainly in manufacturing, construction, health care and social affairs. By the end of 2021 the unemployment rate was 4.6 per cent (0.7 per cent lower than at the end of 2020).

Tourism plays a big part in the economy. In 2021 some four million tourists (1.8m foreign visitors) visited Slovenia and 11.3 million tourist overnight stays (4.8m foreign visitors) were recorded.

This data is significantly higher (31 per cent more tourist arrivals and 22 per cent more overnight stays) than 2020 figures, but below the level recorded in 2019 pre-Covid (35.7 per cent less tourist arrivals and 28.7 per cent less overnight stays) with 6.2 million tourist arrivals and 15.8 million overnight stays in 2019.

During the first 11 months of 2021 some €1.36bn was generated from travel exports, which is 17.7 per cent more than the same period in 2020, but almost 49 per cent less than in the same period in 2019 when the value of travel exports reached €2.66bn.

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million and 18 million overnight stays and increase international tourism receipts to up to €4bn.

The majority of foreign tourists came from Germany, followed by Austria, Italy and Czech. The 'Garden of Europe' or 'Europe's Lung' tag line often associated with Slovenia promotes and highlights the country's picturesque scenery and outdoor life.

The country anticipates almost no Russian or Ukrainian visitors this year whilst other visitor figures may also be affected. As in other countries, trade is also affected and rising energy costs are causing problems. There are some plans in place with an allocation of €140m to stimulate investments in public infrastructure, accommodation capacities and tourism products whilst the Slovenia Tourism board is looking to target Austrian, German, and Italian visitors.

Minister of Economic Development and Technology, Zdravko Počivalšek, said: "The Covid-19 pandemic showed the importance of



### LOTTERY TURNOVER 2019-2020

| LOTERIJA SLOVENIJE GAMES | TURNOVER 2020 | TURNOVER 2019  | LOTTERY SHARE |
|--------------------------|---------------|----------------|---------------|
| Lotto                    | €44.3m        | €51.3m         | 45%           |
| Eurojackpot              | €33.8m        | €33.3m         | 35%           |
| Vikinglotto              | €4.5m         | €4.1m          | 4%            |
| Class tickets            | €7.5m         | €10.4m         | 8%            |
| Online games             | €4.55m        | €3.49m         | 5%            |
| 3x3 plus 6               | €679,000      | €765,756       | 1%            |
| TikiTaka                 | €1.8m         | €2m            | 2%            |
| <b>TOTAL</b>             | <b>€97.2m</b> | <b>€105.6m</b> |               |

### SPORTS LOTTERY TURNOVER 2018-2019

| SPORTNA LOTERIJA GAMES          | TURNOVER 2019   | TURNOVER 2018  | SHARE        |
|---------------------------------|-----------------|----------------|--------------|
| e-games - e-igre & Petica       | €1.23m          | €1.12m         | 1.1%         |
| Predictive games - Cifra Plus   | €10.95m         | €10.91m        | 9.8%         |
| Sports Bets - Prve Stave        | €1.68m          | €1.54m         | 1.51%        |
| Virtual betting - Derbi in      | €96.48m         | €83.22m        | 86.76%       |
| Horse betting - Skupne Napovedi | €673,328        | €854,794       | 0.60%        |
| <b>TOTAL</b>                    | <b>€263,500</b> | <b>€48,800</b> | <b>0.24%</b> |

the tourism sector for many economic activities, as well as the economy in general. Due to the decline in international travel during the pandemic, global and domestic tourism industry suffered greatly in 2021, though slightly better results on tourist visits compared to 2020 were recorded. However, this is still far from the figures we recorded in the record year of Slovenian tourism in 2019.

"Slovenian tourists contributed a lot to the results of Slovenian tourism in 2021, especially thanks to the measures taken by the state to help tourism recover from the Covid-19 pandemic, including the introduction of tourist vouchers."

The Financial Administration department state-sponsored tourism voucher scheme is a stimulus package for the tourism sector and the vouchers are issued to Slovenian residents. The first vouchers were valid for qualifying accommodation in Slovenia which are listed on [thinkslovenia.com](https://www.thinkslovenia.com). Adults vouchers were first issued in June 2020 for the value of €200 and children vouchers (under 18s) were entitled to €50 vouchers.

During the first month that it was launched around 130,000 Slovenians redeemed their accommodation vouchers worth €20m and within a year €146m was redeemed.

Then from July 2021 a second round of vouchers were introduced for €100 and €50 respectively and these are available for various facilities including accommodation, restaurants, theatres, sports etc. The vouchers run until June 2022.

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The Slovenian Tourist Board (STB) has been upgrading the promotion of its sustainable, authentic and boutique tourism packages with promotional and marketing campaigns in foreign markets to lure guests back to Slovenia.

This year they have re-launched the Zdej Je Čas Moja Slovenija (The Time is Now, My Slovenia) campaign, which is a central motivational campaign to invite Slovenians to take domestic holidays and to boost overnight stays and consumption. This will highlight lesser-known activities and destinations to provide a safe experience via the Green & Safe label which also raises awareness about sustainable tourism. This scheme was initially launched in June 2021.

This will run alongside promotional campaigns for professions in the hospitality and tourism industry. Their target theme this year is 'active outdoor experiences and sports tourism.'

The idea is to promote Slovenia via international sports events and join forces with sports ambassadors of Slovenia tourism and young athletes to boost Slovenia's visibility worldwide.

Ilona Stermecki, Acting Director of the STB, said: "We are aware that tourist demand is changing in the aftermath of the Coronavirus pandemic. There are less and less sought-after destinations for mass tourism and there is a growing demand for individual and boutique tourist offer."

"This is where Slovenia has a big potential, which we will definitely seek to benefit from and use it in cooperation with the Slovenian tourism industry and other partners of Slovenian tourism to effectively recover and strengthen tourism after the crisis."

In February this year most of the measures to limit the spread of Covid were lifted in the country and entry into Slovenia is possible without any vaccinated-tested-recovered conditions. Quarantine at home is abolished.

### THE LOTTERY

Current gambling legislation only allows for two operators with the Classic Games of Chance sector so the market is fairly closed. The proposed amendments would increase the number of Classic Game providers from two up to five.



# Reports

SLOVENIA - MARKET REPORT

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# Reports

## SLOVENIA - MARKET REPORT

The Loterija Slovenije was set up in 1972 as an independent company before becoming a joint stock company in 1998 and operates under the Ministry of Finance. It is owned by the Foundation of Financing Disability and Humanitarian Organisation (FIHO) 40 per cent, capital company KAD (25 per cent), Slovenian State Holding (15 per cent), Foundation of Sports (10 per cent) and employees have the final 10 percent. The company pays five per cent tax on gambling plus 10 per cent tax on lottery tickets meaning a total of €10.8m was paid to the state in taxes in 2020.

According to a survey in 2018, as many as 74 per cent of the adult population in Slovenia are gamblers. The Lotto remains the most popular classic game of chance and is played by 56 per cent of the adult population.

The two operating companies within the Classic Games of Chance sector are the Loterija Slovenije and sports lottery and gambling company Sportna Loterija.

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The lottery operates 11 games including three lottery games - Loto, Eurojackpot and Vikingloto plus other games such as Joker, TikiTaka, 3x3 Plus 6 and scratch cards. There are 19 online games available which generates 4.7 per cent of the total turnover.

Lottery games are sold via 1,037 outlets with a presence at 976 points of sales. The specialised

sales network comprises of 78 PoS and partner sales network is made up of 959 PoS consisting mostly of petrol stations and tobacco stores.

In 2020 the company acquired 27,500 new players via its digital sales channel with a total of more than 116,000 players registered at the end of that year.

Gambling turnover for 2020 amounted to €97.2m compared to €105.m in 2019. Around 79 per cent of this (€77.1m) was for benefits and prize fund. Net profit was €4.6m

The decrease in turnover during 2020 was of course down to Covid. The specialised outlets, which normally account for more than 40 per cent of total turnover, were closed for a total of four months whilst other outlet restrictions made accessibility to games more difficult.

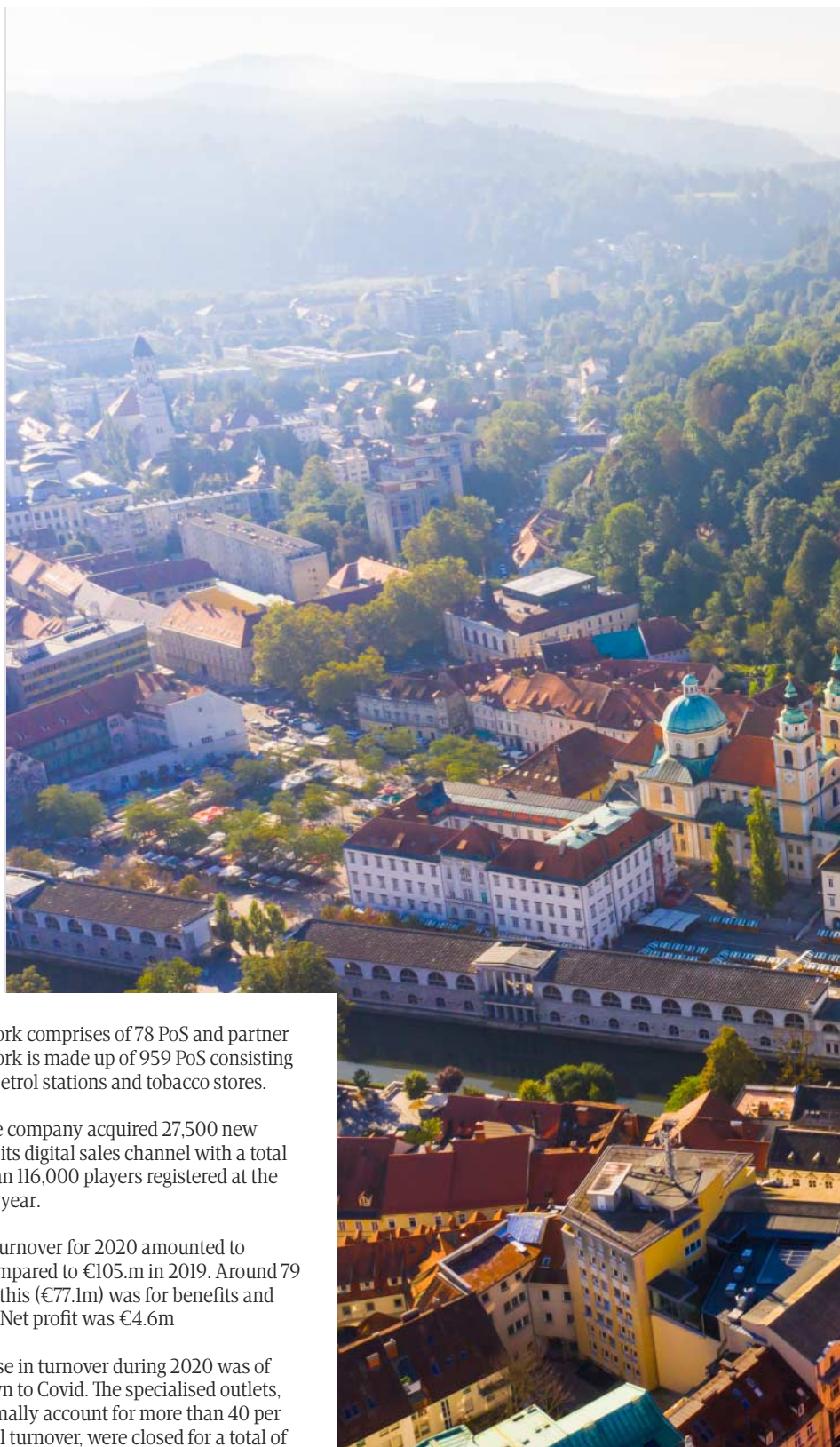
During this time the company renovated its online platform and upgraded its entire back-office game and content management systems, mobile applications, and other information systems.

Romana Dernovsek, President of the Management Board, said during the annual report for 2020: "Although the Lottery of Slovenia was one of the most affected lotteries in Europe with the closure of the specialised sales network, we ranked sixth among the 18 Eurojackpot countries in terms of average per capita payments and tenth in terms of GDP per

capita and 16th in terms of population.

"In a time of great uncertainty, we have taken the time to understand key aspects of our long term success. The result of the process of in-depth analysis, weighing scenarios and decision making is a new Strategic Plan of the company which addresses the fundamental business challenges until 2025.

"With all activities we generated €97.3m in turnover in 2020, which is six per cent less than planned and eight per cent less than in the previous year. We estimate that under normal circumstances, our turnover would be €10m higher, which would exceed both the planned







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and the turnover generated the year before."

The planned turnover for 2022 is €104m with a net profit of €3m. Meanwhile, the sports lottery, Sportna Loterija, was introduced when the new law on gambling was put into place in 1995 and was set up to help raise funds for sporting activities and disability programmes in the country.

Sportna Loterija is a joint stock company which is authorised to run sports gaming and several games including: lottery tickets, betting on sporting events, live betting, and horse racing forecast. Play is via internet via e-stave.com, plus on mobile devices or self-service terminals.

There are more than 1,500 sales outlets mostly located in shops, bars, post offices and petrol stations and bookmakers.

Games include betting on various sports, virtual sports, Gol Prediction, Tote Gol, E-Igre and lottery games. The company is owned between various companies including the Olympic Committee and Slovenije Loterija.

In 2019, the company generated €111.8m in sales

– a 13 per cent growth from the previous year. The company offered over one million betting events to players and paid out €11.9m in taxes to the state and saw €2.7m in profits.

The majority of sales are via Prve Stave (86.7 per cent of sales) followed by electronic games via e-igre and Petica (Five) concessions and Cifra Plus.

The revenue of electronic games (via e-igre and Petrica) saw almost €11m in 2019, whilst revenue for Prve Stave (sports betting) amounted to €96.4m. Live betting was introduced in June 2018 and as such the amount of bets on events increased dramatically.



## OPENING THE SLOVENIAN GAMBLING MARKET – THE PROPOSAL **CMS**

The new draft Gambling Act ('draft Act') proposed by the Slovenian Government is set to liberalise the gambling landscape in Slovenia to some extent. This column will provide a short overview of the proposed changes as well as some political background. The draft Act has already passed its third reading in the Slovenian Parliament, meaning that it is close to its final form.

Before we discuss the novelties of the proposed legislation, we must consider how games of chance are classified in Slovenia.

There are currently two categories of games of chance:

- Classic games of chance such as lotteries, raffles, betting and lucky draws and special games of chance such as poker, roulette, blackjack, craps, slot machines and other activities played in person at a casino or gambling salon.
- All classic games of chance are operated by either the Slovenian Lottery or Slovenian Sports Lottery. Only these two parties hold concessions for classic games of chance in the country. Their revenue accounts for 33 per cent of GGR while the rest comes from casinos and gambling salons.

The current Slovenian Gambling Act allows a little more competition on the market for special games of chance in comparison to the classic games of chance. Nevertheless, the requirements are very strict. Only a Slovenian registered company in which the majority shareholder is either the Republic of Slovenia, a Slovenian municipality or a state-owned company holding a gambling concession, may organise special gambling in casinos. Private owners may only own 49 per cent of such a company.

Moreover, only a Slovenian registered company already holding a gambling concession for organising special gambling in casinos or permanent classical gambling may apply for an online gambling concession. Consequently, the current legislation does not allow private and foreign investors to freely enter the Slovenian gambling market.

### **What are the main novelties of the new draft Gambling Act?**

The draft Act will overhaul many aspects of the Slovenian gambling market. From the criteria the government uses to decide to award concessions for operating games of chance to the opening of the classic games market, the proposed amendments will have significant implications for the future of the Slovenian gambling industry. The novelties can be summed up as follows:

I. The number of concessionaires of classic games of chance will increase from the current two to five. However, it is not clear whether there will be a two-stage concession procedure, with the first step being the granting of an umbrella concession to the five organisers,



**Gašper Hajdu,**  
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which would then be able to apply for concessions for individual games of chance in the second stage, or if there will be a different set-up. Moreover, special conditions will be established for betting, as a form of classic games of chance, but the draft Act is vague on this matter. The presence of new organisers would potentially create a competitive market, putting pressure on the existing two market leaders, which would have to adapt their respective current business models to the new market conditions. The buy in to the Slovenian gambling market for new organisers of classic games of chance is said to be €500,000, which will be divided between the Foundation for Financing Sports Organisations and the Foundation for financing humanitarian and differently abled organisations.

2. There are also significant changes to the ownership requirement for the operators of special games of chance. Within the scope of the current legislation, only the state, local communities and legal persons fully owned by the government and exceptionally private companies (that must abide by strict criteria outlined above) can be owners of entities holding a concession. The proposed changes will make the conditions less strict in this respect. It is envisioned that the state's share may not be less than 25 percent plus one share in the case of a joint stock company and not less than 51 percent in the business share of another company form—although it is not clear why this distinction is made.

3. Another proposed change is that employees of casinos and gambling saloons will no longer require a licence to perform their jobs.

### **THE FATE OF LEGISLATION LEFT TO THE MERCY OF POLITICS**

It first started out in 2017 as the response to the EU commission's notification that the current act is not fully compliant with EU law. Interested parties also saw this as an opportunity to introduce a new legal framework that would not only deal with the non-compliance but would also open up the gambling market, especially the betting market. The then draft Act was not passed in the end due to a veto from the Slovenian National Council. However, last year the idea was revived, and the draft Act aiming to open up the market was proposed.

As mentioned above, the draft Act has gone through three rounds of revision in the parliament, causing much turmoil. While the government maintains that the proposal would make the sector more transparent, protect consumers and have desirable economic outcomes, especially as numerous Slovenians are already using the services of foreign gambling operators, the opposition parties and some civilian organisations have expressed concern over the effects of the new legislative framework. They argue that the draft Act will have harmful effects on the municipalities, consumers, employees in the sector, the funding of sports and humanitarian foundations and that it would set the grounds for the sale of

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government stakes in the concession holders to foreign private investors.

For these reasons, the opposition has delayed the final decision on the matter by calling for a non-binding referendum to gauge the voting public's opinion on this matter. This means that voting on the draft Act will be postponed until either the parliament decides on the referendum, or the referendum takes place. The Slovenian general elections were held on 24 April 2022 and this could decide the fate of this piece of legislation. The election result show that the current government, which proposed the changes to the legislation will be replaced, thus, we will have to wait for the new government to present their view concerning this piece of legislation.





