**SKS365’s reply to the article “Italian police accuse Malta-based gaming firm of €4 billion tax evasion”**

August 27, 2019 - With reference to the recent news published by “The Shift” in connection to the “tax evasion” allegedly committed by SKS365 Malta Limited (“**SKS365**”), please consider our reply and kindly correct the article accordingly.

A list of technical explanations is included below.

**SKS365 official reply**

*With reference to the Tax Inspection Report (“PVC”, please see below) issued to SKS365 by the Tax Police of Reggio Calabria (“GDF” of Reggio Calabria), at this stage: (i) the findings deriving from the tax inspection carried out by the GDF have to be considered only potential and not definitive; (ii) no tax violations have been definitively assessed against SKS365. Should the competent office of the Italian Tax Authorities confirm the findings of the PVC issuing a tax assessment, SKS365 will in any case have the right to challenge it before the competent tax court.*

*Furthermore, the expression “tax evasion” is not coherent with the PVC and with the findings therein contained. The GDF of Reggio Calabria is contesting a non-correct allocation of income between Italy and Malta. For this reason, it is more appropriate qualifying the findings of the GDF as “unfaithful tax return”, instead of “tax evasion”.*

*The amount of money that the GDF is claiming corresponds with 124 million euros.*

*SKS365 Malta Ltd specifies that the current management of SKS365 is not investigated and has not been identified among the suspects of any illegal activity.*

*The new management appointed by the company’s current shareholder has implemented a highly regulated and solid corporate structure, strongly committed to compliance. A tangible SKS365 best practice is the designation of a Supervisory Body made by four eminent senior members with proven experience in the (Italian) legal and academic sectors. The Supervisory Body works alongside the Legal, Compliance and AML Department and it is entrusted with independent control, audit and risk management tasks across the Company.*

*SKS365* *continues to cooperate with the relevant public authorities to fix the situation as soon as possible and to keep focusing on its only corporate mission: providing passionate people with the safest and most entertaining gaming solutions.*

**Technical explanations**

1. Firstly, it should be noted that the document issued by the Tax Police of Reggio Calabria (*Guardia di Finanza*, “**GDF**”) to SKS365 is a tax inspection report (*Processo Verbale di Constatazione*, “**PVC**”).

Pursuant to the Italian law, the PVC is a document issued by the Italian Tax Authorities at the conclusion of a tax inspection which summarizes the findings/potential violations (*rilievi*) found during the tax inspection.

In any case, the PVC (i) does not contain a definitive assessment of the potential tax violations described therein; and (ii) does not contain any payment obligation for the taxpayer – the taxpayer will not be forced to pay any amount until the final tax assessment is issued.

Within 60 days from the issuance of the PVC the taxpayer has the right to file a defensive brief (*osservazioni al PVC*) to the competent office of the Italian Tax Authorities (which varies depending on the specific tax involved).

After the issuance of the PVC, the competent office of the Italian Tax Authorities will evaluate whether the findings of the PVC by issuing the definitive tax assessment can be confirmed or not. Please note that should the competent office of the Italian Tax Authorities issue a tax assessment, it is obliged to specifically evaluate the content of the defensive brief filed by the taxpayer if any.

1. Secondly, it has to be pointed out that the expression “tax evasion”, reported by the press, is not coherent with the PVC and with the findings/potential violations therein contained.

Indeed, the GDF challenged to SKS365 the violation of unfaithful/incorrect tax return (*infedele dichiarazione*) mainly deriving from the alleged wrong allocation of taxable income between SKS365 (which is resident in Malta) and its Italian permanent establishment.

The GDF of Reggio Calabria is contesting a non-correct allocation of income between Italy and Malta.

In light of the above, and taking into account the reputational damages SKS365 may suffer from the inappropriate use of the expression “tax evasion” used in the article, it would be more appropriate to qualify the findings of the GDF as “unfaithful tax return”.

1. It is reported the statement released on November 14, 2018, by the Public Prosecutor's Office at the Court of Reggio Calabria: "It should be noted, with reference to SKS365, that the investigations exclusively concerned the property / management that managed the company until 2017, that is, before its sale to the new owners, against whom no elements of responsibility emerged".