

Building momentum in the US market

Significant long-term opportunity across Playtech's product suite.

The regulatory landscape in the US is ever progressing. In the three years since the repeal of PASPA in 2018, legalisation of sports betting has progressed at a blistering pace. More than 27 states now offer or have introduced legislation to allow sports betting with further states expected to pass legislation in the coming years. Many of these markets have already launched in both online and retail channels, with others expected to launch soon.

iGaming, which was not subject to PASPA, is allowed at the discretion of individual states. The tribes of Connecticut most recently received federal approval to operate online casino games, while Michigan launched in early 2021, joining New Jersey, Pennsylvania, Delaware and West Virginia, while Nevada allows online poker only.

"The total long-term B2B opportunity across sports, iGaming and PAM is around \$3 billion. We are seeing significant demand for the full breadth of our product offering and I am very confident of Playtech's prospects in this market."

Mor Weizer
Chief Executive Officer

\$20bn

Estimated long-term US sports betting market size (GGR)

Jefferies estimates that the US sports betting (retail and online combined) market will reach \$20 billion in gross gaming revenue (GGR) in the long term. Despite taking a prudent approach when estimating the number of states that will legalise iGaming, the iGaming market is estimated to reach \$19 billion in the long term.

The opportunity for Playtech in the US includes sports, iGaming and Player Account Management (PAM) or platform deals. There is a wide range of estimates for the overall size of the market, with some forecasts of more than \$60 billion. Playtech is assuming a long-term addressable market of \$39 billion, in order to be conservative.

Using the Jefferies market sizing estimates alongside estimates for the third-party share of the market and estimated royalty rates, Playtech estimates a B2B supplier opportunity of over \$800 million for online sports, \$1.8 billion for iGaming and \$390 million for PAM. This can be seen in the diagram on the following page.

In total, the Company expects a total addressable market for B2B suppliers of c. \$3 billion, excluding any further opportunities which could be derived from structured agreements in the US.

Momentum building

After entering the New Jersey market in 2020, providing its online casino product to both bet365 and Entain, Playtech has subsequently secured multi-product deals with Parx Casino, Unibet, 888 and others which are soon to be announced. Over time, Playtech will increase its products on offer to include Sports, platform and Live Casino in line with state-by-state regulations.

Playtech has also received provisional iGaming licences in Michigan and Pennsylvania and is underway with the licensing process in several additional US states. The Company has a strong pipeline of opportunities with potential new customers as well as existing customers in various states and will continue to increase its strategic investment in the US market.

\$19bn

Estimated long-term US iGaming market size (GGR)

In H1 2021 the Company signed strategic agreements with various subsidiaries of Greenwood Racing Inc. which own and operate the Parx Casino in Pennsylvania. Parx Casino is the leading casino and racetrack operator in Pennsylvania. The Greenwood companies also operate sports betting and online casino in Pennsylvania, New Jersey and Michigan.

The agreements include the licensing of Playtech products to the Greenwood companies in the states of Michigan, Indiana, New Jersey and Pennsylvania.

Following the signing of the agreement, Parx launched online casino in Michigan on Playtech's IMS Platform and Player Account Management (PAM) software in April and will continue to launch in further states and with additional products going forward.

Playtech also signed a global iGaming distribution partnership with Scientific Games which will enable both parties to mutually benefit from each other's scale and reach across the US, as well as other regulated markets. The Company also announced a strategic partnership with Novomatic Americas to market, sell and distribute sports betting products in the US.

US B2B revenue opportunity

Total long-term B2B addressable market of c. \$3 billion

	Market size ¹		Third-party share		Royalty share		Revenue opp.
Sports betting (online)	\$20bn	X	33%	X	10–15%	=	c. \$825m
iGaming	\$19bn	X	75%	X	10–15%	=	c. \$1.8bn
Platform (PAM)	\$39bn	X	25%	X	3–5%	=	c. \$390m
Total B2B opportunity (excl. structured agreements)							c. \$3bn

Source: Jefferies research and Company estimates (2021).

¹ Market sizes are GGR based on forecasts for online sports betting/iGaming.



Playtech has launched Live Casino facilities in Michigan and New Jersey, while further facilities are progressing in Pennsylvania among other locations.

The Company has significantly expanded its operational and back-office teams in the US in order to accelerate its presence in the region.

Total long-term B2B opportunity

\$3bn

➤ To read more about the US market dynamics and regulatory backdrop, please refer to pages 18 and 41 respectively