

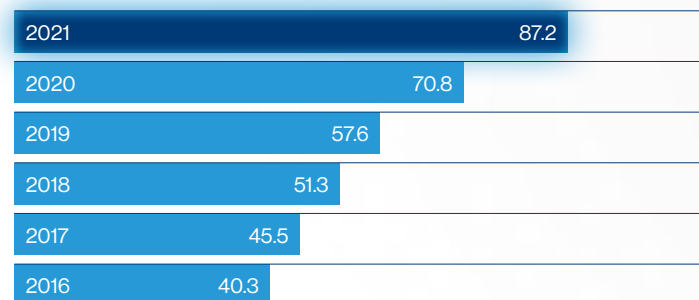
High growth industry

Global online market

The 2021 global online gambling market was estimated at €87 billion gross gaming revenue (GGR). The market is estimated to have grown 23% in 2021 compared to 2020 and has seen growth at a CAGR of 19% over the past three years. One of the drivers was the growth in mobile, which represented 43% of online gambling in 2021, up from 37% in 2018. Another driver was regulation of new markets, which is discussed below. Playtech's global presence, particularly in regulated markets, has allowed it to capitalise on market growth and the Company's scale and online expertise leave it well positioned to continue taking market share in the future.

Global online market

€87.2bn



Source: H2GC.

Driven by product innovation, the growth of mobile gambling and US regulation of sports betting and iGaming, the global online gambling market is projected to grow at a CAGR of 11% between 2021 and 2025, boosted by growth predicted in the US (30%) and Latin America (16%).

Mobile as a percentage of global online gambling is forecasted to grow from 43% in 2021 to 50% by 2025.

11%

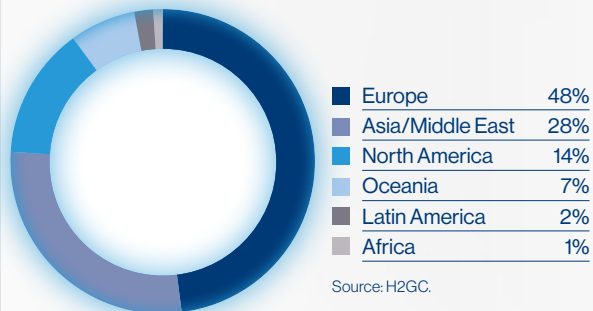
forecast CAGR of global online gambling market between 2021 and 2025

H2GC data (December 2021).

Online market

The European online gambling market is the largest globally, making up 48% of the global online market, and has grown at a CAGR of 17% between 2018 and 2021. The European market represented almost 60% of Playtech's core B2B Gambling revenues, driven by the UK, which is discussed below.

Online gambling market



Source: H2GC.

The North American online market, which includes the US, Canada and Mexico, grew 55% in 2021 and made up 14% of the global online market, up from its 12% share in 2020. This was driven by the US online market, which (excluding lotteries) grew 69% in 2021 with growth in online casino of 65% being a significant contributor. Following the repeal of PASPA in 2018, the US market is expected to experience significant growth in the coming years and is discussed in more detail below.

Latin America makes up only 2% of the global online market. Despite its relative infancy in size compared to other geographies, it is a high growth market which is expected to grow at a CAGR of 17% (excluding lotteries) between 2021 and 2025 according to H2 Gambling Capital (H2GC) estimates.

Retail market

While online markets represent significant growth opportunities in many geographies, the global retail market is much more mature and had already begun to slow in growth prior to the impacts of COVID-19. Between 2016 and 2019, the global retail market saw an estimated CAGR of only 2%. In 2020, the retail market globally was estimated to have contracted 29%, largely driven by retail locations in many countries being closed or otherwise impacted by lockdown measures imposed by various governments in response to the COVID-19 pandemic for large parts of the year.

In 2021 the retail market returned to growth, albeit off a lower base, of 8% and is forecasted to grow at a CAGR of 9% between 2021 and 2025. This is expected to be driven by the recoveries of the largest retail markets, namely North America, Asia and Europe, on the assumption that countries become better equipped to deal with COVID-19 without the stringent lockdowns seen in 2020 and 2021.

Regulation

Regulation is a key driver of growth across the global market. Regulation across the sector varies in every country, from markets where gambling is prohibited (black markets), to markets where governments are yet to legislate for online products (grey markets), to fully regulated markets and government-owned monopolies. Playtech does not operate and does not allow its software to be used in black markets.

Governments across the world continue to introduce regulation, which in turn leads to further markets where gambling can be tracked, made safer and taxed by governments. In recent years numerous markets have regulated in Europe, such as Sweden and the Netherlands. The repeal of the federal ban on sports betting in the US is another example of a government following this trend, while sports betting legislation has been passed in Brazil and is expected to be implemented in the near future. This trend presents Playtech with a significant opportunity as it continues to focus on regulated markets.

When stripping out the pandemic, the European market is expected to grow in the coming years driven by newly regulating markets, despite its largest markets, such as the UK and Italy, being at mature stages and experiencing increasing regulation.

Latin America, conversely, is still seen as a growth market with more countries likely to regulate and grow in the way Mexico and Colombia have in recent years.

The North American retail market makes up 39% of the global pie, having grown from making up 31% in 2019. One of the drivers has been regulation in the US, with the legalisation of retail sportsbooks in several US states since PASPA was repealed in 2018.

Geographic focus

US

The US online market (excluding lotteries) has grown at a CAGR of 44% in the last three years and is expected to grow at a CAGR of 30% between 2021 and 2025, with online betting CAGR estimated at 23% and iGaming at 36% according to H2GC. The market is regulating state by state, with over 27 states now offering sports betting and six offering a form of iGaming. Following the legalisation and launch of retail sportsbooks in several states, the retail sports betting market is expected to grow at a CAGR of 9% between 2021 and 2025 according to H2GC.

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, with the iGaming market estimated to reach \$19 billion.

Playtech has an exciting part to play in this high growth market, having made operational progress in New Jersey and Michigan including significant deals and the launch of its Live Casino facilities in both states. Playtech also received licences to operate in Arizona (online and retail sports) and Mississippi (retail sports), with further licence applications underway and further deals in the pipeline.

\$39bn

forecasted US market size

Read more about Playtech's US market opportunity on pages 18 and 19



Latin America

The Latin American online market saw year-on-year growth slow from 25% in 2019 to 9% in 2020, with the drastic fall attributable to the impacts of the pandemic on spending capacity in the region. However, the market saw a strong recovery in 2021 with 52% growth on the prior year, albeit off a lower base. The market is expected to continue growing strongly with double-digit growth expected over each of the next four years, at a CAGR of 16%.

Following the success of its business in Mexico and Colombia in recent years, Playtech is well positioned to capitalise on the high growth potential in Latin America in the coming years, having launched its recent strategic agreements in Costa Rica and Panama in 2021 and with an exciting strategic agreement in place in Brazil.

52%

year-on-year online growth in LatAm

Italy

Italy is the second largest overall gambling market in Europe and the largest until the pandemic-driven retail decline from early 2020, with an underpenetrated online channel. In 2019 only 11% of the total Italian market (GGR) was online, presenting a significant long-term growth opportunity, and this increased to 21% in 2020, albeit amplified by government-imposed retail closures in response to the COVID-19 pandemic at various points in the year. In 2021, online is estimated to have represented 27% of the total market, with the shift once again aided by lockdowns throughout most of H1 2021.

However, a substantial proportion of this shift could become permanent if Italy follows the digital trends of other geographies. The online market in Italy grew at a CAGR of 25% in the last three years and the Playtech Group is, through Snaitech, perfectly positioned to capitalise on the shift towards online.

UK

The largest regulated online market globally is the UK, which is estimated to have grown at a CAGR of 12% in the last three years and 18% in 2021 compared to 2020. The market, which had already begun accelerating its shift towards online over recent years, evolved from being 36% online in 2015 to 45% in 2019.

In 2021, the UK market was 67% online, albeit amplified by the shutdown of retail activity during the COVID-19 pandemic lockdowns in 2020 and 2021 and the resulting shifts towards online. While online growth is likely to slow in the event that retail remains open without further significant lockdowns, the online market is expected to continue growing at a mid-single-digit CAGR in the coming years.