

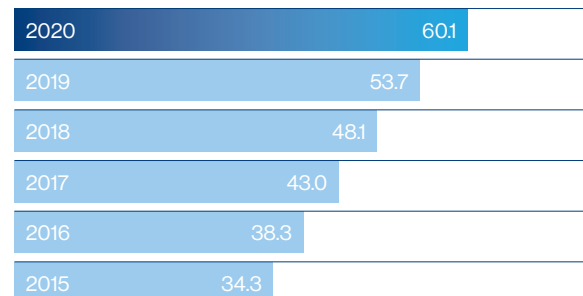
Industry positioned for significant growth

Global online market

The 2020 global online gambling market was estimated at €60 billion gross gaming revenue (GGR). The market is estimated to have grown 12% in 2020 compared to 2019 and has seen growth at a CAGR of 12% over the past five years. One of the drivers was the growth in mobile, which represented 42% of online gambling in 2020, up from 39% in 2019. 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

€60.1 bn



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 10% between 2020 and 2023 boosted by growth predicted in the US (27%), Latin America (19%) and Europe (9%).

Mobile as a percentage of global online gambling is forecasted to grow from 42% in 2020 to 46% by 2023.

10%

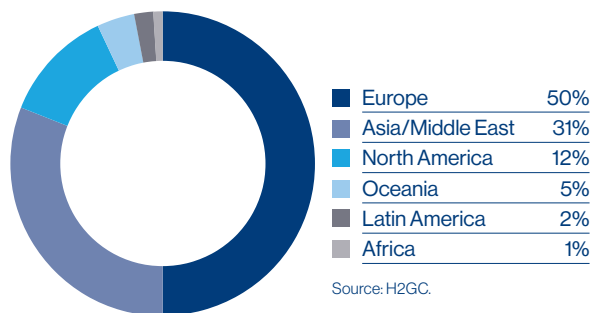
forecast CAGR of global online gambling market between 2020 and 2023

H2GC data (January 2021).

Online market

The European online gambling market is the largest globally, making up 50% of the global online market, and has grown at a CAGR of 12% between 2015 and 2020. The European market represented over 60% of Playtech's B2B gambling revenues, driven by the UK which is discussed below.

Online gambling market



The North American online market, which includes the US, Canada and Mexico, grew 32% in 2020 and made up 12% of the global online market, up from its 11% share in 2019. This was driven by the US online market, which (excluding lotteries) grew 45% in 2020 driven by growth in online casino of 97%. 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 19% between 2020 and 2023 according to H2 Gambling Capital (H2GC) estimates (excluding lotteries).

Retail market

While online markets represent significant growth opportunities in many geographies, the global retail market is much more mature with an estimated CAGR of only 2% between 2016 and 2019. In 2020, the retail market globally is estimated to have contracted 30%, 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.

The retail landscape had already begun to look different across geographies prior to the impacts of COVID-19. 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, 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 36% 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.

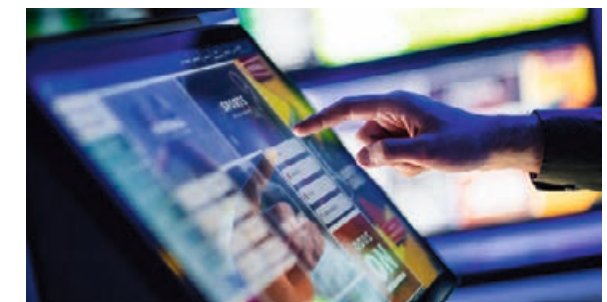


Photo by Mario Pampel Postproduction

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 Switzerland. 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 coming years. This trend presents Playtech with a significant opportunity as it continues to focus on regulated markets.

Geographic focus

US

The US online market (excluding lotteries) has grown at a CAGR of 21% in the last three years and is expected to grow at a CAGR of 27% between 2020 and 2023, with online betting CAGR estimated at 33% and online gaming at 24% according to H2GC. The market is regulating state by state, with 22 states now offering sports betting and six offering a form of online gaming. Following the legalisation and launch of retail sportsbooks in several states, the retail sports betting market is expected to grow at a CAGR of 59% between 2020 and 2023 according to H2GC.

Jefferies estimates that the US sports betting (retail and online combined) market will reach \$19 billion in gross gaming revenue (GGR) by 2023, with the iGaming market estimated to reach \$5.4 billion.

Playtech has an exciting part to play in this high-growth market, having made significant progress by receiving licenses in New Jersey and Michigan and launching with bet365 and Entain in New Jersey, with further licence applications underway and further deals in the pipeline.

\$24bn

forecasted US market size

Read more about Playtech's US market opportunity on pages 20 and 21

Latin America

The Latin American online market saw growth slow to single digits in 2020, with the drastic fall attributable to the impacts of the pandemic on spending capacity in the region. However, the market is expected to recover strongly with double-digit growth expected over each of the next three years, at a CAGR of 19%, albeit from a lower base.

Following the success of its business in Mexico in recent years and the recent entry into Colombia, Playtech is well positioned to capitalise on the high growth potential in Latin America in the coming years having signed structured agreements in Guatemala, Costa Rica and Panama in 2020.

19%

estimated CAGR for next three years in LatAm

Italy

Italy is the second largest overall gambling market in Europe and the largest until the pandemic-driven retail decline in 2020, with an underpenetrated online channel. In 2019 only 10% of the total Italian market (GGR) was online, presenting a significant long-term growth opportunity. In 2020 online is estimated to have represented 21% of the total market, albeit amplified by government-imposed retail closures in response to the COVID-19 pandemic at various points in the year. 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 17% in the last five 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 8% in the last five years and 10% in 2020 compared to 2019. The market, which has evolved from being 36% online in 2015 to 45% in 2019, was 59% online in 2020, albeit amplified by the shutdown of retail activity during the COVID-19 pandemic lockdown.