

Business model

# Flexibility to capture every opportunity

## B2B

	Conventional	Structured agreement	SaaS
Services		✓	
Content	✓	✓	✓
Platform	✓	✓	
Clients	<ul style="list-style-type: none"> <li>Entain</li> <li>Bet365</li> <li>Parx</li> <li>Flutter</li> <li>WynnBET</li> <li>BetMGM</li> </ul>	<ul style="list-style-type: none"> <li>Caliente</li> <li>Wplay</li> <li>Galerabet</li> <li>NorthStar</li> </ul>	<ul style="list-style-type: none"> <li>Tipico</li> <li>Lowen Play</li> <li>Betway</li> <li>Novibet</li> <li>RET</li> <li>Leader-bet</li> </ul>

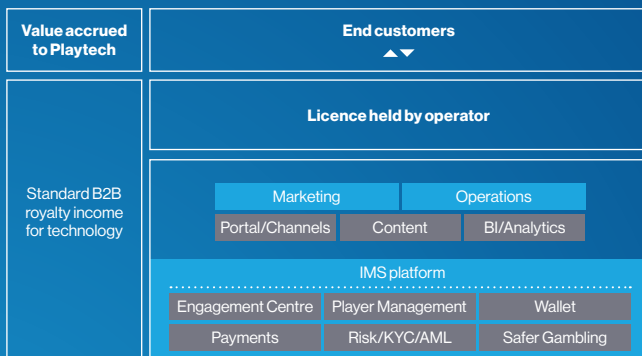
## How we work

### Conventional model

#### Platform + content

The conventional model involves us providing the operator with a platform-based solution, underpinned by Playtech's leading Information Management Solution (IMS) offering. The operator can then choose from a wide range of product verticals and content, including Live, Casino, Sports, Bingo, Poker and Virtual Sports.

The operator, which holds the gambling licence, is typically responsible for building and maintaining its brand in addition to customer services and marketing. In exchange for providing the technology, Playtech employs a revenue share model with the operator.



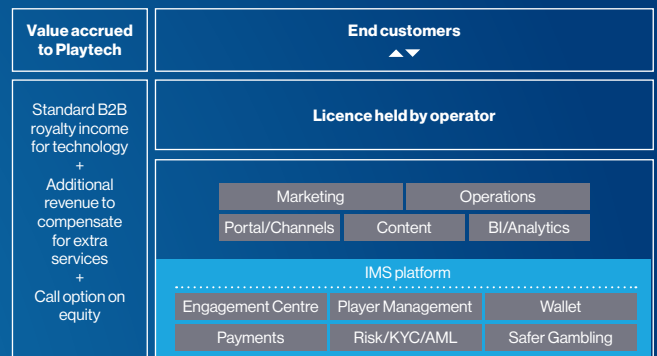
● Playtech provides/subcontracted ● Operator provides

### Structured agreements

#### Platform + content + services

We also partner with "local heroes" with a strong retail brand and presence but without the necessary technological expertise to succeed online. Under a structured agreement, we provide a platform-based solution as per a conventional model, in addition to a range of marketing and operational services, some of which are subcontracted out to a third party.

This model also involves a revenue share framework with the operator, with Playtech's share typically higher than in a conventional model to compensate for the provision of these additional services. Playtech also typically injects capital into these operators to help facilitate growth and in return receives an equity call option which can be exercised should the operator be acquired.





## SaaS

### Content

For those operators that have their own platform, we also offer customers the ability to access our content, in a plug-and-play SaaS model. Operators benefit from low implementation costs and quick time to market, while Playtech is able to expand its addressable market and generates a recurring, monthly revenue stream at a higher margin.



# B2C

## Snaitech

- 1 Snaitech accrues all value.
- 2 Snaitech accrues a portion of value.

Our B2C division is comprised primarily of Snaitech in Italy and HAPPYBET, the retail and online Sports B2C business in Austria and Germany. Both businesses are led and operated by the Snaitech management team.

Snaitech is a leading operator in the Italian betting and gaming market, and generates revenues from gaming machines, retail betting and online gambling. The business was acquired by Playtech in 2018, bringing together Playtech’s leading technology stack with Snaitech’s powerful brand and local expertise in one of Europe’s largest gambling markets.

### Retail

The retail betting business predominantly operates a franchise model with franchisees responsible for staff costs, rent and facilities, while Snaitech itself provides the licence, content, technology and brand.

The franchise model generates growth with relatively low capital intensity, generating high return on capital. Meanwhile, the value sharing agreement with franchisees is at the revenue level, meaning Snaitech is less affected by rising cost pressures.

The Gaming Machine segment predominantly consists of Video Lottery Terminals (VLTs) and Amusement with Prizes (AWPs). Snaitech has a higher revenue share from VLTs but incurs the cost for content from operators, while for AWPs, the machine owner takes a higher revenue share but incurs the cost of hardware and content. Further detail is provided in the table below.

Retail	Players in value chain	Share of NGR	Responsibilities
Sports betting	Franchisee	45%–50%	Staff, rent and facilities
	Licence holder <sup>1</sup>	55%–50% <sup>1</sup>	Licence, brand, content, technology, trading and risk <sup>1</sup>
Gaming machines	VLT		
	Platform owner	10%–12%	Hardware, software and content
	Location owner	55%–50%	Security, location costs and staff
	Licence holder <sup>1</sup>	35%–38% <sup>1</sup>	Licence <sup>1</sup>
AWP	Machine owner <sup>2</sup>	37%–40% <sup>2</sup>	Machine installation and maintenance <sup>2</sup>
	Location owner	55%–50%	Security, location costs and staff
	Licence holder <sup>1</sup>	8%–10% <sup>1</sup>	Licence <sup>1</sup>

### Online

The online business operates a direct-to-consumer model, with Snaitech paying a share of revenue to the retail franchisee owners should they sign up customers at their retail site or to affiliates which direct customers to Snaitech’s online site. Platform and content costs, part of which are supplied by Playtech, are incurred by Snaitech.

Online	Players in value chain	Share of NGR	Responsibilities
Sports betting and casino	Platform and content owner <sup>2</sup>	10%–15% <sup>2</sup>	Platform and content <sup>2</sup>
	Affiliates/retail sites	20%–25%	Customer acquisition
	Licence holder <sup>1</sup>	70%–60% <sup>1</sup>	Licence, tech, trading, risk and customer services <sup>1</sup>

## Business model continued

## Our strengths

### 1 Unparalleled scale in the gambling industry

Playtech's global scale and distribution capabilities, with over 180 licensees operating in over 40 regulated markets and with offices in 20 countries, mean it is ideally positioned to provide its technology to operators in new regulated and regulating markets. Given its scale, the data that Playtech leverages enables it to improve product design, develop cutting-edge safer gambling tools and support regulatory requirements of operators in various jurisdictions. Together, this intelligence and insight leads to a safer gambling environment and an improved customer experience, as well as improved value for end users.

### 2 Award-winning technology

Playtech's leading B2B technology offering has been driven by a history of innovation. Playtech has consistently invested in R&D to deliver its technological innovation and industry-leading products to the gambling industry. Innovations from Playtech include being the pioneer of omni-channel technology and content integration in the gambling industry. Playtech's scale allows it to consistently invest in R&D and product-related investment at higher levels than its peers. In the last five years Playtech has made over €674 million of R&D and product-related investments, which is significantly more than its peers, and ensures all Playtech customers will benefit from cutting-edge technology indefinitely.

# €674m

Amount invested in R&D over the last five years

### 3 Flexibility to cater to almost any operator

Playtech's flexible B2B technology offering positions it well to partner with operators under most scenarios. Playtech's Information Management Solution (IMS) platform provides all the tools necessary to successfully run and manage every aspect of a licensee's business, while the modular architecture allows it to also address the bespoke needs of specific operators.

At the same time, Playtech has one of the broadest content portfolios in the gambling industry with a huge array of options, supplemented by access to third-party content via our Playtech Open Platform (POP).

### 4 Leader in highly attractive Italian market

Playtech's Italian B2C business, Snaitech, is a leading player in the highly attractive Italian online market. Italy is the second largest gambling market in Europe, with a total GGR of over €14 billion in 2022. The online segment has seen significant growth at a CAGR of 21% between 2019 and 2022, yet it remains less developed than retail, with online penetration at only 26% in 2022 (versus 58% in the UK). Snaitech's leading brand and retail presence in Italy, combined with Playtech's technology expertise, make it ideally positioned to continue capturing this market opportunity.

# €14bn

Size of Italian retail and online market in 2022 (GGR)

### 5 Our people

Playtech's capable, dedicated and passionate colleagues are our greatest asset. The entrepreneurial culture that empowers its people to seek out growth opportunities sets it apart and helps to ensure Playtech is well positioned to deliver on its strategic objectives. We aim to attract and retain the very best by creating an environment for colleagues based on respect, personal growth, recognition and development of talent, and a sense of belonging and purpose.



### 6 Focus on sustainability

Playtech is committed to helping build a safer, more sustainable entertainment industry for the benefit of all stakeholders and in 2022 continued progressing on Sustainable Success, its five-year sustainable and responsible business strategy. A key focus for Playtech is to cement its position as an industry leader in safer products, data analytics and player engagement solutions. In 2022, Playtech continued to make progress in all areas relating to sustainability including safer gambling, diversity and climate change. We have taken significant steps to strengthen sustainability governance and accountability, as well as further enhancing our commitments on climate change and gender diversity.



## Supporting our stakeholders



For customers

**€152m**

Amount invested in cash R&D including safer gambling initiatives

**c.55m**

Number of poker tournaments



For society and the environment

**>100**

Number of charities and community supported organisations

**11.7%**

Reduction in tCO<sub>2</sub> emissions in 2022 v 2021



For employees

**c.7,000**

Jobs (i.e. number of employees)

**>100**

Number of wellbeing initiatives



For shareholders

**€397m<sup>1</sup>**

Adjusted operating cash flow

**c.€1bn**

Cash returned to shareholders over past ten years

<sup>1</sup> Adjusting for changes in jackpot balances, client deposits and client equity, professional expenses on acquisitions and ADM security deposit.