

**Our strategy**

# Delivering consistent growth in a sustainable way

Playtech has a clear plan to continue to drive growth in a responsible and sustainable way. Here we outline the medium-term strategic priorities for both the B2B and B2C divisions, which will enable us to deliver revenue growth, expand margins and generate shareholder and stakeholder value.

## B2B: well positioned in markets set for growth

### 1 Be the partner of choice for newly regulating markets

Growth in the gambling industry is primarily driven by regulation – growth comes from markets that are early in the journey of regulating, which then moderates as markets progressively mature. We aim to be the partner of choice for operators in newly regulating markets, with a particular focus on the Americas and Europe.

The US represents a huge revenue opportunity of \$3 billion for Playtech on a per annum basis across iGaming, online sports and platform (see page 25).

The LatAm region has strong structural drivers (see page 26). With Caliente providing the blueprint for success in this region, Playtech is ideally positioned to deliver strong growth via its structured agreements in multiple countries, including Brazil.

Finally, there continues to be strong potential in European markets that are either regulating or underpenetrated online where Playtech can bring the strength of its offerings to bear such as the Netherlands and Spain.

**Link to KPIs**

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**Link to risks**

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### 2 Capitalise on Live and SaaS opportunities

Live represents an enormous opportunity (see page 29), in which Playtech has invested heavily. Ten studios are currently operational with a further one in Pennsylvania under construction. We have more than doubled the number of tables over the past four years and invested in both the latest cutting-edge technology and branded gaming rights such as Jumanji™. With significant operating leverage in the business, growth in Live is margin accretive.

The SaaS business model (see page 31) allows Playtech to serve those operators looking for Playtech’s content without the platform, thus increasing the Company’s total addressable market. With investments already made in building out infrastructure, such as data centres, SaaS is a high-margin segment. Although SaaS revenues have been growing strongly, revenue from each operator represents a small proportion of their wallet. Thus, we see ample scope to increase wallet share amongst these existing customers.

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### 3 Realign resources to reflect B2B growth areas

With exciting areas of growth in regulated markets and several technology trends (see technology trends on page 28) maturing at the same time, there is a need to continue to invest in the B2B Gambling division to ensure Playtech maintains and grows its market share lead. We see opportunities across the B2B business where we can improve efficiencies and eliminate duplication, the savings of which can be used to fund any required investments.

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Strategy in action

Case studies of executing in newly regulated markets

Holland Casino: very strong start

During 2021, Playtech signed a new, expanded long-term strategic software and services agreement with Holland Casino, the state-owned land-based casino operator in the Netherlands – a top ten market in Europe that opened its regulated online gambling market in October 2021. Playtech now supplies Holland Casino with a full turnkey, multi-channel technology package, as well as certain ancillary services.

Holland Casino is off to an impressive start given its first mover advantage and was the biggest driver of revenue growth in Europe in 2022, illustrating the significant growth opportunities of newly regulated markets. Combined with the launch of Casino and Poker with Bet365 in the Netherlands in early 2022, Playtech is well positioned to capitalise on the Netherlands market.

Caliente: successful blueprint

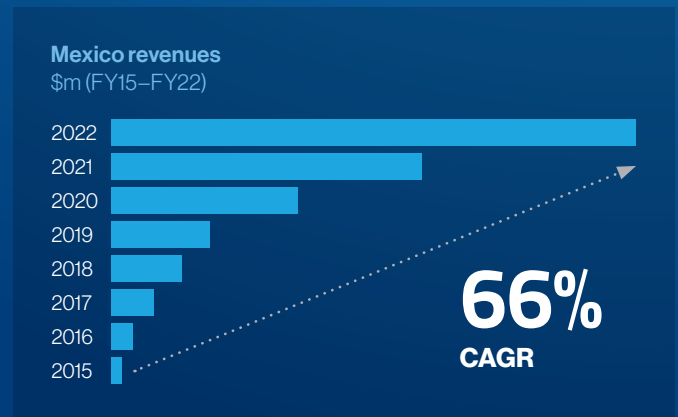
Caliente in Mexico provides the blueprint for executing on structured agreements (see business model section on page 30) in other markets. The idea is to select a “local hero” in a country with favourable market dynamics, and look to grow with that partner as the market grows. Playtech contributes its market-leading technology as well as expertise and experience in launching online businesses in newly regulating markets, while the partner typically has a strong brand and deep knowledge of local markets. The results, with aligned incentives, can be impressive.

Revenues within Mexico, the majority of which originate from Caliente, have grown at a CAGR of 66% between 2015 and 2022 and Caliente now represents our largest customer when measured by revenue. The attractive economics of a structured agreement, which typically includes a higher revenue share for Playtech, means that the profit margins are high.

With structured agreements signed in several other LatAm countries including Colombia with Wplay and Brazil with Galerabet, Playtech is in a strong position to build upon the Mexican success story across the LatAm region.

“Alongside Playtech’s unrivalled multi-channel technology, its strong track record in delivering industry-leading software to newly regulated markets makes it a trusted and experienced supplier.”

Erwin van Lambaart  
CEO, Holland Casino



Our strategy continued

**B2C: build a pan-European B2C presence**

**4 Leverage retail presence to grow Snaitech's online business**

Italy is one of the top two gambling markets in Europe, along with the UK. Unlike the UK, the online market in Italy is still underpenetrated – 26% currently versus 58% in the UK. As a result, we see significant scope for the higher margin online business to grow.

Snaitech's strong retail brand is critical to its success and a competitive advantage compared to online operators, particularly in light of the advertising ban in Italy. With average revenue per online customer acquired via retail sites more than three times higher than those acquired directly through online channels, Snaitech's cross-selling approach means it is ideally positioned to benefit from this growth opportunity.

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→ See risk section on pages 85 to 90

→ See KPI section on pages 16 and 17

**5 Optimise HAPPYBET for online**

HAPPYBET now sits under the management of the Snaitech team which has initiated a process to optimise HAPPYBET's online business. This involves rationalising its retail footprint with significant investment in the online business, mirroring the successful Snaitech strategy.

With Germany moving towards legalising gambling, HAPPYBET is in a strong position, having been awarded one of the few available online sports betting licences in Germany.

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**6 Targeted M&A to expand Snaitech**

The Snaitech management team transitioned the business to take advantage of the shift to online. With this high-quality management team in place, there is scope to utilise this skill set and experience outside of Italy, within neighbouring European countries. Consolidation of HAPPYBET's position in Germany and Austria through M&A looks attractive, while acquiring assets in other neighbouring European countries provides further opportunity.

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**Embedding sustainability into our culture**

In 2021, Snaitech became a member of two leading Italian associations for DEI: Parks – Liberi e Uguali and Valore D.

Parks – Liberi e Uguali works with companies to understand and realise the full business potential of developing strategies and best practices that respect diversity and inclusion.

Valore D is the first association of companies in Italy that has been committed to gender balance and an inclusive culture in organisations in Italy for more than ten years.

In 2022, Snaitech continued its collaboration with the two associations to raise awareness of inclusion in the workplace and generate a corporate culture that is better able to channel, orient and welcome all diversity.

The goal of the campaign, "La consapevolezza prende forma", was to further grow and strengthen our commitment in this direction. Snaitech held training sessions on diversity and inclusion issues, which included three webinars in 2022.



## Strategy in action

# The transformation of Snaitech: a fundamentally higher quality business post pandemic

### Larger addressable market

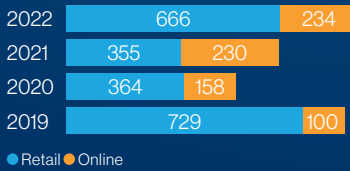
Since Playtech acquired Snaitech in 2018, it has transformed into a higher margin, less capital intensive business with a larger addressable market.

Snaitech's efforts to leverage its leading retail network and brand have created a larger online business. As the pandemic accelerated the shift to online, Snaitech capitalised on the opportunity by launching dedicated promotions to migrate customers to online from retail.

With online revenues in 2022 remaining stable despite retail having reopened, it's evident that some of these onboarded customers continue to spend at least part of their wallet online. New customers were also onboarded directly via the online channel, further increasing the addressable market.

#### Snaitech revenues by channel

€'m

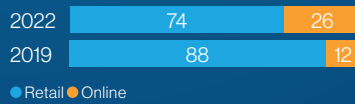


### Higher margin

The pandemic accelerated the shift to the online segment.

#### Snaitech revenue mix (retail v online)

%



Given the lower overheads and greater share of Net Gaming Revenue (NGR), the online segment is a higher margin business. This has resulted in Snaitech becoming a higher margin business overall.

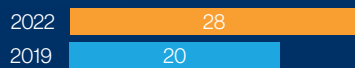
#### 2022 Snaitech EBITDA margin

%



#### Snaitech EBITDA margin

%



### Less capital intensive

The retail business requires more capital expenditure to grow, given the licence renewal fee is higher for retail compared to online, in addition to Snaitech owning a proportion of the gaming machines. As a result, online is a less capital intensive segment and thus benefits from a higher return on assets.

#### Snaitech 2018–2022 average capex to sales ratio

%



Note: HQ Snaitech capex apportioned between retail and online by revenues.

