

Report: LatAM

LAND-BASED, ONLINE AND SPORTS BETTING LATIN AMERICA GAMING



Opportunities in Latin America

What are the opportunities and challenges for foreign companies looking to enter the region and how can they take the initiative to local operators and suppliers?

The political landscape in Latin America is often unstable. This has made it hard for operators to guarantee any return on a long-term investment, especially as gambling rules are changed often. This is especially true in regards to taxes. The right level of taxation is absolutely key when it comes to making a profit and many governments have consistently raised taxes, often at very little notice. Change to taxes in 2015 in Panama (coupled with a decline in tourism), for instance, has all but decimated a once growing industry.



Argentina

Despite growing economic uncertainty, Argentina offers increasing opportunities for foreign investment in the country's online sector. Interactive gambling is regulated at a provincial level and there is currently no federal gambling legislation when it comes to online gambling. An increasing number of provinces are changing their gambling laws to allow online gambling.

Opportunities for growth are imminent, not just in Buenos Aires, but in other provinces such as Mendoza. In October 2020, the province of Mendoza approved online gaming legislation and is to grant seven licenses in total. Covid has forced more players to play online and in the face of decreasing land-based revenues, additional provincial governments are expected to move towards allowing for the wider expansion of gaming in the wake of developments in Buenos Aires.

Foreign investment in the online gambling market is now welcome in both the city of Buenos Aires and the province of Buenos Aires. At the end of December, the Provincial Institute of Lottery and Casinos (IPLyC) of Buenos Aires named the seven companies that will legally operate in the province of Buenos Aires (there were 14 applications in all).

The partnerships require the local operator to hold a minimum 15 per cent stake in the business. A number of well known companies are now set to launch in the market including William Hill, bet365, Playtech Plc, 888 Holdings, Flutter, Intralot SA and the Betsson Group. The process to start online gambling in the city of Buenos Aires started at the end of 2018, when the Buenos Aires Legislature approved the law that authorised the operation of online gambling. The following May regulations were approved.

In February 2020, the Lottery of the City of Buenos Aires (LOTBA) opened a call for those interested in offering their services. Six business groups (some of them partnerships with local and foreign operators) will launch soon, including Codere. In addition, in September 2020 the Buenos Aires Legislature gave casinos in the city permission to run online gambling.

The new bill means that both the racino and the floating casino will be allowed to operate online facing versions of their operations.

In other jurisdictions the change has been so dramatic that operators are no longer able to conduct business at all. In 2010, then President of Ecuador, Rafael Correa, announced that the government was seeking to ban gambling completely after a referendum, meaning foreign investors who had poured millions into casinos and hotels lost everything practically overnight.

Meanwhile, in Venezuela, citizens have been living under a dictatorship in all but name ruled by President Nicolás Maduro for years. The government continues with its anti-gambling crusade, meaning that there is practically no gambling industry left apart from state-run lotteries. Even in Chile, one of the most stable countries in the region and one of most





Brazil

The liberalisation of Brazil's gambling laws has been a discussion point and area of vast interest for some time, with a number of foreign companies poised to enter the market.

Meanwhile, offshore operators such as Betcris are making their presence felt via sponsorship deals with top football leagues. Indeed, online sports betting companies now sponsor as much as 60 per cent of clubs in the top two football divisions.

Whether Brazil will finally give online and land-based casino gambling the green light is still uncertain, however, as the government continues to waver on the issue. Either way a massive shift is on the way with the long awaited launch of sports betting.

There has been some disagreements between the Attorney General's Office, in charge of the legal advice for the Ministry of Economy, which is in favour of a public licence tender for the operation of sports betting, and Brazil's Secretariat of Evaluation, Planning, Energy and Lottery (SECAP), which supports a direct authorisation model.

Sports betting regulation should be in place by July 2022. Most of the disagreement so far has been over the number of licences that can be handed out.

In February 2020, SECAP launched a third consultation on fixed-odds sports betting, calling for public comments on a shift to a concession model, where a fixed number of licenses would be tendered.

The concession model will allow for a limited number of companies that can operate in the country. The government is heading in that direction with the government expected to grant just 30 licenses from the outset.



Peru

Peru was one of the first countries in the region to allow online gambling. Online gambling rules in Peru are unusual in that online gambling is not covered by any specific legislation, but rather operators may offer their services as long as they adhere to local business practices and Peruvian law. Online gaming may be offered either from within or from outside of Peru.

There are six companies offering their services to locals under this arrangement. In some cases operators offer both online and retail betting. A number of foreign companies, such as BetGames.TV and Intralot, have recently made important inroads into the market having signed agreements with local partners, as it appears that the Peruvian market is following in the footsteps of Colombia. Meanwhile, local operator Apuesta Total has announced plans to expand its retail betting arm in as many as 200 new retail outlets by the end of this year.

New separate rules covering the industry look almost certain. Peru has made huge inroads in regulating the land-based market and online gambling will expand as a natural continuation of this process, albeit slowly. Under current proposals, online operators will need to be formally established in Peru and unlicensed offshore operators will be blocked from offering their services. Agreements have already been reached with the corresponding government agencies to ensure that they will not be able to offer their services locally.

Online gambling rules will now have to go through several stages, such as the Council of Vice Ministers (an entity that has the power to endorse and comment on all projects issued by the executive) and has been delayed further by the pandemic. Laws were expected to be in place by the end of 2020.

The gaming board, which falls under the Foreign Trade and Tourism Ministry (MINCETUR), is likely to impose a tax of 12 per cent tax on net winnings and fines for noncompliance. MINCETUR is looking at regulating the industry further in order to generate additional gaming revenue and ensure that online gaming sites meet with money laundering requirements, as well as player protection measures, especially when it comes to the protection of minors.



Colombia

Colombia was the first country to pass a comprehensive online gambling law in 2016. Since then the market has become a role model for the gambling sector in Latin America.

The market has shown rapid growth reflecting the potential of a well-regulated market in other jurisdictions and there are now over 1.9 million online registered players nationwide. Other markets in the region look increasingly likely to follow suit.

Both local and foreign companies now offer their services online to Colombians with some of the world's leading companies represented in the market. Sports betting is very present in the market with a number of high profile campaigns and sponsorship deals with local football clubs and leagues.

In December, William Hill announced that it had acquired a majority stake in the Colombia licensed operator, Alfabet S.A.S. The Colombian firm has been operational since 2018 and holds a gaming board (Coljuegos) licence to offer games of chance and sports betting.

There are now 17 licensed online operators in Colombia. Coljuegos has also increased the array of betting products while cracking down on unlicensed operators. As many as 2,000 unlicensed websites have been blocked thus far according to Coljuegos. Coljuegos has gradually begun to liberalise the market and has increased the number of products on offer in the territory, including pari-mutuel sports betting.

Most recently it has allowed current online-based participants in the market to offer live-dealer online casino games, betting on virtual sports and instant win games. Live casino was not originally permitted, although this development was part of the roadmap of the Gaming Board.

In May 2020, Coljuegos published regulations regarding the launch of live dealer online casino games in the country, following legalisation in April.

efficiently regulated markets, licence processes have been beset by calls of foul play and have dragged on for years in the courts. At the same time there is very little impetus to change Chile's online gambling rules long term.

Generally speaking, debate in the region continues over whether gambling should be regulated on a state or federal level and who should be granted the lion's share of gambling tax revenue. Indeed, gambling legislation has often led to a much wider argument encompassing the issue of state's rights against tighter centralised governmental control.

Even when a jurisdiction seems to be on the very brink of changing its gaming laws it often fizzles

out into nothing. For years Mexico and Brazil have been held up as potentially huge markets, but there has never been sufficient consensus for comprehensive gaming laws to pass. Mexico's gaming laws go back as far as 1947. Brazil's Criminal Contravention Act (which makes gambling illegal) dates back to 1941. Bolivia still continues to lag behind both in the land-based space as well as online. The gaming industry in Bolivia is still largely unregulated with illegal gaming widespread. There are currently no laws in place when it comes to online gambling.

Although the obstacles are many there is growing evidence to suggest that operators are making new inroads into the region, especially when it comes to online gambling.

New markets are opening up in a number of key regions and gambling laws are finally seeing major reforms. Indeed, foreign companies are becoming increasingly present in the market by establishing key partnerships with local operators. New deals, coupled with the know-how of foreign operators working within newly regulated markets, will have a profound change on the market going forward. Considerable progress has already been made in jurisdictions such as Colombia and Peru, while other markets are poised to green light a much wider expansion of gambling in their space. So what are the opportunities and challenges for foreign companies looking to enter the region and how can they take the initiative to local operators and suppliers?



Betixon

Lior Cohen, Chief Technology Officer

Betixon is a mobile slot developer. Could you provide us with a short overview of the history of the company?

Betixon was founded due to a need for games that are not a burden on operators.

A few years back, we realised that most game providers charge a significant amount of revenue share together with high setup fees and monthly minimums, which created revenues impact on operators.

We have been able to create a complete casino/sports platform and a game studio in a relative short time using modern technology, which allows us to be efficient and competitive without compromising on quality.

You will be offering your games in a number of new markets including Colombia. Could you tell us more about some of the games you will be offering?

We have been working in the Colombian market for quite some time now, and over that time we have learned a lot about what works best and have refined what we do. As a games provider it's always challenging to deliver the right games for a new market so we are pleased to see that our games "Wild Wolf" and "Boots of Luck" have been a big success.

What are some the opportunities you see going forward in Colombia and possibly other jurisdictions in Latin America going forwards?

Games in this region must be quick to load, but still look impressive. Mobile is challenging and connections in remote locations are still not optimal for most modern games, so the right technology is key in LatAM. If the player waits too long you lose him on the loading the screen.

Do you think that Latin America still offers opportunities for expansion for mobile slots? Are there any other markets in Latin America that you see as offering strong potential going forwards?



As a games provider it's always challenging to deliver the right games for a new market so we are pleased to see that our games "Wild Wolf" and "Boots of Luck" have been a big success.

The most interesting upcoming regulated jurisdiction would of course be Brazil.

Apart from our slots we already have video bingo games and other content in our portfolio for the Brazilian market, so we are eagerly waiting for it to be regulated. In general any regulated market is of interest to us, large or small.

How does Betixon help its partners and customers in the region?

Apart from the commercial terms, quality and technology of our products, we offer tailored solutions and exclusive games for our customers. If they want specific features, or a complete branded and exclusive game, we cover it and help the operator to differentiate itself from the competition.



GAMING1

Victor Araneda, Chief Business Development Officer

GAMING1 was the first to get involved in Colombia via the Vicca Group. Could you tell us more about your entrance into the Colombian market? How have players responded to the newly regulated market?

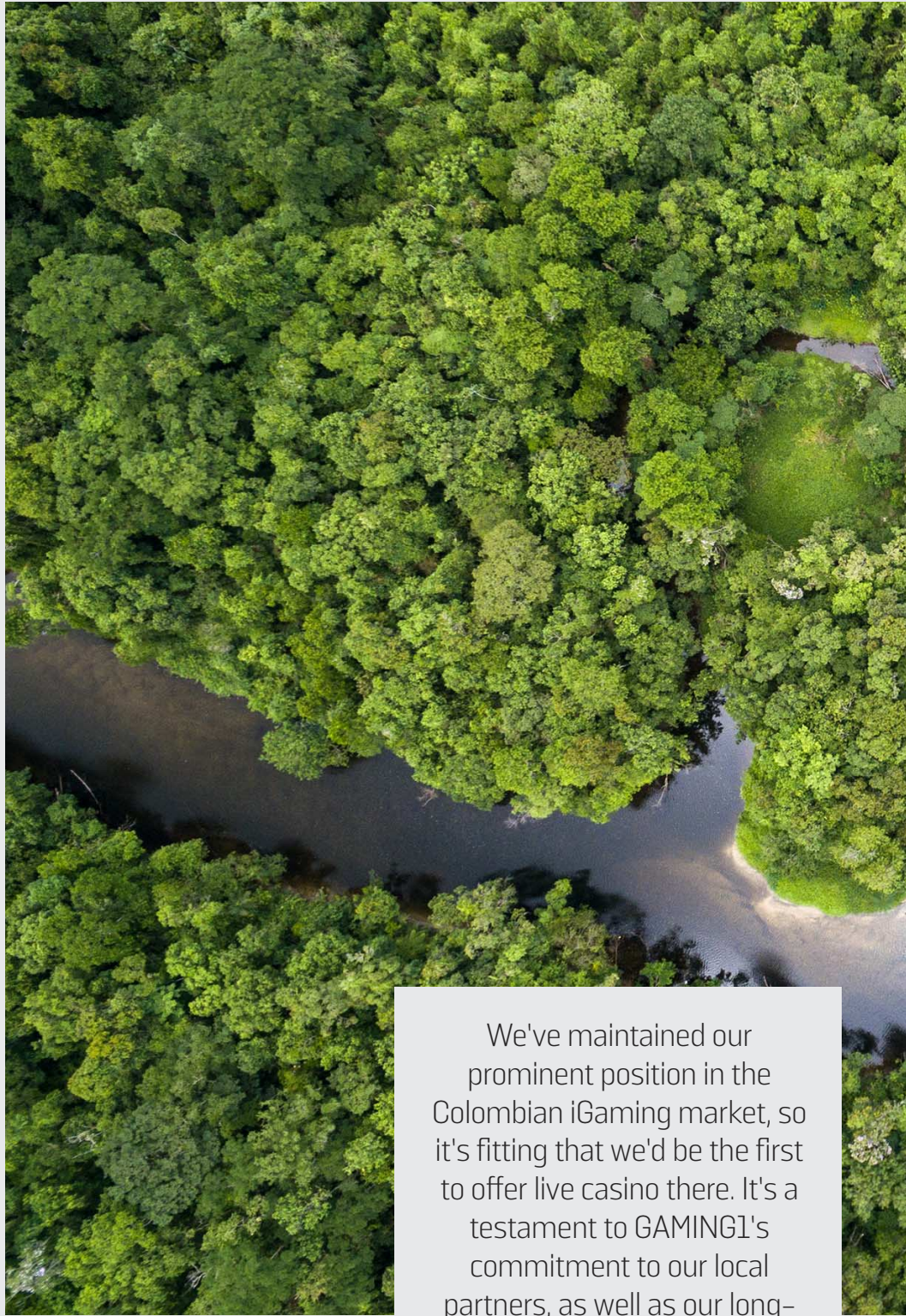
We identified Colombia as a high-growth opportunity early on – and were fortunate to be invited to participate in the formative stages of the regulatory process by the national regulator. At that time, we were also able to find a partner in VICCA who shared our ambitions. From then on, it proved to be a hugely beneficial development process for all parties – and we're delighted with the result.

As a land-based casino provider, Vicca Group shares our DNA in that sector and our ambition to create a fully immersive omni-channel experience. We're currently seeing a consolidation of Colombia's land-based industry, and we expect that trend not only to continue, but to become one of the essential factors driving the double-digit growth we expect the sector to achieve over the coming years.

Last year GAMING1 announced that its online operator brand Zamba.co was the first site to launch live casino in Colombia. Could you tell us more about the launch? What has the response been to live casino in Colombia?

We've maintained our prominent position in the Colombian iGaming market, so it's fitting that we'd be the first to offer live casino. It's a testament to GAMING1's commitment to our local partners, as well as our long-term collaboration with the live casino space's undisputed leader, Evolution Gaming.

The market is a shining example of what can be achieved here, and we're delighted to be a solid case study of success for other European operators eyeing the region. The brand has received a fantastic reception, with players showing an exceptional level of enthusiasm and engagement, all of which has contributed to a recent series of record-breaking months



achieved by our Colombian operation.

What is it like doing business in Colombia? Are there any unique obstacles or challenges there which you might have encountered?

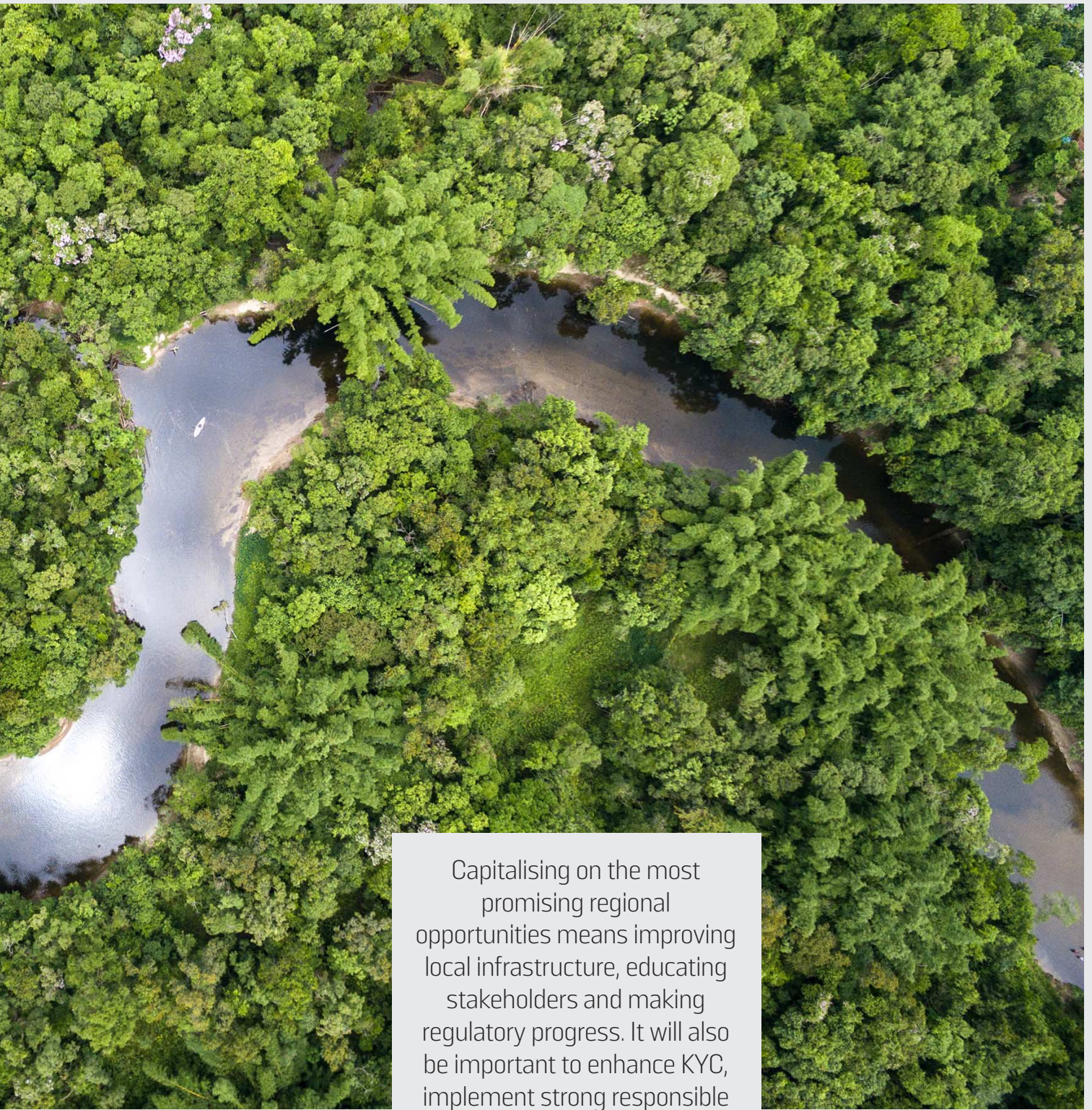
Colombia took a leading regional position by implementing a robust national framework, and Coljuegos has continued to refine and improve its model over time, in line with its constantly developing understanding of the industry. The market's ever-evolving compliance procedures are a perfect example of that process.

However, in spite of the exemplary approach adopted by the regulator, the industry experienced a number of teething problems, particularly when it comes to the rules around

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banking, when the market went live. As we can see in any emerging market, and Colombia in particular, fully functioning payment providers are critical to the success of the entire industry, so it's good to see improvement, even if it's been slow.

As the market continues to mature and the competitive dynamics shift, new efforts to create and improve customer engagement will be key to local success.



Do you plan to expand further into Latin America?

We look forward to more local legislators and regulators continuing their work in establishing licensing regimes throughout Latin America.

Many Latin American countries still have a long journey ahead on the road to becoming fully regulated, but we feel very optimistic about the strong commercial prospects offered by this exciting region and our product-market fit.

In the meantime, we will remain strong advocates of the importance of local regulation, given the benefits it brings to players, businesses, and government revenues. When it comes to the development of the online sector,

Capitalising on the most promising regional opportunities means improving local infrastructure, educating stakeholders and making regulatory progress. It will also be important to enhance KYC, implement strong responsible gaming policies, and maximise the innovation we see in the payments space.

we also think it's crucial to involve the traditional land-based industry in the process.

What are the opportunities and challenges for foreign companies looking to enter the region?

In the long term, capitalising on the most promising regional opportunities for our industry means improving local infrastructure, educating stakeholders and making regulatory progress at an even faster rate.

It will also be important to enhance KYC, ensure the implementation of strong responsible gaming policies, and maximise the innovation we see in the payments space.

Of course, the continent is not monolithic.

Deep cultural differences exist right down to the provincial level, and without understanding those niches in detail, the industry will lose some of its intrinsic value.

This applies not only to product owners and marketers, but legislators and regulators as well. There's a long way to go, but our industry can be proud of the progress it has made so far – and we're looking forward to the region realising its full potential in the coming years.



1X2 Network

Rory Kimber Head of Account Management

1X2 Network has been providing content aggregator Patagonia Entertainment with its full suite of games in South America. Could you tell us more about that deal?

Partnering with Patagonia was a really important step for us. Their local presence and knowledge of the market is important for us to hit the ground running and the fact they're such a key distributor in the region means that we can partner with multiple operators at once and really make a splash. Without having a workforce in the region, it was important that we partner with a company who are collaborative and that's exactly what we found with Patagonia.

Could you provide us with an overview of 1X2 Network's operations in Latin America now and going forwards?

We're really keen to keep pushing on in Latin America, adding new operators and delivering our product to all who can benefit from it. The other side of the Atlantic as a whole is something we've had our eye on for a while now and the momentum is really starting to build as we ramp up our efforts in the region.

What specific challenges does Latin America offer when it comes to doing business?

I suppose first and foremost it's the time zone; there can be plenty of late nights or early mornings for those involved. We also have to make sure we've got the language subtleties sorted for the content. With regulations rolling out across the continent we need to work out the cost of entering markets vs. the opportunity. Because we're entering early and before many competitors, we have to learn from the mistakes made, whereas others will have the benefit of us blazing a trail. Lastly, it's currencies and retrofitting some of our classic content to accept big integers which come about due to exchange rates. It looks good to have the long numbers on the reports though!

As jurisdictions in Latin America develop their



We need to work out the cost of entering markets vs. the opportunity that is there. Because we're entering early and before many competitors, we have to learn from the mistakes made, whereas others will have the benefit of us blazing a trail.

own rules when it comes to online gambling, how do you tailor your gaming content to Latin American markets?

We have a wide range of products in the portfolio, including slots, instant win content, numbers games and virtuals, so we can see what

performs well, what type of bets are more popular locally and always have a product to suit. This was how we approached Africa, which has blossomed into a successful market for us. Finding something players love is easier when there's such a large pool of options to dip into.

How does 1X2 Network help its partners and customers expand their offering and improve their services in the region?

We have infrastructure in the Americas so that helps in terms of gameplay experience and speed. We also work with many worldwide aggregators, which allows us to participate in the whole market right across the region.

Lastly, we're keen to work hand-in-hand with operators to make the best content and fill in any gaps for games they don't have. This is backed up by our Branded Megaways project, which means we can skin games up specifically for each operator and increase their player loyalty and retention.



Microgaming

Andrew Clucas, Chief Operating Officer

Microgaming has announced an exclusive distribution agreement with Neko Games, a game design and development studio based in Buenos Aires. Your games are also present in Mexico as well. Could you tell us about the company's experiences in this market and about plans going forwards in the wider region?

That's right, we're delighted to have welcomed Neko Games to our platform. The Neko team have many years of experience in the region, specifically in developing video bingo content, which is reflected in the quality of their creations; they've launched two games since inception, Super Showball and Pachinko, which continue to perform well. Building on this success, we're planning an exciting roadmap for localised bingo content, so stay tuned!

What is it like actually doing business in the region? Are there any unique obstacles or challenges there which you might have encountered?

There are differences across markets, so you really can't generalise the region. With the range of currencies and exchange rates available across the LaTAM, we've adapted our games for certain markets and provided more flexible terms for local operators. Sports betting dominates, except in Argentina, where there is a large casino culture. We work hand-in-hand with our customers, creating targeted marketing campaigns and using our data and experience to drive operations forward. The region has grown tremendously in the last couple of years, with current events accelerating the natural shift to online operations and increasing regulation, which is welcome.

Are there any types of games which are particularly popular in the market? If so, how do you help deliver these games and help local operators and suppliers?

Many online operators come from land-based casinos, so there is an appetite for games that look and feel like those popular on the casino floor. But there is also demand for new,



New players who might have been hesitant to play online previously are increasingly comfortable in this gaming space, and local operators are adapting their businesses to provide a multi-channel offering or looking to foreign companies for investments.

innovative games, and so this is where we collaborate with our exclusive independent studios and content partners to ensure we are catering to the breadth of local tastes and demands. We are recognised for our branded content, which works well in player acquisition.

What are the opportunities and challenges for foreign companies looking to enter the region?

Opportunities are abundant following the

increasing shift from land-based to online and the move towards regulation. New players who might have been hesitant to play online previously are increasingly comfortable in this gaming space, and local operators are adapting their businesses to provide a multi-channel offering or looking to foreign companies for investments. We've seen this in Colombia, where more overseas companies are entering the market and are competing against the existing wide network of retail and payment options available from local operators. Some markets are very new, so there are still opportunities to come in and establish your niche.

As we've seen with Buenos Aires Province regulating, foreign and local companies were required to find a partner to ensure compliance with the licence tender requirements; these joint ventures benefit both sides by balancing extensive online experience with local market expertise. The challenge for foreign companies is finding the right local partner and hiring a team on the ground that suits their needs.



Continent 8

Jorge Morales, Account Director LatAm



Continent 8

Gabriel Szlaifsztein, LATAM Consultant

In October last year, Continent 8 announced a strategic expansion into the Latin American market. The move began with the launch of a cloud solution in Colombia, with Uruguay and Argentina set to follow in the near future. Could you provide us with any additional information and an overview of your operations in Latin America now and going forward?

Jorge Morales: We're expanding our operations to Latin America, bringing Continent 8's 20+ years of experience to provide not only a cloud service but also an end-to-end solution. This includes consultancy, setup support, personalised online support 24/7, and a strong and reliable infrastructure which offers a secured multi-tenanted, scalable and resilient last platform to host customer infrastructure as virtual machines. And it's all connected to our Backbone Global Network, based in Bogotá's free trade zone, just minutes away from the capital's international airport.

This reinforces our commitment to the region where we have a strong team including my colleagues General Manager Gabriel Szlaifsztein, and a high-level technical team led by Americas Managing Director Nick Nally.

Looking to the future in LatAm, when it comes to iGaming regulation and opportunities to expand in the region, we believe that Colombia, Mexico and Argentina are the standout candidates. But we also see opportunities in Brazil, Paraguay, and Chile. All these countries are now increasingly regulating their local gaming industry. As a result, a great number of businesses are beginning to enter the LatAm iGaming market, and Continent8 will be ready to support operations and customers as these markets go live.

Continent 8 has been providing hosting, network connectivity, security, and compliance to the online gaming industry for over 20 years. What unique challenges does Latin America pose?

Jorge Morales: Latin America comprises a large

When it comes to iGaming regulation and opportunities to expand in the region, we believe that Colombia, Mexico and Argentina are the standout candidates. But we also see opportunities in Brazil, Paraguay, and Chile. All these countries are now increasingly regulating their local gaming industry.

territorial extension divided into different countries, with varying levels of technological maturity. Our cloud computing is not a stand-alone technology, but rather a mix of a large set of various technologies. Virtualisation, storage, connectivity, security and processing are all used to create an ecosystem. The result is a new proposition that's extremely attractive from an economic perspective due to its capability to combine cost saving with increased flexibility to manage the ICT needs of customers.

Our commitment is to offer the same level of world-class service in each country across the region. Our team of engineers and architects work together with our business partners in infrastructure, communications and security to achieve the best technical configurations. This guarantees the best availability and latency, providing closeness between services and consumers in order to give the best user experience. We call this the Continent 8 iGaming Exchange Network.

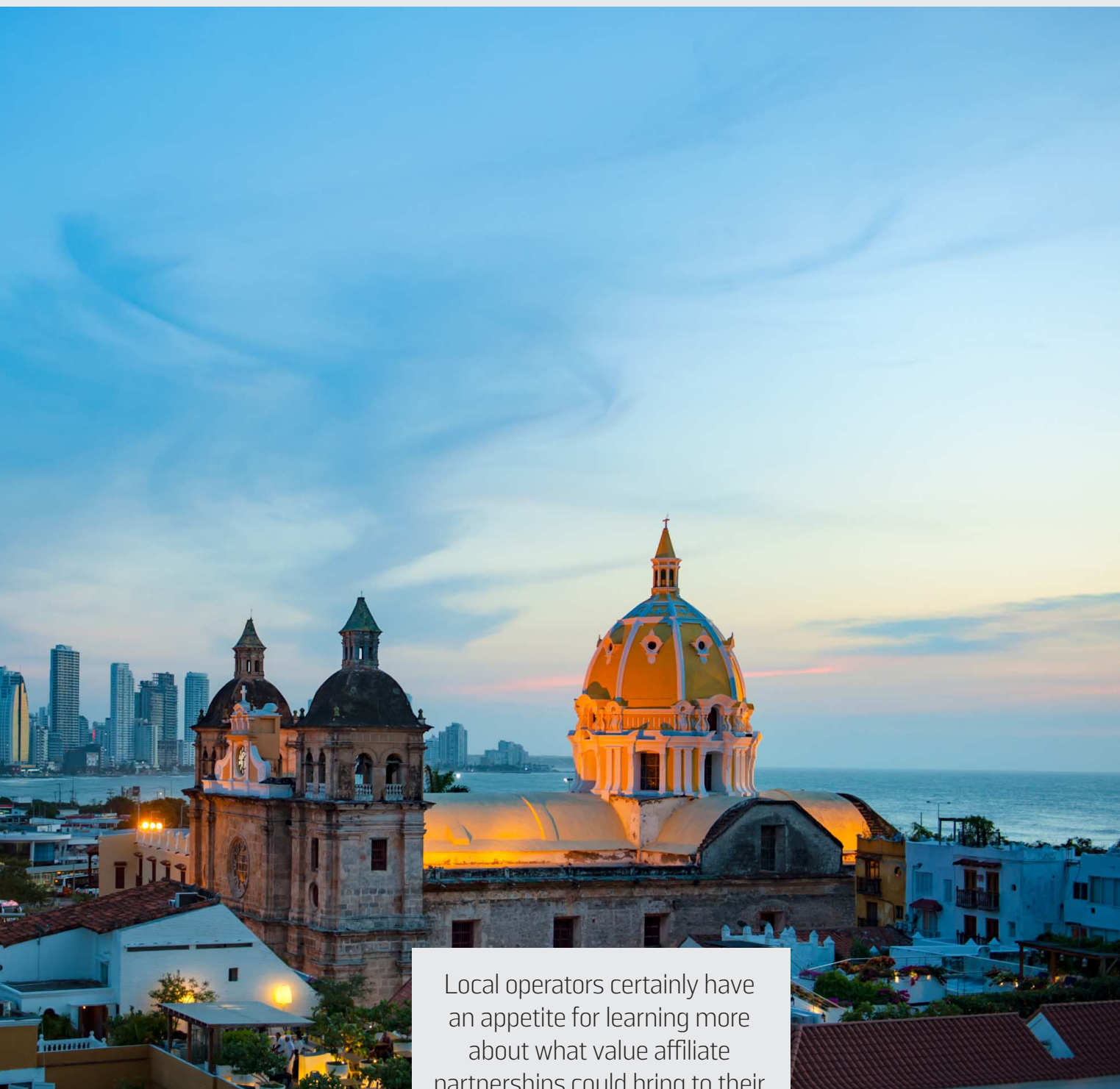
When we talk about compliance, online gambling in Latin America is regulated differently across jurisdictions, making it complex and challenging. It ranges from fully regulated to non-regulated, however Continent 8 has developed a service that's fully compliant



with the highest industry standards (ISO, PCI, etc.), and importantly can tailor solutions depending on regional regulatory requirements.

How do you work with state bodies in Latin America? How are you able to provide guidance for policy makers in the region?

Jorge Morales: Regulation isn't new to our industry. For more than 20 years we have worked closely with regulators and customers to ensure our solutions align with the requirements in every country or state we operate in. That means we have gathered a vast amount of experience and knowledge from working within many different jurisdictions. As a result, we're respected and trusted by regulatory bodies around the world. For example, in the USA we're proud to have been the first to obtain vendor licenses in many states.



What are the opportunities and challenges for foreign companies looking to enter the region? Do you think that other governments will follow suit and liberalise the online market, as we have already seen in Colombia and Buenos Aires?

Gabriel Szlaifsztein: Latin America is a patchwork of different regulations which, in some cases, date back as far as 1947. Over the past three years countries such as Argentina, Brazil and Colombia have made real progress towards achieving sustainably regulated online markets.

Each country has its own preferred languages, unique gambling and betting culture, different currencies, and specific sets of laws for the gambling industry. Banking is a big challenge in the region, even in strongly regulated markets. For those looking to target customers in LatAm,

Local operators certainly have an appetite for learning more about what value affiliate partnerships could bring to their businesses, and international operators are looking for partnerships promising maximum brand exposure and customer acquisition in the quickest possible time.

it is important to make strategic decisions based on extensive research and a detailed understanding of each country. That is why, before stepping into the Latin American market, it is crucial that you analyse key information such as the market size, rules and regulations, gambling interests, popular sports, technological advancement and –last but not least–language variations.

On the other hand, local operators certainly have an appetite for learning more about what value affiliate partnerships could bring to their businesses, and international operators are looking for partnerships promising maximum brand exposure and customer acquisition in the quickest possible time. Whether they achieve this through the acquisition of smaller local operators, partnerships with more consolidated local businesses, or sponsorships of well-known sports teams, is a strategic decision that's unique to each business.

The only clear trend in the region, and arguably the most important one, is a widespread movement towards full and sustainable regulation which both local and international operators need to be ready for at any time.

It's an exciting time for the region!



BetGames.TV

Eddie Morales, LatAm Sales Director

Could you provide us with a quick overview of the types of games you offer?

BetGames.TV combines the look and feel of an online sportsbook casino combined with core elements of virtual gameplay, all presented in a unique and innovative live broadcast igaming model. The all-in-one format is niche, interactive and immersive and creates a distinctive player experience that is quite simply, one of a kind.

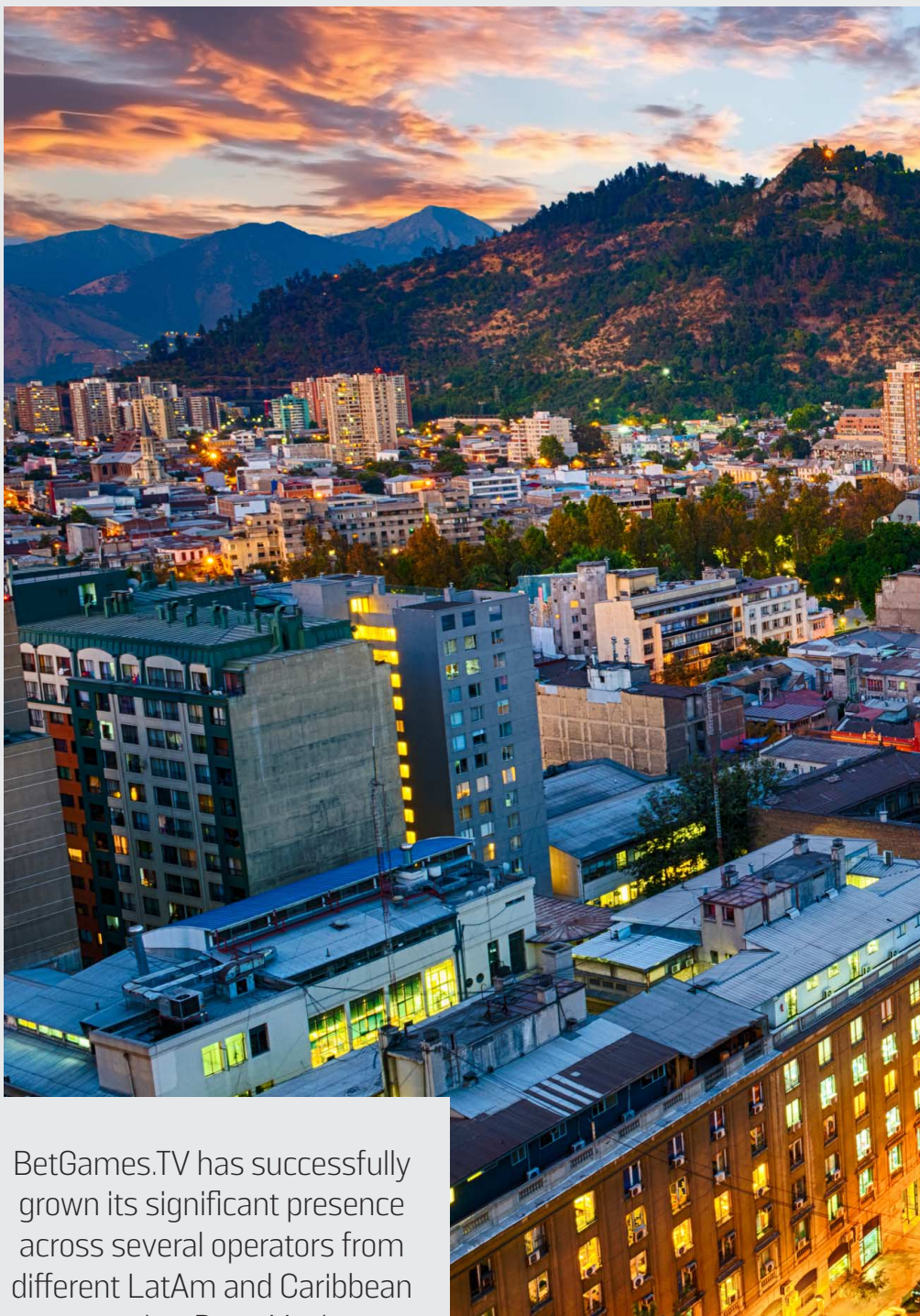
Our 11 games are divided in three families with dependent on themes: Cards, Lotteries and Various.

From the Lotteries category, Lucky 7 is our star title; this is a lottery-style game with a live draw where the player can choose numbers between one - 42 while also placing bets on the colour of the balls, sum totals, odds/evens and more.

In the Card category, we have our latest release, Rock Paper Scissors, delivering one of the world's best-loved games in a unique, live broadcast, outcome-based betting format. Last but not least, among the various game types we have Dice Duel as one of our best-sellers, one of the simplest and most fun ways to bet on a live broadcast dice game, with the dealer throwing two dice per roll and players betting on different outcomes including value, odds/even and colour.

In July, BetGames.TV announced that it would continue to expand its LatAm presence in a deal with Jazz Gaming Solutions (JazzGS). Could you tell us more about that deal and what it means for your presence in the region?

Recent times seem to have flown by, even more than usual, which of course means we've been busy adding other partnerships as significant as JGS. Since July we've gone live on recognised brands like Strendus, Rivalo, Ganabet and Jugadon to name a few. However, the JGS deal is especially significant because it sees our portfolio's integration with a local B2B provider. The result is a step forward in terms of product localisation, regional penetration and brand



BetGames.TV has successfully grown its significant presence across several operators from different LatAm and Caribbean countries: Peru, Mexico, Argentina, Haiti and Brazil are highlights; and we're soon entering other territories like Dominican Republic and Colombia.

acknowledgement - and this is just the beginning.

BetGames.TV is expanding throughout Latin America including Peru and Mexico with well known local operators now offering your games. Could you tell us more about these markets and your presence there?

BetGames.TV has successfully grown its significant presence across several operators

from different LatAm and Caribbean countries: Peru, Mexico, Argentina, Haiti and Brazil are highlights; and we're soon entering other territories like Dominican Republic and Colombia. This means we are not focusing only in one country but across the whole continent - this also means we work with the same dedication with the larger markets and companies as we do with the smaller ones.

Our aim is, of course, to introduce our games wherever appropriate but also to learn from each individual market; in other words, we take a global approach, tempered with a local mentality.

Which markets in Latin America provide the best opportunities for BetGames.TV going forward? Is there an unmet gap in the market which your games are filling?

During the current year we expect to enter the



Colombian regulated market with a significant representation among local operators, aligning with our wider mission to offer a fully certified, innovative and top-quality product in the most respected markets. However, we will also have our eyes set on the future regulation of relevant markets in the region like Brazil, Argentina or even Puerto Rico.

We believe that our products find a niche in every market, given our unique, broad scope, appealing to both casino and sports players, thanks to the game's live format and simple, fast and low risk nature. Rather than plugging a gap, our games create one, maximising the potential of cross selling, which appeals to a broader audience with little to no learning curve, while adding the authenticity of real-time action in a very attractive format.

Are there any unique aspects to the Latin American market which makes your games

popular? How do the games offered by BetGames.TV appeal to the Latin American market in particular?

There are perhaps one or two games that are always on top of the rankings across all markets but I must admit that each country has its favourites. The channel used can also set different games that perform better than others from retail to online/mobile.

During the last year I would highlight the popularity of poker-style games; our Wheel of Fortune and Dice Duel, so the games that you could normally find on a casino floor would dominate in general.

I believe we've only just scratched the surface in terms of the appeal of our games but I should say that the unique betting format we offer along with the live broadcast element sets us apart and provides us a strong foundation to build upon.

What are the opportunities and challenges for foreign companies looking to enter the region?

The accurate interpretation of 'localisation' going beyond language adaptations and Latin game titles would be the biggest challenge for foreign companies approaching LatAm region as a whole, along with the lack of fully regulated online territories and setting up realistic return on investment in mid to long-term plans.

In terms of opportunities, the most pressing would be market growth, compared to more crowded market places that are already relatively saturated – upcoming regulated markets including the US and the multichannel growth coming from retail-only businesses. Covid-influenced conditions are still unpredictable (country by country) even during 2021 and it's part of both the challenges and opportunities as an important variable and market influencer.



Zitro

Johnny Ortiz, Founder

Could you tell us more about Zitro's presence in the region?

Zitro's presence in Latin America today is very big. Not only have we managed to enter into the majority of its jurisdictions, but we have also been able to build an extraordinary brand reputation for our complete products lines, including video slots and video bingo games. This translates into Zitro being among the top suppliers in the region and positioning our games within the top three of the best performing products in casinos.

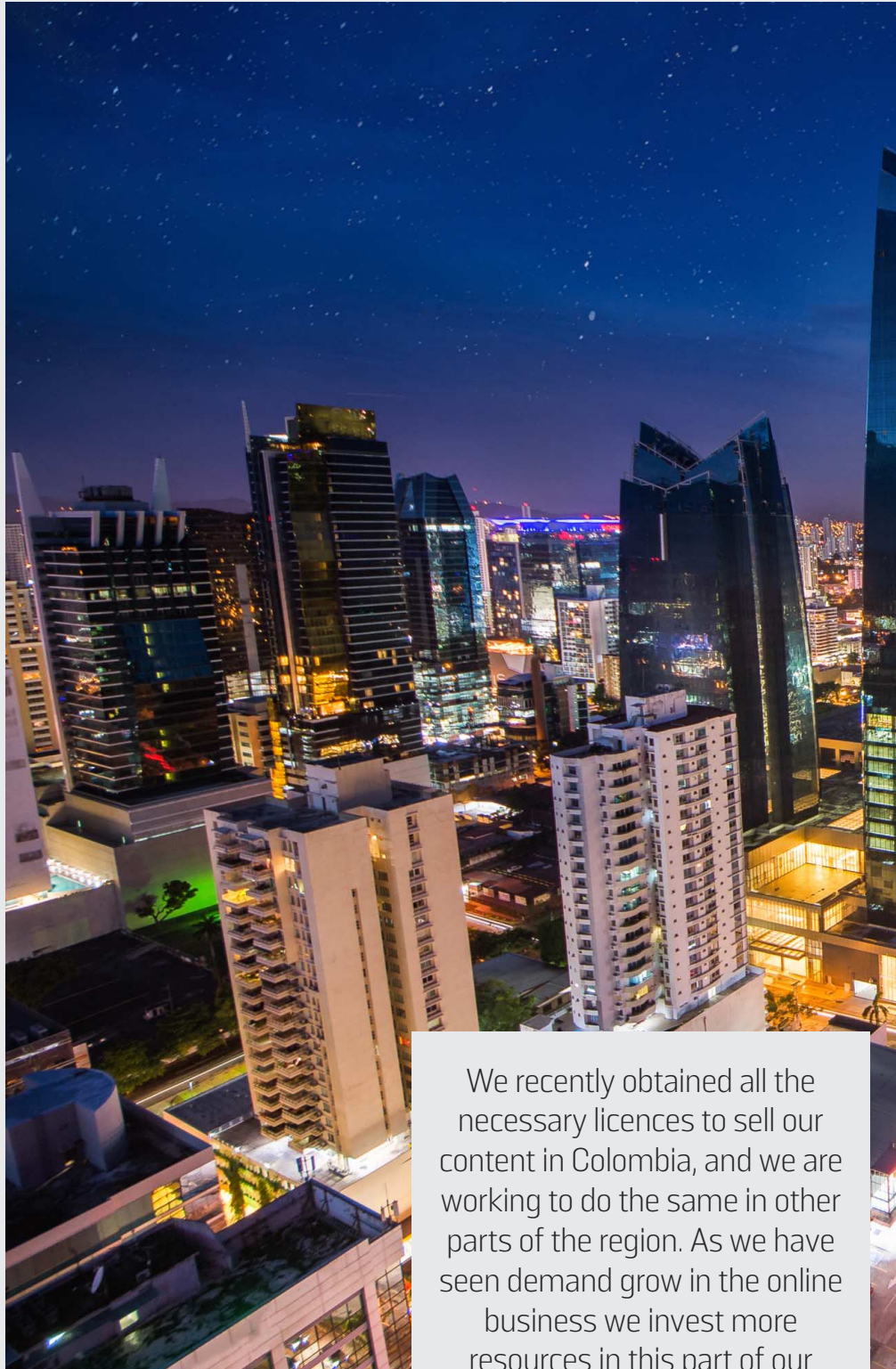
In which markets in Latin America have you made progress of late?

Zitro is a market leader in Mexico, where we started years ago introducing our innovative Video Bingo games, products which created a whole new standard of entertainment in the country. As we started introducing our video slot offering, which keeps growing every day, our footprint of slots is expanding exponentially in Mexico, and in every other Latam country, as players absolutely adore our incredible games. In countries, such as Argentina, Colombia, Peru and Panama, we started heavily with slots, as that is the type of games players prefer in these regions. We have also have recorded an amazing level of success, as we continue to expand into other jurisdictions, such as Uruguay, Paraguay, Chile, Guatemala, Honduras, Costa Rica and the Dominican Republic.

What are some of the opportunities you see going forward in Latin America?

Even though we have a great presence and players actively look for our games, there is still a huge opportunity for growth in Latin America for us. Performance of our games has been phenomenal, which is nurturing the demand for our products to levels that affirm that we are still far away from reaching the market share Zitro deserves.

In regards to online gaming, also there we see a huge growth potential. Again we are market



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leaders in Mexico, and we have a very strong presence in Argentina and Paraguay. In addition, we recently obtained all the necessary licences to sell our content in Colombia, and we are working to do the same in other parts of the region. As we have seen demand grow in the online business we have decided to invest more resources in this part of our business with the objective to shorten the time gap between our land-based releases and the online version of each game.

What are some of the challenges that you have faced in the region? How have these challenges been met by Zitro?

Latin America is very big and it's composed of different countries with multiple cultures, so

each jurisdiction presents its own specific challenges. One thing they have in common though is the currency fluctuation, or economic instability to say it in other words. In some parts of Latam it's more extreme than in others, but in general it is a region specific phenomenon, which you won't find such as in Europe, for example. The way we are handling this at Zitro is very simple but very effective. We treat every country and every customer separately. This



Having a background as operators ourselves, we have the ability to put ourselves in our customer's position, as we feel greater empathy for them. The times of 'one-size-fits-all-solutions' are long over and, needless to say, the global Covid-19 pandemic has, if anything, only augmented the need for tailored solutions.

means that we study each case individually. Based on the various parameters that we have specified, we then offer a tailored solution to each customer. This takes a great deal of effort as well as a willingness to listen to your customer, and solutions are often based on long term relationships and trust between each other, but we strongly believe that this is the only way. And of course, having a background as operators ourselves, we have the ability to put ourselves in our customer's position, as we feel greater empathy for them. The times of 'one-size-fits-all-solutions' are long over and, needless to say, the global Covid-19 pandemic has, if anything, only augmented the need for tailored solutions.

Are there any products which have seen particular success in Latin America? Is video

bingo for example particularly popular in Mexico? Are there any products aimed specifically at the Latin American market?

The region is very big and is full of different needs, so yes, there are definitely some products that work better in one place than in others, but what has happened with Zitro's slot game is, I would say, is an exciting anomaly.

With the launch of our multigame progressive product Link King, we have been able to put in place an extremely successful product that not only works in one market, where demographics and needs are similar, but a product which works everywhere where it is being installed.

This same success has then been replicated by the rest of our Link games like Link Me or Link Shock, as well as with the most recent successes of 88 Link and Bashiba Link. Sometimes it just feels normal that every product we launch performs at a "link King -level" but to be honest, it is not easy at all and we are very aware that this success does not allow us to sit back. The total opposite is true, we work harder every day so that we are able to compete against our own success.



MF Studio

Tomas Enrique Garcia Botta, Partner

Ahead of his appearance at SBC Digital Latinoamérica, Tomas Garcia Botta, Partner at MF Estudio, offers insight into how he expects the online market to develop and the significant regulatory nuances between the Province and City of Buenos Aires.

Following the conclusion of Buenos Aires' Province Tender, who has secured licences and what are the terms?

In the Province of Buenos Aires there is a cap on the number of licences. Law No. 15,079 stipulated the regulator can only issue up to seven licences. The licensees are William Hill, bet365, Betsson Group, Playtech, Intralot, The Stars Group and 888 Holdings.

The framework was originally designed to target foreign companies who are established and internationally recognised and not to allow the participation of local land-based operators.

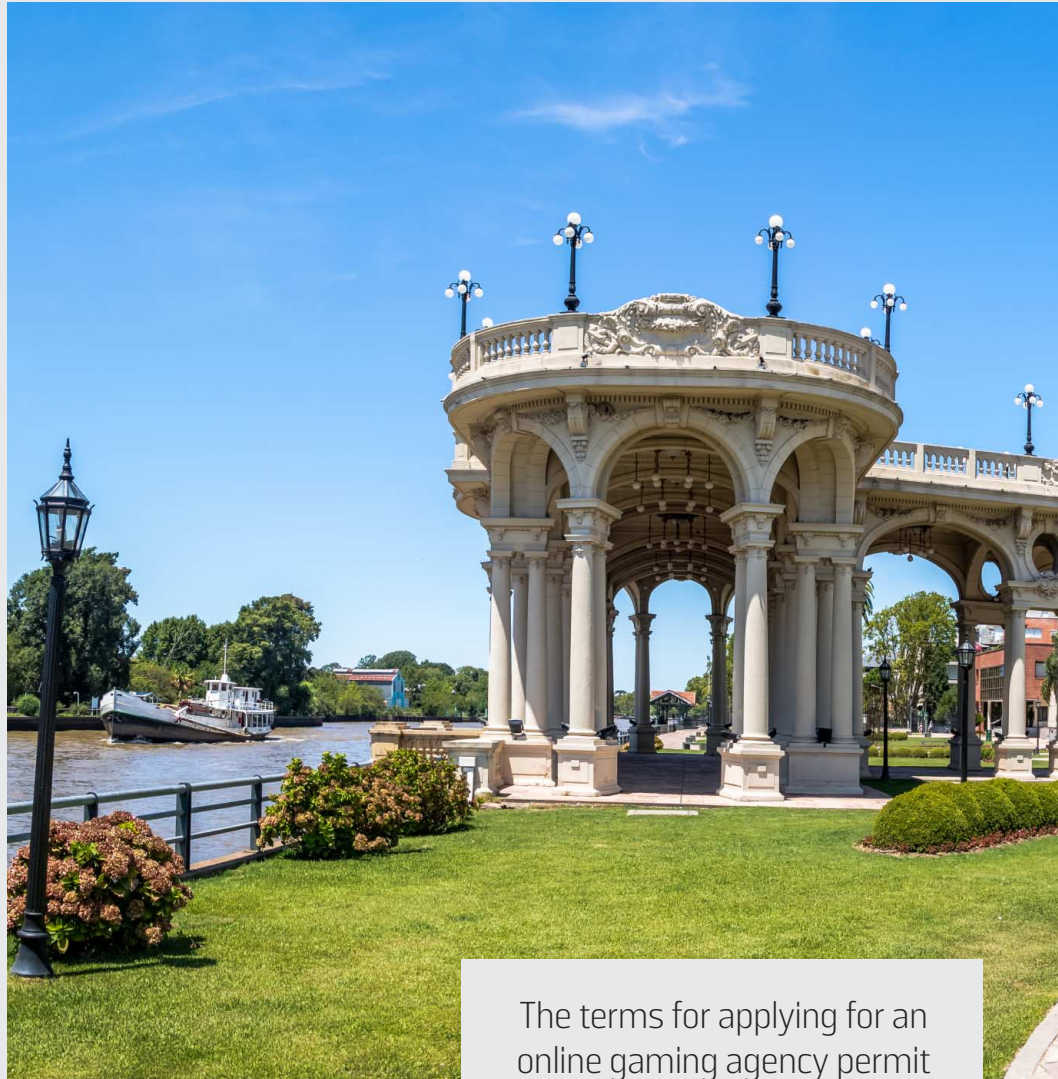
However, in 2018 there was the addition of a last-minute requirement stipulating that in order for foreign companies to participate in the tender they had to partner up with local land-based companies. The above-named companies have therefore partnered with local operators as part of the contract.

There are reports Governor Kirchner will intervene and try to block the launch of the new gambling regime. Is there any word on the future of the online gambling licences in the Province?

It was the government who gave the final approval for the licences to be granted so it seems contradictory now that licences have been awarded to block the online gaming business.

In the context of a potential second wave of Covid-19, there should be a focus on online gaming businesses to get another revenue stream to cope with a potential closure of bingo halls.

When are operators expected to go live?



If you asked the regulators, they would like the operators to go live as soon as possible. However, the implementation of technical projects takes some time and involves a lot of stakeholders.

These are complex processes and most of the companies would like to prioritise quality over speed, particularly taking into consideration that this is the first time we have live legal operators in the Province and City of Buenos Aires.

It is expected that operators will go live in the City of Buenos Aires sometime during Q1 2021. In the case of the Province of Buenos Aires, we may expect a longer timeframe, although it should not exceed 2021.

If and when the new online gambling regime is given the green light and goes live, how do you anticipate it will impact the market?

There will be some friction between the City and Province of Buenos Aires. For those unfamiliar with the geography, the City of Buenos Aires is the capital district which is surrounded by the Province of Buenos Aires. Prior to Covid-19, we had around three million people commuting each day. These three million people, if domiciled in the Province, will be considered Province players following the regulation. If they were allowed to open an account and play in the City, there might be some issues between the jurisdictions.

There are some things the City and Province

The terms for applying for an online gaming agency permit are more flexible in the City of Buenos Aires. The experience requirement is not limited to gambling operations but any electronic commerce operations. There is also a requirement on revenue which is achievable – online operations of around \$1.2m.

need to work on to make this sustainable in the medium term. If this first milestone is met and they are able to show some coordination, my guess and wishful thinking would like the market to open up. Other jurisdictions are looking at what happens in the Province and City as they assess potential models. For example, Mendoza Province passed some regulation in December and is looking to launch a tender.

The City of Buenos Aires' LOTBA amended the terms of the permit application process, allowing international online gaming agency permits. What are the requirements?

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electronic commerce operations. There is also a requirement on revenue which is achievable – online operations of around \$1.2m.

The net worth threshold which was a big requirement in the Province of Buenos Aires (\$100m), the City requires \$25m. It's difficult due to the instability of the peso in Argentina to measure this in connection with local companies, whilst it is easier for international operators to reach these parameters.

In addition, the City of Buenos Aires does not require international operators to partner with local companies – they can go alone if they want to. Now we enter into an issue of strategy. In my opinion, it is always better to look for a local partner when entering a new market, particularly a complicated market such as Latin America and Argentina. Some local advice is certainly necessary to get a successful result.

What are the respective tax rates for online gambling in the City and the Province of Buenos Aires?

In Argentina, we have a federal model with three taxation models. The federal taxation level has VAT and income tax over capital gains, alongside other taxes. On a provincial level such as the City of Buenos Aires and Province of Buenos Aires, we have the administrative fee and the turnover tax. The turnover tax is a sales tax but doesn't provide an offset mechanism so it's applied in each step.

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Then you have the third level which is the municipal level that you don't have in the City of Buenos Aires, but you do have in the Province. If operators are going to set up an office in the Province of Buenos Aires, as they are required pursuant to the tender, they will also be subject to municipal taxes. At a very high level, municipalities levy taxes on real state and also over turnover. Income tax rate for gaming companies is 41.5 per cent. Turnover tax plus the administrative fee is around 20 per cent of GGR in the City of Buenos Aires and 25 per cent of GGR in the Province.

Will the government continue to subsidise the horse racing industry?

I think so. I don't see why there would be a

change in approach to the horse racing industry. It is one of the biggest employers in the country so it wouldn't make any sense to stop supporting this industry.

The gambling licence for floating casinos has expired. What is the future for floating casinos in Buenos Aires?

There is one floating casino in Buenos Aires with two boats that are connected. There is currently a lawsuit with the City of Buenos Aires and with the federal government in a federal court. They have an injunction allowing them to continue operating and are working on a concession given to them by the national government before the competence on gambling and gaming was transferred to the City of Buenos Aires. As long as the injunction remains in place, the floating casino will continue to operate.

What does the future hold for Buenos Aires?

We're starting from scratch with regards to legal online gambling in the Buenos Aires region (City and Province) so there are plenty of opportunities out there. As I see it, it's important for regulators not try to reinvent what has already been invented and to learn from past experiences, whether on a local or international scale. Whilst political and economic factors cannot be controlled, regulators need to try and take as much advice as possible to create solutions that are sustainable in the medium term.



Swintt

Thalwana Muscat, Sales Manager.

Could you tell us about Swintt's presence in Latin America and your plans for the region going forwards? Could you tell us about any partnerships?

Latin America presents many exciting opportunities for us, and we are building good relationships through the LatAm countries. Being Brazilian myself, I can help the commercial team to understand the culture and have a different point of view.

We also plan to take part in online and physical events, as well as launching many more specialised games for the region. We have some great partnerships coming soon to enhance our standing in LatAm already with the likes of Betwarrior, Ixbet and many others.

What is it like conducting business in Latin America?

We've experienced a great reception of our games from the markets we're already active in, and especially from our Swintt Lite range of products. These are games which are built light to load quickly – perfect for regions with expensive data or lower internet speeds – and also light in complexity for maturing markets that are not as exposed to highly complex, European style slots.

Some of our top Lite games include Wild West, Golden 888 and Monkey Luck.

Are there any types of games which are popular in these markets?

Having exclusive land-based content in our portfolio helps with players' familiarisation, making them very attractive given the long prevalence of land-based slots in casinos across LatAm. We also work with localised content where we use different themes that appeals to different tastes. Live casino is still growing in these markets so we are launching our SwinttLive product at the optimal time – we have a lot of room to cover. This is all in addition to the aforementioned Swintt Lite games.



It's imperative to both understand the region on a country/market basis as well as being able to offer something more universal that resonates with players.

What are the opportunities and challenges for foreign companies looking to enter the region?

We need to understand the different needs, cultures, and player behaviour among the markets, focusing on and treating each country individually. Also, we understand they are maturing markets and we need to present trustworthy, engaging and specialised solutions.



Some products cross regions and markets flawlessly like classic table games or the more modern live casino, giving us another advantage across the LatAm region with our product suite.

It's imperative to both understand the region on a country/market basis as well as being able to offer something more universal that resonates with players.