

# **PointsBet Holdings Limited**

## **2021 Annual General Meeting**

### **Chairman Address**

#### **Brett Paton**

A lot has happened since I addressed you last year and it is pleasing to reflect on some of the key milestones achieved by the Company over the past 12 months.

- We entered into a transformational 5-year media partnership with NBCUniversal, providing PointsBet with deep access and integration into NBCUniversal's world-leading broadcast and digital assets.
- We successfully completed two strategic acquisitions, being Banach Technology and Premier Turf Club, both accelerating the development of our unique, in-house technology platform and product offering.
- We have established a strong pipeline of growth into FY22 and beyond, with the expectation of launching in 11 new US states as well as Ontario, Canada by the end of calendar year 2022.
- We have attracted outstanding brand ambassadors, including Paige Spiranac, Drew Brees, Shaquille O'Neal and Devin Hester.
- We were appointed as one of only seven Official Sports Betting Partners of the NFL, making PointsBet an authorized partner of the four major US pro sports leagues.
- We have also entered into strategic partnerships with a host of NBA, MLB, NFL and NHL teams across the US. Under these deals, which link closely to the markets where Pointsbet is operational or will soon be, we gain usage of the team's trademarks and logos, as well as sponsorship opportunities and brand visibility across various assets and databases.
- And we have assembled a highly experienced iGaming team and have successfully launched in iGaming in two US states, Michigan and New Jersey.

### **Regulation and Responsible Wagering**

I would now like to make a few comments on our global commitment to responsible gambling.

PointsBet endorses the principle of informed choice, which is aimed at empowering customers to make informed decisions and exercise choice regarding their gambling expenditure.

PointsBet's commitment to responsible gambling is demonstrated through its wide range of responsible gambling initiatives and tools, some of which go beyond those obligations imposed by regulators in the jurisdictions in which we operate.

Both Australia and the United States have a dedicated responsible gambling officer and supporting teams. We have also invested in improvements in our systems and automations to detect red flag behaviours which have allowed a more facts-based and individualised approach to responsible gambling with our global customers. These system investments have also led to improvements in fraud and anti-money laundering risk detection which facilitate compliance with our regulatory obligations and also reduce revenue leakage.

PointsBet has a policy that all customer facing employees receive annual responsible gambling training. In the United States, we have also leveraged our brand ambassadors to create campaigns focused on responsible gambling education.

In the United States where the sports betting regulatory framework is evolving, PointsBet is actively engaging with regulators and other relevant stakeholders to support implementation of evidence-based and global best practice regulations to future proof the sustainability and integrity of the industry.

Ultimately, we believe this is an important area for long term sustainability of the industry and take our obligations in the area very seriously.

### **Corporate Governance**

The Board of PointsBet Holdings considers good corporate governance a priority. It has adopted policies and practices to ensure the Board remains effective and has the composition to adequately discharge its responsibilities and duties and maintain best practice governance. A review of these documents was undertaken during the year to ensure we stay compliant with the ever-changing governance framework.

A full summary of our corporate governance activities and policies are available on our website.

### **A great team**

Our Group CEO, Sam Swanell, supported by US CEO Johnny Aitken, have done a tremendous job in leading the business through a period of substantial change and growth over the past 12 months. In addition, our highly talented employees across our global footprint are a key asset, and the results we have been able to achieve are testament to their dedication, commitment and passion.

On behalf of the Board, I would like to thank all of our team for delivering on the opportunities we saw over FY21 and positioning the business for continued growth in FY22 and beyond.

I would also like to thank my fellow Directors for their support over a very busy past 12 months as we executed on our strategy and undertook a significant capital raise to ensure the Company is well positioned to execute on the opportunities here and overseas.

I would like to thank you, our shareholders, for your support and vote of confidence in the business and its team. We look forward to delivering on the opportunities we see for the business moving forward and growing shareholder value.

## **Conclusion**

It is now my pleasure to invite Sam Swanell, Group CEO and Managing Director to provide further commentary on the FY21 financial year and the business' strategy and priorities over the coming period.

## **CEO Address**

### **Sam Swanell**

Thank you Brett.

Good morning, this is Sam Swanell, Group CEO and Managing Director, and I would like to thank you all for attending this virtual 2021 Annual General Meeting of PointsBet Holdings Limited.

Since inception, PointsBet's Board and management have been working towards establishing the key building blocks that have put us in the strong position we are in today to pursue the expansion of the North American sports betting and iGaming opportunity. These key building blocks include continuing to build our in-house technology platform, establishing significant market access to US States, executing a transformational transaction with NBC Universal, partnering with key US leagues, teams and brand ambassadors, establishing a profitable and growing Australian business and building a market-leading execution team.

### **Capital Raise**

On 26 August 2021, PointsBet completed a A\$400 million capital raise. Under the offer, PointsBet raised:

- \$215 million at \$10.00 per share under a placement; and
- \$185 million at \$8.00 per share under a 1 for 9 pro rata accelerated renounceable entitlement offer with retail rights trading.

As a result, at 30 June 2021, the Company's pro-forma Corporate Cash balance, was A\$634.5 million.

We continue to build the business for long term success and most of the pieces are now in place as we look toward FY22 and beyond.

### **Financial Results**

The 2021 financial year represented another transformative period for PointsBet.

It was a period of continued focus on establishing a platform for future growth and execution. This was characterized by continued investment in:

1. additional US State market access;
2. our scalable cloud-based technology platform and product, including iGaming;
3. our people; and
4. executing our marketing strategy to efficiently acquire clients in Australia and the United States.

I will now summarize our full year financial results, noting that further details can be found in our 2021 Annual Report released on 31 August 2021.

All figures are in Australian dollars unless otherwise stated.

### Group Results

The Group handled \$3.78 billion in Turnover, an increase of 228% on the prior year. Sports betting Gross Win was up 201% at \$353.1 million and total Net Win was up 154% at \$208.5 million.

For the Reporting Period, PointsBet reported Net Revenue of \$194.7 million, a growth of 159% versus the PCP.

Gross Profit of \$87.6 million, represented growth of 129% over the PCP.

The Group sales and marketing expense was \$170.7 million for the year, with Australia accounting for \$51.4 million and the US accounting for \$119.2 million. This increased marketing investment assisted in the delivery of 196 thousand Cash Active Clients in Australia and 159 thousand Cash Active Clients in the US as at 30 June 2021.

The Group's Normalised EBITDA loss was \$156.1 million as the Company continued to invest in the business to build scale in North America and within the Technology department as well as growing our US client base across our 6 operational States.

### Australia

The Australian Trading business recorded Net Win of \$166.1 million, up 121% from the prior year with a Net Win Margin of 8.4%.

The Australian Trading business saw improvements across a number of key KPIs particularly with respect to customers continuing to trend towards higher margin multi products.

Improvements in marketing tech tools and the refreshed brand campaign featuring Shaquille O'Neal also assisted with acquisition and retention compared to the prior year.

Turnover in Australia was just shy of \$2 billion, up 140% compared to the prior year.

We were also very pleased that the outstanding Australian Trading business growth was achieved while recording a statutory EBITDA of \$9.2 million, an increase from \$6.9 million in prior year.

### United States

During FY21, the US business operated in six US States namely New Jersey, Illinois, Colorado, Michigan, Indiana and Iowa, and in August we added our seventh State being West Virginia.

The US business achieved a sports betting Gross Win of \$95.8 million at a Gross Win margin of 5.3%, compared to Gross Win of \$16.5 million in the prior year, with a sports betting Net Win of \$40.9 million at a Net Win margin of 2.3%, compared to Net Win of \$7.0 million for the prior year.

In addition, the US business achieved iGaming Net Win of \$1.5 million. This delivered an overall US Net Win of \$42.3 million for the year.

## **Investment in People**

There is no doubt that a key driver of our success to date has been the strength and depth of talent we have acquired across all areas of the Company, and we will continue to add bench strength as we expand.

Key recent hires include:

- Mark Hughes, Group Chief Operating Officer, formerly CEO of Banach Technologies and prior to that of Paddy Power / Flutter (owner of Sportsbet and FanDuel);
- Scott Vanderwel, CEO, PointsBet Canada, formerly Vice President at one of Canada's largest media company's Rogers Communications;
- Nic Sulsky, Chief Commercial Officer, PointsBet Canada, formerly President, of large US DFS operator Money Knife Fight;
- Aaron O'Sullivan, Vice President of Online Casino Revenue, formerly Head of Games at Bet365; and
- Aonghus Mulvihill, Vice President of Global Sportsbook Trading, formerly Commercial Director at Betfair International, another Flutter company.

just to name a handful.

## **Market Access**

Today, we have live operations in 7 US States with iGaming live in two of these states. By December 2022 we plan to be live in 18 US states and the province of Ontario, Canada. West Virginia and Pennsylvania will include iGaming and others such as Ontario will also add to the iGaming addressable TAM in the short term.

Our execution strategy continues to be clear. We will continue to invest to remain a top 5 operator in the long term, targeting 10% market share in each of the states we offer sports betting within 3 years of launch.

As we have said since we first launched in the US, it is clear that product will ultimately win. We currently have a terrific product as can be seen by our success to date, however we will not stop investing in our technology and product, as evidenced by the recent acquisition of Banach Technologies and the ongoing investment in tech and product talent.

We intend to be the market leader in US in-play sports betting over time.

We were thrilled to again be awarded the EGR sports betting operator of the year in 2021.

Notwithstanding this, we see clear opportunities for innovation ahead for both our sports betting and iGaming products.

We will continue to execute strategic and disciplined marketing campaigns, leveraging our media partner NBC Sports as the cornerstone, with further innovative integrations across the NBC Sports media portfolio to accelerate client and brand growth across North America.

## **iGaming**

I would like to provide some comments on iGaming which is a key part of our US strategy.

iGaming revenues in the United States market have grown exceptionally since the repeal of PASPA in May 2018.

Across New Jersey, Pennsylvania, Michigan, and West Virginia, iGaming revenues reached nearly 900 million US dollars in the June 21 quarter which if annualised would equate to greater than US\$3.5 billion per annum.

The size of the opportunity is evident.

As I have previously said, owning and controlling our in-house iGaming technology stack will become an increasingly important strategic advantage. PointsBet has assembled a highly experienced iGaming team, with deep experience developed at Aristocrat, Ainsworth and Bet365 just to name a few.

On 5 May 2021, PointsBet launched iGaming operations in Michigan. We now have 30 slot, video poker and table games. We were pleased to record Net Win in Michigan to 30 June 2021 of \$1.5 million.

This inaugural launch was followed by the launch of iGaming operations in New Jersey on 23 July 2021.

The Company will bolster its iGaming offering in FY22 with the addition of strategically selected slot games, live dealer table games and other innovative initiatives.

As mentioned earlier, pending regulatory approval, PointsBet will roll out iGaming operations in Pennsylvania, West Virginia and Ontario in FY22. PointsBet has also secured iGaming access in Ohio, Indiana, Missouri, Louisiana and Iowa pending the passing of enabling legislation.

## **Canada**

I would now like to provide some commentary of the emerging Canadian opportunity.

On 22 June 2021, the Canadian Senate passed bill C-218, legalising single event sports betting (previously only parlay sports betting was allowed).

Regulatory details will be worked through at the Provincial level with Ontario (population of 15 million people) anticipated to go live in late 2021 with an open licensing system, followed by Alberta with population of 4.4 million people in 2022.

Goldman Sachs states the combined online sports betting and iGaming opportunity for Canada represents a US\$3 billion opportunity.

In anticipation of this significant opportunity, as noted earlier, PointsBet has already made some key management hires in Canada and is building out a high-quality team in the region.

Like all markets PointsBet enters, we are committed to creating products that fit the Canadian consumer's needs, satisfies the important requirements of regulators, and enables fans to engage with their favourite sports in new and exciting ways.

Last week we were excited to announce that PointsBet Canada had entered into a multi-year deal to serve as the official and exclusive sports betting partner of DailyFaceoff.com and The Nation Network.

DailyFaceOff is a world class source of professional insights, opinion pieces, breaking news and statistical analysis with 1.5M monthly users. While Nation Network is a 12 website and podcast network of 5M passionate sports fans. Both assets will help PintsBet establish a genuine connection with our target market in Canada.

## **NBC**

Now, some comments on our NBC partnership.

With the commencement of the 21/22 NFL season and sports betting advertising being allowed around NFL for the first time, Pointsbet, as one of only seven official sports betting partners of the NFL, is now working with NBC to capitalise on this new opportunity.

In addition to former NFL quarterback and NBC team member Drew Brees becoming a PointsBet global brand ambassador, the PointsBet/NBC Sports partnership continues to break new ground.

As well as regional sports network integrations, PointsBet was integrated into coverage in or around NHL Playoffs, NBA Playoffs, US Open Golf, and the Indy 500. This allowed PointsBet to reach sports fans during peak events, helping it further grow its brand awareness.

PointsBet's on air talent Teddy Greenstein and Jay Croucher continued to be integrated further into NBC content during the quarter.

PointsBet also had more than 100 million impressions across NBCs digital platforms including Predictor, NBCSports.com, NBC Sports Edge, and Spot On across key live states. The NBC Predictor App has now delivered over 350,000 leads for PointsBet.

As we prepare to enter new States like Maryland, Pennsylvania and others, this provides us with improved brand awareness together with a database of potential clients to engage with.

## **Conclusion**

In conclusion, the pieces are now in place as we look toward FY22 and beyond.

In Australia, the investment made in marketing in H2 FY21 off the back of the refreshed brand campaign featuring Shaquille O'Neal has continued into FY22 and has PointsBet positioned for its biggest and most successful Spring ever.

In the US we are exciting by the position we have put ourselves as we continue to roll out new State launches as an official sports betting partner of the four key major US Sports, supported by the strategic NBC partnership.

And finally, we are looking forward to preparing for the Canadian opportunity under the leadership of Scott Vanderwel as we target a launch in Ontario.

I will now hand back to the Chairman for the formal business of the meeting.