

# **POINTS**BET

**EVERY POINT MATTERS**

20 October 2022

The Manager, Listings  
Australian Securities Exchange  
ASX Market Announcements  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**PointsBet Holdings Limited - 2022 Annual General Meeting**

In accordance with Listing Rule 3.13.3, please find attached the:

- Chairman's AGM Address; and
- Group CEO and Managing Director's AGM Address.

Yours faithfully



Andrew Hensher  
Group General Counsel  
and Company Secretary

## **PointsBet Holdings Limited**

### **Chairman's Address (Mr 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.

During the past 12 months, the Company continued to capitalise on its expanding US presence by scaling its operations through key hires across all departments, as well as rolling out online sports betting operations in six new US states (West Virginia, Virginia, New York, Pennsylvania, Louisiana and Kansas), and iGaming operations in the states of New Jersey, West Virginia, Pennsylvania, together with sports betting and iGaming operations in Ontario, Canada.

We currently have live online sportsbook operations in Australia, 12 US states plus Ontario, Canada and are live with iGaming in 4 states plus Ontario, Canada.

The US business saw sports betting Gross Win growth of 66% to \$158.7 million, with sports betting Net Win also increasing by 81% to \$74.1 million. US iGaming New Win grew 1,247% to \$19.7 million.

In Australia, the Company achieved year-on-year Net Revenue growth of 30%, with the Australian Trading business achieving its third year of annual EBITDA positivity. This strong performance demonstrates PointsBet's capability to disrupt and grow market share in an advanced market where we compete successfully against global groups such as Flutter, Entain and Bet365.

Following the completion of the successful capital raise in August 2021 (raising \$400 million) and the strategic placement of \$94.2 million to SIG Sports Investments Corp in June 2022, the Company is adequately funded to execute our strategy in the near term.

### **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.

Responsible Gambling initiatives will continue to remain central to our organization's Sustainability commitment, and I encourage shareholders to read our inaugural Sustainability Report which was released last month and is available on the Company's website.

To highlight a couple of the key statistics, over the last 12 months we had:

- 126,000 global unique views of our responsible gambling page; and
- 1,700 average global impressions per RSG social media postings.

Country-specific strategies are also in place to meet the unique needs of our global customers and engage with relevant responsible gambling bodies.

In Australia, PointsBet contributed to the development of a national safer gambling media campaign with Responsible Wagering Australia, the independent peak body for Australian-licensed wagering service providers.

In the US, PointsBet partnered with the National Council on Problem Gambling on a research initiative which gathers feedback from regulators, industry stakeholders and safer gambling advocates to inform responsible gambling decision making.

In Canada, PointsBet developed a socially responsible campaign with brand ambassadors Trailer Park Boys to promote gambling as a form of entertainment in an authentically Canadian way.

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.

During the year, there was a particular focus on the areas of cyber security and data protection, as well as our 'know your customer' and 'anti-money laundering' policies and procedures in all our jurisdictions.

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 his Executive leadership team 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 FY22 and positioning the business for continued growth in FY23 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 FY22 financial year and the business' strategy and priorities over the coming period.

## **Group CEO & Managing Director's Address (Mr Sam Swanell)**

### **Introduction**

Good morning, this is Sam Swanell, Group CEO and Managing Director, and I would like to thank you all for attending the 2022 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 establishing a foundational Australian business, a global market-leading execution team, acquiring licenses in what is already 14 live sports betting jurisdictions in North America for PointsBet with more to come, developing our modern technology stack to deliver an outstanding North American customised product, focussed on the highest turnover part of the market – live betting on US sports, and establishing deep key strategic relationships with the likes of NBC Sports, Susquehanna and the Stronach Group.

Our team, licenses, technology, product, strategic relationships and most importantly experience and learnings means we have built material incumbency and can rightfully have confidence in our ability to grow revenues from our current position as the sixth largest online sports betting operator in the US according to Eilers and Krejcik's October report.

From a capability perspective PointsBet is executing at a level far superior to 12 or 24 months ago. Our global platform powers all jurisdictions efficiently, maximising the benefits of global synergies in areas such as technology, product, trading and service. This is complemented by local focus in each market to ensure we delight our target customers.

### **US Horse Racing Partnership**

Earlier this month we announced a pivotal moment in the evolution of our US strategy through a partnership with 1/ST Technology, a business division of The Stronach Group, North America's dominant Thoroughbred horse racing organisation.

Under the partnership, 1/ST Technology will provide market leading horse racing betting products and content solutions to be fully integrated within the PointsBet sportsbook app. The partnership will also deliver a PointsBet branded stand-alone ADW offering in states outside those in which the Company currently offers sports betting.

Utilising the licences held by our wholly owned subsidiary, BetPTC, PointsBet will own and operate the ADW business, with the ownership of customer data remaining with PointsBet. It is anticipated that the PointsBet branded ADW solution will launch in early 2023, delivering PointsBet an online betting presence in over 30 US states, including in jurisdictions in which we do not currently offer sports betting.

1/ST Technology are world leaders in pari-mutuel tote and ADW technologies and hold some of the most recognized brands in the industry, including the legendary Preakness Stakes and the world-renowned Pegasus World Cup.

With our mature market Australian racing expertise, and now an outstanding strategic partner in 1/ST Technology providing us with a market leading portfolio of racing products and services, we can introduce new and existing customers to a dynamic and interactive PointsBet branded horse betting experience. This will be supported through cost effective offers and marketing, along with the utilisation of our extensive US sports betting database.

## **FY2022**

The 2022 financial year represented another period of progress for PointsBet.

During the period we saw improvements in relation to many of our core financial metrics compared to the 2021 and we also made great strides in terms of expanding our North American TAM.

All figures are in Australian dollars unless otherwise stated.

### Group Results

The Group handled \$5 billion in Turnover, an increase of 32% on the prior year. Sports betting Gross Win was up 41% at \$497.8 million and total Net Win was up 48% at \$309.4 million.

For the Reporting Period, PointsBet reported Net Revenue of \$296.5 million, a growth of 52% versus the PCP.

Gross Profit of \$121.6 million, represented growth of 39% over the PCP.

The Group sales and marketing expense was \$236.8 million for the year, with Australia accounting for \$61.5 million, the US accounting for \$162.6 million and Canada accounting for \$12.8 million. This increased marketing investment assisted in the delivery of over 513 thousand group Cash Active Clients as at 30 June 2022.

The Group's Normalised EBITDA loss was \$243.6 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 operational States.

As always, we will continue to take a disciplined and focused approach to cost management and always remain nimble and able to make relevant adjustments to expenditure where we determine it to be appropriate.

### Australia

The Australian Trading business recorded Turnover in excess of \$2.5B and Net Win of \$215.4 million, up 30% from the prior year.

We were also pleased that Australian Trading business achieved its third year of EBITDA profitability, recording a statutory EBITDA of \$7.7 million.

### United States

During FY22, the US business operated in 10 US States, adding West Virginia, Virginia, New York and Pennsylvania during the year.

The US Trading business recorded sports betting Turnover just below \$2.5B and total Net Win of \$93.9M, up 122% from the prior year.

### Canada

In Canada, we completed our first full quarter of operations in Ontario. Total Net Win came in at \$200,000.

It should be noted that the Ontario market structure is well set up commercially for operators. Not being tethered to a casino, racetrack or retail footprint to operate (that is, no partner revenue share agreements), a nominal licensing fee and an effective tax rate of 18% of GGR make the overall future economics favorable as our platform attains further scale.

### Investment in People

There is no doubt that a key driver of our progress to date has been the strength and depth of talent we have acquired across all areas of the Company.

Key recent hires include:

- Jerry Bowskill, Chief Technology Officer, previously Chief Technology Officer at both The Stars Group and Scientific Games Interactive;
- Andrew Catterall, Australian CEO, previously CEO of Racing.com and having held senior leadership positions at Racing Victoria and the Australian Football League (AFL); and
- Ed Hartman, Chief Strategy Officer, previously Senior Vice President, Corporate Development at Fox Corporation and Senior Vice President, Mergers & Acquisitions at News Corp.

However, it should be noted that as we are reaching scale, we expect full time employees to grow only moderately this financial year, with the majority of the additional staff added to Product and Technology.

### **Live Betting (In-Play)**

Our mission remains to create the best live betting experience for our North American customers, and we continue to progress in a positive direction with live betting expected to represent 75% of all turnover in the US within three years.

Oddsfactory is our proprietary trading platform which houses our pricing algorithms. Owning the platform and the experience for these sports allows us to curate an experience around what our customer wants. Oddsfactory is a modern cloud-based technology which allows us the ability to move faster than our competitors who are either restricted by third party providers or legacy technology that prevents the flexibility required to move fast.

When we deliver our Oddsfactory pricing algorithms to a particular sport, we unlock capabilities to deliver a full feature set to the customer which includes:

- a market leading set of betting and player props, including great breadth of offering and more accurate pricing;
- same game parlay both pre match and live in play;
- lightning bets, being the ability to bet on which team will score the next point and other similar micro betting contingencies; and
- cash out availability on all markets.

Our strategy is to set the foundations in place by launching Oddsfactory for the six core US sports. To date we have launched NFL, NBA, College basketball and MLB, with NHL due in Q3 and College Football in Q4 FY23.

Once Oddsfactory is launched for a sport, we then continuously iterate on this experience to drive more player engagement and delighting our target customer.

For this NFL season we have built from a strong foundation and continue to further enhance the overall UX and specifically focus on our lightning bets experience. This will provide our customers a market leading live betting experience, delighting them with our engaging and easy to use product.

Excellence in live betting, driven by Oddsfactory, is critical to attract and retain the target client segment of our US business.

That target client bets multiple times per week, the majority of which are placed on live betting markets, and across a range of North American and international sports and they are more focused on the quality of product, features and overall speed and ease of use.



## **Conclusion**

To conclude, it is clear that North America will deliver the vast majority of regulated global gaming growth over the next decade.

We have established ourselves as a global gaming operator which has built material incumbency in both North America and Australia.

We have now enhanced our sportsbook product, scaled our team and possess the in-house technology and market access to successfully complete in North America. We have developed best in class partnerships which will help accelerate our trajectory to take advantage of this enormous opportunity.

As we have previously said, technology and product is our right to win, with the execution demands of the growing in-play opportunity, ultimately determining those who will simply partake and those who will thrive.

Further, to compete at scale, operators will also require operations in hard to access states such as New York, Illinois and Pennsylvania, with PointsBet currently live in each of these key jurisdictions.

We have a best-in-class global team that understands what is required to deliver success in FY23 and the years to come as the North American TAM continues to rapidly expand.

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