



28 November 2023

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

Dear Sir/Madam

PointsBet Holdings Limited - 2023 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

A handwritten signature in blue ink, appearing to read "A. Hensher", with a long horizontal flourish extending to the right.

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 at our 2022 Annual General Meeting.

US Business Sale

The pivotal event during the year was the approval by shareholders on 30 June 2023 of the sale of the US business to Fanatics Betting and Gaming for a headline purchase price of US\$225 million.

As previously detailed, the US Business became exposed to an increasing number of risks, requiring significant capital to execute on our US sports betting and iGaming strategy. This reflects the structurally high cost of operating in a state-by-state regulated environment, the requirement to pay partner fees in most US States and continued competition from well capitalised operators.

In view of the significant capital requirements associated with the US Business, the Company explored a range of strategic alternatives to alleviate the demands on PointsBet's balance sheet.

Ultimately, the Board formed the view that the sale to Fanatics delivered the most attractive risk-adjusted value outcome for PointsBet Shareholders, compared to the risks and benefits of PointsBet pursuing other potential options including the status quo.

The sale also realises significant and certain value for the US Business and results in PointsBet receiving significant cash proceeds from a low-risk counterparty.

Completion of the sale is taking place over a multi-stage process. Initial Completion successfully occurred on 30 August with the Company receiving US\$175 million (plus agreed adjustments), being the initial purchase price instalment and transferring the operating businesses in 8 US states to Fanatics. Ownership of a further two States was transferred on 4 October.

Subsequent sale completion is on track as anticipated for completion in Q3 FY24.

Capital Return

Another key milestone was approval by shareholder on 29 August for the two-tranche capital distribution of up to \$458 million.

As previously detailed, following the sale of the US Business, the Company will not have the same funding requirements and as such the Board intends to distribute to shareholders the net sale proceeds - after applicable taxes and transaction costs - together with the majority of the Company's corporate cash reserves that will be surplus to the needs of the remaining business.

On 22 September we completed the First Capital Return of \$1 per share, delivering \$315.4 million back to shareholders. The second Capital Return is expected to be between \$0.39 and \$0.44 per Share and is intended to be implemented soon after the final completion of the sale of the US business in the second half of FY24.

The New PointsBet

I believe the sale of our US business to Fanatics marks the beginning of an exciting new chapter for our company. PointsBet Holdings Limited will continue as an ASX listed company, owning the Australian and Canadian businesses and retaining ownership of our proprietary sports wagering and iGaming technology platform that is currently used in both the Australian and North American markets.

PointsBet's Australian Trading Business has a strategically important place in the Australian wagering market, a point that has been validated by previous unsolicited third-party approaches expressing interest in the business. The Company intends to continue to grow its market share in the Australian market, with the benefit of a more focused approach given the streamlined business that will remain.

The Company also retains exposure to an early stage North American market via the Canadian Trading Business. In Canada, PointsBet is live in the sports wagering and iGaming market in Ontario. The Ontario market structure is attractive for sports and iGaming operators, including no partner revenue share agreements, nominal license fees and an acceptable effective tax rate of 18% of gross gaming revenue. The lower capital requirements and higher operating margins relative to most US states create strong prospects for attractive future economics.

Responsible Wagering

I also want to make some comments on our continued commitment to responsible gambling. As set out in FY23 Sustainability Report, responsible gambling continues to be a key focus, and Pointsbet is playing a leadership role as the industry evolves in both Australia and North America.

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

Recently in Australia we implemented our integration to BetStop, the national self-exclusion register for online wagering. We also implemented Zero Day Verification (also known as pre-verification) meaning a customer can only undertake wagering activity (such as deposit or place a bet) once their identity is verified. Previously verification had to be completed within 72 hours of account opening. This functionality serves to protect the underage and those individuals who have chosen to exclude themselves from betting through BetStop.

These are two important initiatives for the Australian industry.

In Canada we are leveraging our learnings from the mature Australian market and have rolled out a set of tools to assist our Canadian customers manage their spend.

Corporate Governance

Despite evolving into a smaller company, the geographic and regulatory complexity of our business remains, and the Board continues to focus on effective corporate governance as a priority. We have 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.

To ensure that the Board remains fit for purpose (taking into account independence, size, skills and compensation following the completion of the sale of the US business), the Board has engaged an independent third-party consultant to undertake a Board review.

It is my intention that this review will be completed, and its recommendations implemented, in parallel with the completion of sale of the US business early next year.

Conclusion

I would like to thank my fellow Directors for their support over a very busy past 12 months as we negotiated and executed on the sale of the US business, facilitated a significant return of capital to shareholders and deliberated over management's strategic plans for our continuing Australian and Canadian businesses in FY24 and beyond.

Most importantly, I would like to thank you, our shareholders, for your support. We look forward to delivering on the opportunities we see for the business moving forward and growing shareholder value.

It is now my pleasure to invite Sam Swanell, Group CEO and Managing Director to provide further commentary on the FY23 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 2023 Annual General Meeting of PointsBet Holdings Limited.

We are at an important stage in PointsBet's journey.

Over the past five years the company has grown revenue in our Continuing Operations (being the Australian and Canadian business) from \$26 million in FY19 to an anticipated \$230 million to \$250 million in FY24. That's 10-20% up on FY23. We expect the Continuing Operations to be run-rating at EBITDA monthly breakeven around April 2024 and to be EBITDA positive in FY25.

This means we can deliver strong ongoing growth profitably and do not anticipate any external funding requirements to deliver this outcome.

I will provide a brief update shortly on the Australian Spring Racing Carnival period which will show we remain on-track to deliver our FY24 guidance as we complete our fifth month of the financial year.

It's also important to recognise that sports betting and iGaming is a fast-growing global market, that companies like PointsBet with the experience, technical capabilities and ability to work in highly regulated markets are rare and valuable in this industry. This means we can leverage what we have built to deliver shareholder value now, and importantly increasingly into the future.

Competing in the US online sports betting and iGaming market required us to build a market leading platform which has been consistently independently rated in the top 3 in the US.

The strength of our technology has also been validated through our sale of the platform to the Fanatics. While we have provided Fanatics with a perpetual licence to our technology platform, importantly we retain ownership of this technology. That means we can develop and exploit it in a manner that creates the most value for PointsBet shareholders.

We also retain the rights to use and further develop the Banach 'Oddsfactory' technology assets which drives our market leading in-play and same game parlay products and the cash out features used in all of our markets but particularly powerful in the North American live betting market.

I believe it is important for shareholders to understand just how valuable our technology has become. It has been one of the critical features of our company and it bodes well for the value and the future of the Australian and Canadian business.

We've harnessed the power of a single, unified codebase that's as agile as it is robust. This versatile codebase seamlessly handles low-latency requirements for in-play betting and the high scalability needed for handling an impressive volume of bets per second especially during peak periods such as Melbourne Cup Day, AFL Grand Final and Super Bowl. Our platform seamlessly handled over \$7 billion in turnover in FY23 across online sports betting and casino.

We are also very efficient. Our technological foundation accelerates innovation and streamlines development. Fewer hands are needed in the process, which translates to cost savings and faster delivery of new product developments.

The end-product we have in the hands of our customers is very strong and getting stronger every month. Our front end and back-end capabilities are driving our efficient revenue growth and will continue to do so.

The bottom line is that our technology organization is not just agile; it's a powerful, reliable machine that can handle both the horizontal and vertical scaling needs of the market, making our app highly user friendly and efficient.

We believe our technology will continue to drive our success in the upcoming year and beyond.

FY2023

I will now briefly touch upon our FY23 Results which were released, together with an investor presentation, to the ASX on 31 August before providing some forward-looking commentary.

In accordance with AASB accounting treatment, as a result of the sale of the US Business, the United States and European operations, which form part of the Fanatics sale perimeter were reported as Discontinued Operations as at 30 June 2023.

As such, references to the Group are references to the Continuing Operations, being the remaining Australian and Canadian business.

Group Results

For the 12 months to 30 June 2023, the Group total Net Win was up 2% at \$230.0 million.

Net Revenue of \$210.3 million represented growth of 7.6% and Gross Profit of \$105.7 million represented growth of 5% versus the 12 months to 30 June 2022.

The Group's Normalised EBITDA loss was \$49.0 million.

Australia

The Australian Trading business recorded Net Win of \$211.7 million, down 2% from the prior year.

Sports turnover increased by 47% compared to the prior year, offsetting declines in Racing turnover.

Continued focus on promotions efficiency led to the rate of promotions as a percentage of Gross Win improving to 31.5% compared to 36.3% in the prior year.

Net Win growth from AFL and NRL combined was up 86% and Tennis and soccer combined was up 53%, both compared to the prior year.

We were also pleased that the Australian Trading business achieved its fourth year of EBITDA profitability, recording a statutory EBITDA of \$0.1m.

We look forward to the Australian Trading segment delivering significant EBITDA in FY24.

Canada

In Canada, we completed our first full year of operations in Ontario with total Net Win of \$18.3m.

While the Ontario market is competitive, our Canadian business continues to perform well. The strength and quality of the customers that are making the choice to play on PointsBet demonstrates the effectiveness of our strategy.

As we look ahead to FY24, we are looking forward to delivering strong revenue growth in Canada. We have a top tier North American sports betting product, an exciting product roadmap and will continue to invest in our product and app experience for both sportsbook and online casino.

I look forward to Canada growing revenue and significantly reducing its loss in FY24 on its way to being EBITDA break even in FY25.

Spring Racing Carnival and Quarter to Date Update

Trading performance over the important Spring Racing Carnival has been strong and provides me with great confidence in our technology, team and strategy.

Group Net Win for the quarter to date, being 1 October to 25 November 2023, was \$48.2 million, representing a 26% increase over the prior corresponding period of \$38.2 million.

The Australian Trading Business has contributed Net Win of \$42.2 million for the quarter to 25 November 2023, a 20% increase on the prior corresponding period, and the Canadian Trading Business has contributed Net Win of \$6.0 million for the quarter to 25 November 2023, a 107% increase on the prior corresponding period.

Importantly, our front and back-end technology platform performed seamlessly over the peak Spring period providing our customers with a first-class betting experience.

Outlook

Our strategy is clearly working, and I am very excited about our future in Australia and Canada.

Our Australian operation has a strategically important place in the Australian wagering market. We intend to continue to grow our online share in this market from a current solid 5% position with the benefit of a more focused approach from a people, and tech and product perspective. In Australia, our marketing and generosity strategy will continue to shift from a broad based 'above the line' to a highly targeted 'below the line' focus, allowing us to target and reward a more loyal and profitable segment of clients and deliver increased Net Win growth.

Our strong PCP results YTD in Australia are clearly outperforming the market and thus driving our market share growth.

The Canadian business provides shareholders continued exposure to the North American Market through a jurisdiction that is more attractive than most US states with no partner fees, an acceptable tax rate and iGaming complimenting sports betting for the entire market.

We believe the early stage of the Canadian Business compliments our more mature Australian business, as well as providing an opportunity to leverage attractive features of our tech stack that aren't available in the Australian market such as iGaming, and online live betting. The FY24 results to date provides increased confidence that Canada can continue to deliver high growth for the business and is on track to be EBITDA breakeven in FY25.

As previously disclosed to the market and mentioned earlier, we remain on track for delivering revenue growth of between 10-20% in FY24, Group EBITDA to be at or close to breakeven post the close of the Fanatics transaction in March 2024, and delivering positive group EBITDA in FY25. And importantly, we do not anticipate any external funding requirements to deliver this result.

We have a best-in-class team that will deliver shareholder value now and increasingly into the future.

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