



PointsBet Holdings Limited
(ACN 68 621 179 351)

APPENDIX 4E

FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS IN ACCORDANCE WITH AUSTRALIAN ACCOUNTING STANDARDS

	2021 \$	2020 \$		
Revenue from continuing operations	194,657,501	75,173,415	up	159%
Net loss attributable to members after tax	(187,130,504)	(41,463,389)	up	351%

	NORMALISED RESULT ¹		STATUTORY RESULT	
	\$	% MOVEMENT	\$	% MOVEMENT
Revenue from continuing operations	194,657,501	159%	194,657,501	159%
(Loss) before interest, tax, depreciation, amortisation and impairment loss	(156,136,411)	315%	(162,323,474)	309%
Net loss attributable to members after tax	(164,343,087)	314%	(187,130,504)	351%

1. Normalised results have been adjusted to exclude the impact of significant non-recurring items and adjustments. The Group believes that the normalised results are the best measure of viewing the performance of the business. Normalised results are a non-IFRS measure. See Review of Operations section of Annual Report for details.

DIVIDENDS PAID AND PROPOSED

	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY AT 30% OF TAX
--	------------------------	---

Ordinary Shares

2021 Interim (2020: NIL)

NIL NIL

2021 Final (2020: NIL)

NIL NIL

Dividend Reinvestment Plan

There was no dividend reinvestment plan in operation during the financial year.

LOSS PER SHARE

	2021	2020
Weighted average number of ordinary shares	193,012,099	138,625,805
Basic and Diluted (Loss) Per Share (cents)	(97.0)	(29.9)

Options and performance share rights have been excluded from the above calculations in the current and previous year as their inclusion will be anti-dilutive.

NET TANGIBLE ASSETS PER SHARE

	2021	2020
Number of shares	207,738,937	152,835,021
Net tangible assets per share	1.47	0.79

CONTROL GAINED OR LOST OVER ENTITIES IN THE YEAR

On 20 April 2021, the Company via its wholly owned Irish subsidiary Lockspell Limited, completed the acquisition of Banach Technology Limited ("Banach"). Banach has been consolidated into the Group's financial statements from 20 April 2021. Refer Note 37 of the attached Notes to the Financial Statements.

On 1 June 2021, the Company via its wholly owned subsidiary PointsBet USA Inc. completed the acquisition of Premier Turf Club, LLC ("PTC"). PTC has been consolidated into the Group's financial statements from 1 June 2021. Refer Note 37 of the attached Notes to the Financial Statements.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable

COMMENTARY ON THE RESULTS FOR THE YEAR

Refer to the commentary on the results for the year contained in the Review of Operations included within the Director's Report

The Consolidated Statement of Profit or Loss and Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, and Consolidated Statement of Changes in Equity are included within the Annual Financial Report

ATTACHMENTS:

The Annual Financial Report for PointsBet Holdings Limited for the year ended 30 June 2021 has been attached.

ABOUT POINTSBET

PointsBet is a corporate bookmaker with operations in Australia and the United States. PointsBet has developed a scalable cloud-based wagering Platform through which it offers its clients innovative sports and racing wagering products. PointsBet's product offering includes Fixed Odds Sports, Fixed Odds Racing, PointsBetting and iGaming.

For further information please contact:

ANDREW MELLOR

Group Chief Financial Officer

andrew.mellor@pointsbet.com



POINTSBET

PointsBet Holdings Limited
(ACN 68 621 179 351)

**ANNUAL
REPORT**
2021

2	OPERATIONAL HIGHLIGHTS
4	CHAIRMAN AND CEO'S LETTER
6	BOARD OF DIRECTORS
8	DIRECTORS' REPORT
13	AUDITOR'S INDEPENDENCE DECLARATION
14	REMUNERATION REPORT
29	REVIEW OF OPERATIONS
46	RISKS
50	CORPORATE GOVERNANCE STATEMENT
60	FINANCIAL STATEMENTS
112	DIRECTORS' DECLARATION
113	INDEPENDENT AUDITOR'S REPORT
120	SHAREHOLDER INFORMATION
124	CORPORATE DIRECTORY

2021 ANNUAL GENERAL MEETING

The 2021 Annual General Meeting will be held on Tuesday, 5 October 2021, unless otherwise notified. Details of the business of the meeting will be contained in the notice of Annual General Meeting, to be sent to shareholders separately.

2021 ANNUAL REPORT

This 2021 PointsBet Holdings Limited Annual Report for the financial year ended 30 June 2021 complies with reporting requirements and contains statutory financial statements. This document is not a concise report prepared under section 314(2) of the Corporations Act. The PointsBet Group has not prepared a concise report for the 2021 financial year.

COMPANY PROFILE

PointsBet is a licensed corporate bookmaker with operations in Australia and the United States. PointsBet has developed a scalable cloud-based wagering Platform through which it offers its clients innovative sports and racing wagering products. PointsBet's product offering includes Fixed Odds Sports, Fixed Odds Racing, PointsBetting and iGaming. For further information visit the Group's investors website at www.pointsbet.com.au/investors.



KEY DATES*

2021

Annual General Meeting

5 OCTOBER 2021

2022

Interim Results Announcement

(6 months ending 31 December 2021)

24 FEBRUARY 2022

Full Year Results Announcement

(12 months ending 30 June 2022)

30 AUGUST 2022

* Dates subject to change

OPERATIONAL HIGHLIGHTS

355,000+

**CASH ACTIVE
CLIENTS¹**



\$208.5M

NET WIN FY21²



\$3.78B

**SPORTS BETTING
TURNOVER FY21³**



45M+

**NUMBER OF
BETS FY21**



154%

**YEAR ON YEAR
NET WIN
GROWTH**



228%

**YEAR ON YEAR
SPORTS BETTING
TURNOVER GROWTH**



**AUSTRALIAN TRADING
BUSINESS: EBITDA POSITIVE**



**OPERATIONAL IN SEVEN
US STATES**



1. Client across all verticals that have placed a cash bet in the 12 months preceding the relevant period end date.

2. Net Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, less client promotional costs (the costs incurred to acquire and retain clients through bonus bets, money back offers, early payouts and enhanced pricing initiatives).

3. Turnover is the dollar amount wagered by clients before any winnings are paid out or losses incurred.

***POINTSBET NOW
HAS ALL THE PIECES
IN PLACE TO BE A LEADER
AND TO TAKE ADVANTAGE
OF THE SIGNIFICANT
NORTH AMERICAN
SPORTS BETTING
AND iGAMING MARKET
OPPORTUNITY***



CHAIRMAN AND CEO LETTER



Dear Shareholders,

It has been another transformational year for PointsBet.

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 sports betting operations in three new states (Illinois, Colorado and Michigan), and iGaming operations in the states of Michigan and New Jersey.

The US business saw Gross Win growth of 481% to \$95.8 million, with Net Win also increasing by 481% to \$40.9 million. For the 12 months to 30 June 2021, the US business had 159,321 Cash Active Clients, a 661% increase compared to the 12 months to 30 June 2020.

In Australia, the Company achieved outstanding year-on-year Net Revenue growth of 121%, with the Australian Trading business achieving an annual EBITDA of \$9.2 million. 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. For the 12 months to 30 June 2021, the Australian Trading business had 196,585 Cash Active Clients, a 117% increase compared to the 12 months to 30 June 2020.

Further, with the completion of the successful capital raises in September 2020 (raising \$353 million) and August 2021 (raising \$400 million), the Company is well placed for future growth.

POINTSBET BRAND

Under a five-year media partnership announced in August 2020, PointsBet became the Official Sports Betting Partner of NBC Sports. NBC has proven to be the ideal partner for PointsBet as the Company executes on its US media, brand, customer

acquisition and retention strategy. NBCUniversal's network reaches approximately 93% of all US adults, with their digital platforms having over 60 million monthly active users.

The key alignment of the two organisations has been reinforced with the significant equity subscription received by NBCUniversal in the Company as approved by shareholders at the 2020 Annual General Meeting.

PointsBet is extremely pleased with the progress it has made to date under the NBC partnership. Both the PointsBet and NBCUniversal teams are aligned to the opportunities ahead and are working to unlock value and execute on PointsBet's marketing strategy.

Over the course of the year, the Company has also continued to grow brand recognition through execution of exclusive and strategic partnerships.

In the US, the Company became the official sports betting partner of the Detroit Tigers of the MLB, the Indiana Pacers and the Denver Nuggets of the NBA, the Indianapolis Colts and the Chicago Bears of the NFL and the Colorado Avalanche of the NHL. In addition, Pointsbet was appointed an Official Sports Betting Partner of the NHL.

PointsBet has also attracted outstanding US brand ambassadors, including Paige Spiranac, Drew Brees, Allen Iverson, Rip Hamilton and Devin Hester.

In Australia, the Company continued to be the exclusive Victorian odds integration partner for the Autumn and Spring Carnival National Horse Racing coverage and in January 2021, appointed professional basketball champion and three-time Finals MVP, Shaquille O'Neal, as its Australian brand ambassador.

STRATEGIC INVESTMENTS

During the year, PointsBet completed two strategic acquisitions.

BANACH TECHNOLOGY

In March 2021 PointsBet announced the acquisition of Banach Technology Limited. The acquisition accelerates

“

IT'S BEEN ANOTHER
TRANSFORMATIONAL
YEAR FOR POINTSBET

BRETT PATON

Chairman

”

PointsBet's technology roadmap and places the Company in a prime position to take advantage of the growth of in-play sports betting activity in the United States.

Additionally, through highly sophisticated risk management algorithms and deep trading experience, PointsBet Europe's technology will allow PointsBet to grow trading margins and offer a superior experience to its customers.

PREMIER TURF CLUB

In May 2021 PointsBet announced the acquisition of Premier Turf Club, LLC, an active pari-mutuel Advance Deposit Wagering (ADW) operator.

Premier Turf Club is licensed in Oregon by the Oregon Racing Commission and is set to situate PointsBet within the growing US online racing market (thoroughbreds, harness and greyhounds) as the Company continues its rapid expansion across the United States.

The combination of Premier Turf Club's excellence in the space with PointsBet's mature market Australian racing expertise favourably positions PointsBet as it prepares to enter the U.S. horseracing market with both pari-mutuel and fixed odds betting.

iGAMING

PointsBet has assembled a highly experienced iGaming team which has built an in-house proprietary iGaming platform and administrative tools. Owning and controlling in-house iGaming technology stack will become an increasingly important strategic advantage.

Pointset's priority is to provide a fast and immersive client experience. The Company has licensed third-party iGaming content from premium content suppliers, including live-dealer solutions.

PointsBet has now launched iGaming operations in Michigan and New Jersey and plans to launch in West Virginia later this year. PointsBet has also secured iGaming access in Ohio, Indiana, Missouri, Louisiana and Iowa pending the passing of enabling legislation.

WELL-POSITIONED FOR GROWTH IN FY22

PointsBet has put together all the pieces of the puzzle needed to take advantage of the significant North American opportunity – with a continued focus on first class execution and building upon the growth and success achieved to date.

We would like to thank our fellow Directors and global staff for their support over a very busy past 12 months as we continued the Company's rapid growth.

We 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.

Yours sincerely,



BWF PATON
Chairman



SJ SWANNELL
Managing Director and Group CEO



BOARD OF DIRECTORS

BWF PATON

Non-Executive Chairman
(appointed Director in November, 2018)

B Ec Monash University, Chartered Accountant
Member of the Remuneration and Nomination Committee

Member of the Audit, Risk and Compliance Committee

Mr Paton entered the finance industry in 1980 as a Chartered Accountant and after 23 years at UBS, retired from his role in 2008 as Vice Chairman, having run the UBS Equity Capital Markets business for 14 years.

Following this he was Vice Chairman of the Institutional Clients Group for Australia and New Zealand at Citigroup Inc for five years.

Over his years at UBS and Citigroup, Mr Paton's respective teams assisted and advised companies, governments and government agencies on capital raisings totalling approximately \$230 billion of equity.

Having served as a Non-Executive Director of Tabcorp and Chair of Audit and Risk for its demerged entity, Echo Entertainment, he has gained significant experience and valuable insights into the functions expected of ASX boards and companies in the Wagering Industry. Mr Paton has also served as a Council member of RMIT University where he chaired the Risk and Audit Committee and was also a foundation member of the ASX Capital Markets Advisory Panel.

SJ SWANELL

Co-Founder, Managing Director and Group Chief Executive Officer (appointed Director in March, 2015)

B Com Monash University

Mr Swanell has substantial expertise and experience in the Wagering Industry including successfully managing the start-up of both tomwaterhouse.com and PointsBet.

For three years he was National Sales Manager with TOTE Tasmania responsible for all revenue channels including all retail and pub outlets. During his tenure, turnover and EBITDA increased 200%. This was followed by four years as Chief Operations Officer at tomwaterhouse.com, which involved responsibility for establishing and managing all functions of the business. tomwaterhouse.com grew rapidly to become a pre-eminent wagering brand in Australia until its sale to William Hill. Mr Swanell's experience also includes international consulting assignments across North America and Europe and related verticals such as online casino and poker.

Mr Swanell has a deep understanding of the critical areas required to produce and manage a successful Sportsbook, which has been instrumental in the establishment and growth of PointsBet.

MG SINGH

Executive Director and President, Technology and Product (appointed Director in November, 2020)

Master of Technology (Computer Science), University of Hyderabad

Mr Singh was appointed as the Company's President, Technology and Product on 29 July 2029. He is the former Chief Technology Officer and Executive Vice President of leading global gaming technologies provider Aristocrat Leisure Limited (ASX:ALL), and an industry veteran with a track record in delivering leading product and technology strategy for mobile, social and traditional casino gaming products.

Mr Singh has a broad background in technology, with experience in gaming, cybersecurity, mobile and cloud technologies and global engineering management.

Mr Singh is a published author and speaker on modern technology trends and has previously held senior leadership roles at International Gaming Technology (IGT), Juniper Networks and Sun Microsystems.

In recent years, Mr Singh founded, DruvStar, a cybersecurity company, and has helped several gaming and modern technology businesses as an advisor.



AP SYMONS

Non-Executive Director
(appointed Director in
September, 2016)

*B Com B Law University of
Melbourne, Lawyer*

*Chair of the Remuneration and
Nomination Committee*

*Member of the Audit, Risk and
Compliance Committee*

Mr Symons has over 20 years' experience in corporate law and mergers and acquisitions, including four years with a global firm in Hong Kong.

Mr Symons is the Founder and Managing Director of Clarendon Lawyers, a corporate legal advisory firm specialising in mergers and acquisitions and equity capital markets. His extensive experience spans a wide range of corporate transactions involving large foreign listed companies, private equity funds, Australian listed companies, large private companies and family offices across a range of industries. He regularly advises on and coordinates complex transactions, often across multiple jurisdictions, and is consistently recognised in peer review based industry publications as a leading M&A lawyer in Australia.

PD MCCLUSKEY

**Independent Non-Executive
Director (appointed to the
Board in November, 2017)**

*B Bus Swinburne University,
Chartered Accountant*

*Chair of the Audit, Risk and
Compliance Committee*

*Member of the Remuneration and
Nomination Committee*

Mr McCluskey has been an insolvency and corporate reconstruction professional for 33 years. He has strong relationships within the Australian and international finance sectors. He has managed the conflicting agendas of diverse parties in some of the biggest restructuring assignments in Australia. He is currently a Special Advisor, Restructuring services at KPMG.

He was Managing Partner at Ferrier Hodgson's Melbourne office for 12 years. During his tenure at Ferrier Hodgson, Mr McCluskey had exposure to a broad range of industries due to his engagement and oversight of several corporate restructuring and insolvency projects and is recognised for his ability to manage and resolve complex matters.

BK HARRIS

**Independent Non-Executive
Director (appointed to the
Board in November, 2019)**

*LLM, Gaming Law and Regulation
UNLV William S. Boyd School of Law*

*Member, Audit, Risk and
Compliance Committee*

*Member, Remuneration and
Nomination Committee*

Mrs Harris is the former Chairwoman of the Nevada Gaming Control Board (NGCB) and a former Nevada State Senator. Representing Nevada's Ninth District, Mrs Harris chaired the Senate Education Committee and was a member of the Senate Judiciary, Finance, Education, and Commerce, Labor & Energy Committees. Mrs Harris is also a former member of the National Council of Legislators from Gaming States (NCGLS), an association of lawmakers from across the United States, and formerly chaired the Responsible Gaming Committee and served as Treasurer. Mrs Harris is currently a Distinguished Fellow, Gaming & Leadership at the University of Nevada, Las Vegas International Gaming Institute (IGI), with an emphasis on the study of sports betting. The IGI works with regulators and other stakeholders worldwide to ensure they have the latest information, knowledge, and tools they need to analyse and improve gaming policies and regulation in their jurisdictions. Mrs Harris received her LL.M. in Gaming Law and Regulation from the UNLV William S. Boyd School of Law.

KM GADA

**Independent Non-Executive
Director (appointed to the
Board in May, 2021)**

*MBA, University of Chicago's Booth
School of Business and B.S. in
Computer Science magna cum
laude, The Ohio State University.*

Ms Gada is a seasoned executive with expertise at the nexus of media, technology and digital business models.

She is currently the CEO and Managing Director of Recastled LLC, a media & tech incubator and advisory firm. Prior to Recastled, Kosha was Corporate Executive Director of Strategy at the Comcast Corporation. Ms Gada was previously a Principal at Kearney, advising senior executives at premier global corporations on strategic and operating objectives.

Kosha is a regular contributor on business/news networks (including Sky News, CNBC and BNN Bloomberg) and publications (including Forbes and TechCrunch) as well as a keynote speaker at industry symposiums focusing on media and technology analysis.



DIRECTORS' REPORT

FOR THE 12 MONTHS ENDED 30 JUNE 2021

The Directors present their report together with the financial statements of the Company and its subsidiaries (the Group) for the 12 months ended 30 June 2021 (the financial year). The information in this report is current as at 31 August 2021 unless otherwise specified.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the *Corporations Act 2001* (Cth) (the Act).

REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Group for the financial year is set out in the Review of Operations which forms part of this Directors' Report.

FINANCIAL RESULTS

The reported result of the Group attributable to shareholders for the 12 months ended 30 June 2021 was a loss of \$187.1 million after providing for income tax (2020: loss of \$41.5 million after providing for income tax). Further details regarding the financial results of the Group are set out in the Review of Operations and Consolidated financial statements.

DIVIDENDS

No dividends have been declared during the financial year (2020: \$0).

Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend.

In determining whether to declare future dividends, the Directors will have regard to the Company's earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.

REMUNERATION REPORT

Details of the remuneration policies in respect of the Group's Key Management Personnel are detailed in the Remuneration Report which forms part of this Directors' Report.

DIRECTORS' PARTICULARS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

The Directors of the Company throughout the financial year and up to the date of this report are:

CURRENT DIRECTORS		
DIRECTOR	EXPERIENCE AND OTHER DIRECTORSHIPS	SPECIAL RESPONSIBILITIES
BWF Paton <i>B Ec</i> <i>Chartered Accountant</i>	Appointed Director in November, 2018 - Chair, management company of Escala Partners - Former Vice Chairman, UBS Equity Capital Markets - Former Vice Chairman, Institutional Clients Group ANZ, Citigroup - Former Director Tabcorp Holdings Limited	Non-Executive Chairman Member of each Board Committee
SJ Swanell <i>B Com</i>	Appointed Director in March, 2015 - Former National Sales Manager, TOTE Tasmania - Former Chief Operations Officer, tomwaterhouse.com	Co-Founder, Managing Director and Group Chief Executive Officer
AP Symons <i>B Com B Law</i>	Appointed Director in September, 2016 - Founder and Managing Director, Clarendon Lawyers - Director, Connected Communities Melbourne	Chair, Remuneration and Nomination Committee Member, Audit, Risk and Compliance Committee
PD McCluskey <i>B Bus</i> <i>Chartered Accountant</i>	Appointed Director in November, 2017 - Special Adviser, Restructuring Services, KPMG - Former, Managing Partner, Ferrier Hodgson Melbourne	Chair, Audit, Risk and Compliance Committee

CURRENT DIRECTORS

DIRECTOR	EXPERIENCE AND OTHER DIRECTORSHIPS	SPECIAL RESPONSIBILITIES
BK Harris <i>LLM, Gaming Law and Regulation</i>	Appointed Director in November, 2019 • Distinguished Fellow, Gaming & Leadership, University of Nevada • Former Nevada State Senator • Former Chairwoman, Nevada Gaming Control Board	Member, Audit, Risk and Compliance Committee Member, Remuneration and Nomination Committee
MG Singh <i>Master of Technology (Computer Science)</i>	Appointed Director in November, 2020 • Former Chief Technology Officer and Executive Vice President, Aristocrat Leisure Limited • Former, Senior Executive, IGT Juniper Networks and Sun Microsystems	President, Technology and Product, Executive Director
KM Gada <i>MBA B.S. Computer Science Appointed 3 May 2021</i>	Appointed Director in May, 2021 • CEO and Managing Director of Recastled LLC • Former Corporate Executive Director (Strategy), Comcast Corporation • Former Principal, Kearney	Member, Remuneration and Nomination Committee
NJ Fahey <i>B Bus Chartered Accountant Until 18 November 2020</i>	Appointed Director in March, 2015 • Former Chief Financial Officer, PointsBet • Former Project Finance Analyst, Westfield • Former Financial Analyst, Sydney Opera House • Former Consultant, PwC	Co-Founder and Group Chief Commercial Officer

Details about the Director's interests in the Company are set out in the Remuneration Report which forms part of this Directors Report.

DIRECTOR INDEPENDENCE

The Company's Board Charter sets out guidelines and thresholds of materiality to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that Peter McCluskey, Tony Symons, Becky Harris and Kosha Gada are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment and is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Brett Paton, Sam Swanell and Manjit Gombra Singh are not currently considered by the Board to be independent Directors given:

- in the case of Sam Swanell and Manjit Gombra Singh, their executive positions; and
- in the case of Brett Paton, his ownership interest in the Company.

The Board considers that each Director will add significant value given their considerable skills and experience and will bring objective and independent judgement to the Board.

DIRECTORS' REPORT

CONTINUED

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS DURING THE FINANCIAL YEAR

The attendance of members of the Board at Board meetings and attendance of members of committees at committee meetings of which they are voting members is set out below.

DIRECTOR	BOARD ⁴	
	MEETINGS ATTENDED	MEETINGS HELD
BWF Paton	14	14
SJ Swanell	14	14
AP Symons	14	14
PD McCluskey	14	14
BK Harris	14	14
MG Singh ¹	8	8
KM Gada ²	3	3
NJ Fahey ³	6	6

1. MG Singh appointed 18 November 2020.

2. KM Gada was appointed on 3 May 2021.

3. NJ Fahey ceased 18 November 2020.

4. Meetings of the Audit, Risk and Compliance Committee and the Remuneration and Nominations Committee were held contemporaneously with Board meetings as required.

COMPANY SECRETARY

The Company Secretary is directly accountable to the Board, through the Chairman, for all governance matters that relate to the Board's proper functioning. During the financial year, the Group had the following Company Secretaries:

AJ Hensher

BA/LLB (Hons)

AJ Hensher joined the Company in January 2019 and was appointed as Company Secretary on 30 January 2019. Before joining the Company, Mr Hensher was Head of Legal and Regulatory Affairs at William Hill Australia and prior to that the GM, Company Secretarial and Corporate Counsel and Aristocrat Leisure Limited.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year was the offering of innovative sports, racing and iGaming betting products and services direct to clients via its scalable cloud-based technology platform.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the group during the financial year were as follows:

The Group raised in total \$270.5 million from a Placement and Institutional Entitlement Offer on 9 September 2020.

The Group raised in total \$82.8 million from a Retail Entitlement Offer and Shortfall Bookbuild on 25 September 2020.

The Group raised \$0.4 million from the exercise of share options during the Reporting Period.

Except as outlined above and elsewhere in this Directors' Report, there were no significant changes in the state of affairs of the Group during the financial year.

EVENTS AFTER BALANCE DATE

In August 2021, the Company completed an underwritten capital raising of approximately \$400 million comprising;

- A fully underwritten institutional placement to raise \$215 million. The placement price was to be at fixed price of \$10.00 per share; and
- A fully underwritten 1 for 9 accelerated pro rata renounceable entitlement offer, with retail rights trading to raise approximately \$185 million at \$8.00 per share.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company. However, the Group believes there is significant scope to increase revenue and profitability from its business strategy over the long term.

OPTIONS OVER SHARE CAPITAL

As at the date of this report there were 99,809,162 ordinary shares under option.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Group or any related body corporate.

Details of the Company's Employee Share Option Plan are disclosed in Note 35 to the financial statements.

INDEMNITIES AND INSURANCE PREMIUMS

The Company's Constitution provides that the Company will indemnify each officer of the Company against any liability incurred by that officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties to the extent permitted by law.

An officer for the purpose of this provision includes any Director or Secretary of the Company or the Company's subsidiaries, executive officers or employees of the Company or its subsidiaries and any person appointed as a trustee by, or acting as a trustee at the request of, the Company, and includes former Directors.

In accordance with the Company's Constitution, the Company has entered into deeds of access, indemnity and insurance and deeds of indemnity for identity theft with each Director and nominated officers of the Company. No amount has been paid pursuant to those indemnities during the financial year to the date of this Directors' Report.

The Company has paid a premium in respect of a contract insuring officers of the Company and its related bodies corporate against any liability incurred by them arising out of the conduct of the business of the Company or in or arising out of the discharge of their duties. In accordance with normal commercial practices, under the terms of the insurance contracts, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

ENVIRONMENTAL REGULATION AND SUSTAINABILITY

The Group endeavours to operate our business in ways that produce social, economic and environmental benefits for the Communities we serve in Australia and the United States.

The Directors understand that long term future success depends upon continuously improving our reputation and enhancing employee morale. We pay attention to the expectations of our employees and stakeholders, while respecting and serving our communities as best we can.

The Group has a small environmental footprint and as such our largest impacts come from our travel, energy and consumables. We take steps to improve our environmental impact.

There are no matters that the Directors consider need to be included in this report. The Group is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company under section 236 of the Act nor has any application been made in respect of the Company under section 237 of the Act.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Act.

DIRECTORS' REPORT

CONTINUED

NON-AUDIT SERVICES PROVIDED BY THE AUDITOR

The Company, with the prior approval of the Chair of the Audit, Risk and Compliance Committee, may decide to employ RSM, the Company's auditor, on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/ or the Group are important.

The Company has a Charter which specifies those non-audit services which cannot be performed by the Company auditor. The Charter also sets out the procedures which are required to be followed prior to the engagement of the Company's auditor for any non-audit related service. Details of the amounts paid or payable to the Company's auditor, for audit and non-audit services provided during the financial year, are set out in Note 28 to the Financial Statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services as set out in Note 28(a)(ii), 28(b)(ii), and 28(c)(ii) to the financial statements is compatible with the general standard of independence for auditors imposed by the Act for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration is attached to this Directors' Report.

LOANS TO DIRECTORS AND EXECUTIVES

No Director or executive held any loans with the Company during the financial year.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission. Amounts in the Director's Report and the Financial Statements have been rounded off to the nearest whole number of million dollars and one decimal place representing hundreds of thousands of dollars, or in certain cases, the nearest dollar in accordance with that class order.

This report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.



BWF PATON, Chairman

31 August 2021

AUDITOR'S INDEPENDENCE DECLARATION



RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61(0) 3 9286 8000

F +61(0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of PointsBet Holdings Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 31 August 2021
Melbourne, Victoria

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation



REMUNERATION REPORT

This Remuneration Report for the 12 months ended 30 June 2021 (Reporting Period) forms part of the Directors' Report and has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth) (the Act).

SECTION 1 MAINTAINING SUSTAINABLE PERFORMANCE

The Company's philosophy on remuneration is that Key Management Personnel (KMP) remuneration should be aligned with shareholder interests by providing levels of fixed remuneration and 'at risk' pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy. It aims to achieve this by ensuring 'at risk' remuneration is contingent on outcomes that grow and/or protect shareholder value and by aligning the interests of Senior Executives and shareholders by ensuring a suitable proportion of remuneration is received as a share-based payment.

To ensure that the Company continues to attract, retain and motivate talented staff at a competitive cost, the Company will aim to align total fixed remuneration to the median rate of the relevant market, with consideration given to experience, qualifications, performance and other non-financial benefits.

The Company's existing employee share option plan (ESOP) was established before the Company was admitted to the official list of ASX (terms of which were disclosed in its replacement prospectus dated 23 May 2019), which offered the opportunity for eligible employees and non-executive Directors to subscribe for Options.

Following the expansion into the United States, where an increasing number of its senior leadership team is based, the Board considered remuneration practices in Australia and the United States and identified some meaningful differences, primarily in the design of long-term incentive programs.

The Board concluded that it would be appropriate to consider taking a balanced approach to these differences in a way that considers the norms of both countries and results in a market-competitive long-term incentive plan as a key component of a market competitive executive remuneration approach.

The Board determined that the award of performance share rights (PSRs) with the award linked to satisfactory performance and continuation of employment will provide the necessary motivation for key executives in Australia and the US to invest energies and commitment over time to create Shareholder value.

As such, during the Reporting Period, the Company established the Key Employee Equity Plan (KEEP) which was approved by Shareholders at the Annual General Meeting on 17 November 2020. Further details about KEEP are set out in Section 4.3 of this Report.

The Remuneration and Nomination Committee recommends to the Board the remuneration packages for the Senior Executive team. It is intended that these will be reviewed annually. The Remuneration and Nomination Committee may seek external advice to determine the appropriate level and structure of the remuneration packages.

SECTION 2 REMUNERATION REPORT OVERVIEW

This Remuneration Report has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) (the Act) for PointsBet Holdings Limited and its controlled entities (Group) for the year ended 30 June 2021.

This Report covers KMP of the Group, who are responsible for determining and executing the Group's strategy.

Table 1 – Non-Executive Directors and Executive KMP

KMP	POSITION	TERM AS KMP
Non-Executive Director		
BWF Paton	Chair; Director	Full financial year
AP Symons	Director	Full financial year
PD McCluskey	Director	Full financial year
BK Harris	Director	Full financial year
KM Gada	Director	Appointed 3 May 2021
Executive Director		
SJ Swanell	Group CEO and Managing Director	Full financial year
MG Singh ¹	President, Technology and Product and Executive Director	Appointed 18 November 2020
Other KMP		
AJ Mellor	Group Chief Financial Officer	Full financial year
AJ Hensher	Group General Counsel and Company Secretary	Full financial year
Former KMP		
– Continuing in Office		
NJ Fahey ²	Chief Commercial Officer and Executive Director	Ceased on 18 November 2020

1. MG Singh joined the Company as President, Technology and Product on 29 July 2019. MG Singh was appointed an Executive Director on 18 November 2020. The Board determined that MG Singh became a KMP on 18 November 2020.

2. NJ Fahey ceased to be an Executive Director on 18 November 2020, however remained in the role of Chief Commercial Officer. The Board determined that NJ Fahey ceased to be a KMP on 18 November 2020.

SECTION 3 SENIOR EXECUTIVE REMUNERATION PHILOSOPHY AND FRAMEWORK

3.1 CORE PRINCIPLES

The following three core principles guide the Group's Senior Executive remuneration strategy and 'pay for performance' framework:

1. Alignment to shareholder interests and value creation

Provide a common interest between Senior Executives and shareholders by aligning the rewards that accrue to management to PointsBet's performance.

2. Market competitive

Be competitive in the markets in which PointsBet operates to attract, motivate and retain high calibre people. As the Company grows its footprint in the United States, the business must increasingly attract and retain leaders in the US market with technology and global management skills sets that is increasingly requiring an evolution in PointsBet's approach to remuneration.

REMUNERATION REPORT

CONTINUED

3. Performance-based

Support the short, medium and long-term financial targets and business strategies of the Group as set out in the strategic business plans endorsed by the Board.

Table 2 – Elements of Executive KMP Remuneration

ELEMENT	FIXED REMUNERATION	AT RISK STI	AT RISK LTI
What does this component include?	Base salary, superannuation and other benefits (such as relocation allowances).	Reward for strong individual and Group performance during the year.	Reward for longer-term Group performance during a three or four-year performance period.
What does payment depend on?	The skills, performance, experience and role of each individual. The Group has implemented moderate fixed remuneration relative to market capitalisation in favour of higher at-risk components.	Achievement of financial and non-financial key performance indicators (KPIs) and subject to a financial gateway hurdle.	Achievement of financial and non-financial performance conditions.
How is this component delivered?	Cash.	Cash.	Typically, options and performance share rights (PSRs) vesting in three and four-year tranches.
What is the purpose of this remuneration component?	Providing ongoing remuneration in recognition of day-to-day accountabilities.	Motivate and reward excellent performance in the shorter term.	Historically one-off grants (options) and annual grants (PSRs) designed to attract executive talent into the organisation, motivate and reward excellent performance in the long term and provide a retention element whilst aligning with shareholder outcomes through the award of equity.

SECTION 4 SENIOR EXECUTIVE REMUNERATION IN THE REPORTING PERIOD

4.1 FIXED REMUNERATION

All Senior Executives receive fixed remuneration which includes cash and compulsory superannuation (or equivalent pension plan contributions). As appropriate, KMP receive additional support including accommodation allowances and travel. KMP do not receive retirement benefits beyond superannuation.

When determining the level of fixed remuneration for each role, the Group considers the remuneration levels offered at organisation from which it sources talent and to whom it could potentially lose talent. Typically, fixed remuneration for the Group's KMP is lower than the average of larger ASX listed companies given the focus on variable 'at-risk' remuneration.

4.2 EXECUTIVE STI AWARDS GRATED DURING THE REPORTING PERIOD

The table below outlines the key terms and conditions applying to Senior Executive STI arrangements for KMP during the Reporting Period.

Table 3 – Description of Executive STI in the Reporting Period

Overview of STI During the Reporting Period	STI arrangements are an at-risk component of executive remuneration involving the payment of a cash award if vesting conditions are met, including satisfaction of performance conditions.
Performance Period	STI awards are measures over the 12-month financial year. Any STI award payments are made after performance is tested at the end of the performance period.
Performance Conditions	Payment of cash bonuses is discretionary and determined by the Board based on individual and business KPIs. Business KPIs may consist of financial and strategic components including revenue growth, customer acquisition and retention, new market access and trading margins. Individual KPIs consist of personal business goals which align the Group's strategies, as well as a compliance culture. The Board believes that having a mix of financial and non-financial KPIs will provide measurable financial performance criteria strongly linked to increased year-on-year shareholder value and encourage the achievement of personal business goals consistent with the Group's overall objectives. To be eligible for the STI, participants must be employees in good standing of the Company at the date on which the bonus is payable.
Measurement of Performance Conditions	Performance against the KPIs is assessed annually by the Board on recommendations from the Remuneration and Nomination Committee after the end of the performance period as part of the broader performance review process for each KMP.
Treatment on Cessation of Employment	If a KMP ceases to be employed during the 12-month performance period in 'good leaver' circumstances, they may be entitled to a pro rata STI award unless the Board determined otherwise.

Percentage of STI Paid and Forfeited During the Reporting Period

Details of the STI outcomes during the Reporting Period are outlined in the table below.

Table 4 – Executive KMP STI Outcomes

EXECUTIVE KMP	MAXIMUM STI OPPORTUNITY	\$ VALUE OF STI AWARD GRANTED	% OF MAXIMUM STI AWARD GRANTED	% OF MAXIMUM STI AWARD FORFEITED
SJ Swanell	20%	89,910	100%	0%
MG Singh¹	20%	56,031	100%	0%
AJ Mellor	20%	69,171	100%	0%
AJ Hensher	20%	64,171	100%	0%

1. MG Singh joined the Company as President, Technology and Product on 29 July 2019. MG Singh was appointed an Executive Director on 18 November 2020. The Board determined that MG Singh became a KMP on 18 November 2020.

4.3 EXECUTIVE LTI AWARDS

PointsBet is one of a small group of ASX listed companies that overtime will derive the majority of its revenues from overseas markets, in particular the United States and is genuinely global in its structure and operations. Although the Company is listed on the Australian Securities Exchange, it has over 430 employees based globally across four countries and is licensed in more than seven jurisdictions.

The Company's senior leadership is becoming more US based, and the business must increasingly attract and retain leaders in US and other markets with technology and global management skillsets. US market practice (in particular) places a greater emphasis on time based at-risk opportunity, and significant equity grants are more commonly used for talent attraction and retention (than in Australia).

The continued expansion of the Company's business in the United States reinforces the need for the Company's remuneration structures to evolve and take into account global pay philosophies, particularly those in the technology industry.

REMUNERATION REPORT

CONTINUED

The Board therefore continues to review the structure of the Company's incentive schemes to ensure they are globally competitive and effective in retaining, attracting and motivating the leadership and talent it needs to drive business strategy and financial performance in the interests of shareholders, while continuing to reflect our 'pay for performance' philosophy.

During the Reporting Period, the Company established a new long-term incentive (LTI) plan known as the Key Employee Equity Plan (KEEP) to assist in the reward, retention and motivation of participants and align their interests with those of shareholders. KEEP is an equity-based plan which is delivered in the form of performance share rights (PSRs).

The KEEP rules provide the framework under which KEEP and individual grants will operate.

The table below outlines the key terms and conditions applying to Senior Executive KEEP arrangements for the KMPs during the Reporting Period.

Table 5 – Description of KEEP

Overview of Senior Executive KEEP Arrangements During the Reporting Period	Senior Executive KEEP awards are an at-risk component of executive remuneration involving annual grants of performance share rights (PSRs). They are used to attract and retain key executive talent to the organisation. The Group will continue to review its incentive arrangements on an ongoing basis to ensure they continue to meet the evolving needs of the Group. Annual KEEP grants are likely to remain the key remuneration arrangement designed to attract executives and retain talent over the medium term.
Form of Awards	The KEEP Rules permit the Company to grant PSRs, which are an entitlement to receive Company shares upon satisfaction of applicable conditions, subject to the terms of individual offers. PSRs are granted for nil consideration as they are part of a Senior Executive's remuneration. Each eligible participant is awarded a KEEP Cash Component as part of their annual total target remuneration (TTR). The KEEP Cash Component is then converted into PSRs based on the 5-trading day VWAP of Shares up to and including 30 June (the day before the start of the Performance Period). Each PSR will convert into one fully paid ordinary share in the Company. Please refer to Table 12 for details of PSRs awarded during the Reporting Period.
Performance Period, Conditions and Vesting	KEEP awards have a 12-month Performance Period (for the Reporting Period being 1 July 2020 to 30 June 2021) whereby the eligible participant must achieve 'Satisfactory Performance' (as determined in accordance with the Company's performance review processes). Where the participant achieves Satisfactory Performance and remains employed: • as at 1 July 2022 (12 month retention), 50% of the KEEP PSRs will vest; and • as at 1 July 2023 (24 month retention) 50% of the KEEP PSRs will vest.
Cessation of employment	Under the KEEP Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment.
Eligibility	Offers may be made at the Board's discretion to employees of the Company (including the Executive Directors) and any other person that the Board determines to be eligible to receive a grant under the KEEP Plan.
Offers under the KEEP Plan	The Board may make offers at its discretion and any offer documents must contain the information required by the KEEP Rules. The Board has the discretion to set the terms and conditions on which it will offer performance rights in individual offer documents. Offers must be accepted by the employee and can be made on an opt-in or opt-out basis.
Cessation of employment	Under the KEEP Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The KEEP Rules provide the Board with broad 'clawback' powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.

Change of control	The Board may determine that all or a specified number of a participant's performance rights will vest or cease to be subject to restrictions on a change of control event in accordance with the KEEP Rules.
Reconstructions and corporate actions	The KEEP Rules include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealing	Prior to vesting, the KEEP Rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, participants will be free to deal with their incentives, subject to the Securities Dealing Policy.
Other terms	The KEEP Plan contains customary and usual terms of dealing with administration, variation, suspension and termination of the Plan.

During the Reporting Period, the Company's existing Employee Share Option Plan (ESOP) remained on foot, however no new equity grants were made under the ESOP.

Details of the number of Options with vested and lapsed during the Reporting Period can be found in Table 11.

Further details of the ESOP can be found in the Remuneration Report for the period ending 30 June 2021.

4.4 SENIOR EXECUTIVE CONTRACTS

All KMP have a written Executive Service Agreement with the Group. The key terms of these agreements are set out below.

Table 6 – Key Terms of KMP Contracts

Duration	In the case of AJ Hensher and AJ Mellor, ongoing term. In the case of SJ Swanell, fixed term ending 30 June 2024. No later than 12 months prior to the end of the term, SJ Swanell and the Company will meet and agree (i) to extend the Employment Agreement at the end of the term (on terms to be mutually agreed); or (ii) that the Employment Agreement be terminated at the end of the term. In the case of MG Singh, fixed term ending 9 July 2024. The Agreement shall be deemed to be automatically renewed on each annual anniversary date thereafter for successive periods of one year, unless either party provides written notice of its intention not to extend the term of the Agreement at least ninety (90) days prior to the renewal date.
Periods of Notice Required to Terminate	In the case of: • SJ Swanell, six months' notice of termination by the employee and twelve months' notice of termination by the Company; • MG Singh, six months' notice of termination by the employee and six months' notice of termination by the Company; • AJ Mellor three months' notice of termination by the employee and three months' notice of termination by the Company; and • AJ Hensher, three months' notice of termination by the employee and six months' notice of termination by the Company. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the provision of benefits on cessation of employment.
Restraints	Non-compete and non-solicit in relevant operational jurisdictions

REMUNERATION REPORT

CONTINUED

SECTION 5 REMUNERATION GOVERNANCE

5.1 OVERVIEW

The following table represents the Group's remuneration decision-making structure.

Table 7 – Remuneration Governance and Decision Making

BOARD	
Review and approval.	
Exercise of discretion in relation to targets, goals or funding pools.	
REMUNERATION AND NOMINATION COMMITTEE	
Board remuneration framework and policy.	
Senior Executive KMP and Non-Executive Director remuneration outcome recommendations.	
MANAGEMENT	REMUNERATION ADVISORS
Proposals on executive remuneration outcomes.	External and independent remuneration advice and information.
Implementing remuneration policies.	

5.2 BOARD AND REMUNERATION AND NOMINATION COMMITTEE RESPONSIBILITIES

Details of the composition and responsibilities of the Board and the Remuneration and Nomination Committee are set out in the Corporate Governance Statement (which forms part of this Annual Report).

5.3 USE OF REMUNERATION CONSULTANTS

The Remuneration and Nominations Committee may seek and consider advice from external advisers from time to time to assist the Committee discharge its duties. Any advice from consultants is used to guide the Committee and Board, but does not serve as a substitute for thorough consideration by Non-Executive Directors.

Remuneration advisors may be engaged by the Chair of the Remuneration and Nominations Committee, however during the Reporting Period, no remuneration recommendations, as defined by the Act, were made by the remuneration advisors during the Reporting Period.

SECTION 6 NON-EXECUTIVE DIRECTOR REMUNERATION

Details of the Non-Executive Directors of PointsBet Holdings Limited during the Reporting Period are provided in the Directors' Report.

6.1 OVERVIEW OF POLICY

In setting fee levels, the Remuneration and Nominations Committee, which makes recommendations to the Board, takes into account the demands and responsibilities associated with the Non-Executive Directors roles and the global scope and highly regulated environment in which the Group operates. The Board will continue to review its approach to Non-Executive Director remuneration to ensure it remains in line with high standards of corporate governance.

6.2 COMPONENTS AND DETAILS OF NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Directors receive a fixed fee (inclusive of superannuation and committee memberships) for services to the Board. The Chair receives an additional fee for that service.

PointsBet is transforming into an expanding listed global business with scale, complexity and diversity, which has in turn significantly increased both Board and Committee workloads. In addition, recent developments in the corporate governance landscape are leading to increased expectations and demands of Non-Executive Directors on ASX boards.

Fees also reflect the regulatory requirements of the environment in which PointsBet operates, which imposes considerable demands on the Non-Executive Directors and their families who are required to disclose detailed personal and financial information and submit to interviews, including in foreign jurisdictions.

Non-Executive Directors are entitled to be reimbursed for all reasonable business-related expenses, including travel, as may be incurred in the discharge of their duties.

PointsBet does not make sign-on payments to new Non-Executive Directors and the Board does not provide for retirement allowances for Non-Executive Directors.

6.3 AGGREGATE FEE POOL AND DIRECTOR FEES

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for their services as a Non-Executive Director. However, under the Constitution and the ASX Listing Rules, the total aggregate amount provided to all Non-Executive Directors for their services must not exceed in any financial year the aggregate amount approved by shareholders at the Company's general meeting. The amount has been fixed at \$750,000 per annum.

The annual Non-Executive Director fees currently agreed to be paid by the Company to:

- the Chairman is \$100,000 (inclusive of superannuation);
- each Australia Non-Executive Directors is \$80,000 (inclusive of superannuation); and
- each US Non-Executive Directors is US\$100,000.

Non-Executive Directors will not receive additional fees for being a member of a Board Committee.

REMUNERATION REPORT

CONTINUED

SECTION 7 STATUTORY REMUNERATION TABLES AND DATA

7.1 DETAILS OF EXECUTIVE DIRECTOR AND KMP REMUNERATION

The following table reflects the accounting value of remuneration attributable to Executive Director and KMP, derived from the various components of their remuneration. This does not necessarily reflect actual amounts paid to Executive Director and KMP due to the conditional nature (for example, performance criteria) of some of these accrued amounts.

Table 8 – Statutory Executive Director and KMP Remuneration Table

KEY MANAGER'S NAME/ REPORTING PERIOD		SHORT TERM BENEFITS (\$)			POST EMPLOYMENT (\$)		LONG-TERM	SHARE BASED ⁴	TOTAL	PERFORMANCE RELATED
		SALARY AND FEES ¹	STI CASH BONUS	OTHER BENEFITS ²	SUPER- ANNUATION /PENSION (401(K))	TERMINATION ³	LONG SERVICE LEAVE	OPTIONS/ PERFORMANCE SHARE RIGHTS \$	\$	%
Executive Director										
SJ Swanell	2021	449,548	89,910	–	21,694	–	7,513	925,200	1,493,865	62%
	2020	416,352	38,279	–	21,003	–	30,051	734,175	1,239,859	59%
MG Singh⁵	2021	285,312	56,031	–	53,647	–	–	454,013	849,003	53%
	2020	–	–	–	–	–	–	–	–	–
Executive KMP										
AJ Mellor	2021	345,853	69,171	–	21,694	–	4,257	584,534	1,025,509	57%
	2020	299,583	29,943	–	21,003	–	2,907	318,248	671,684	47%
AJ Hensher	2021	320,853	64,171	–	21,694	–	3,997	231,049	641,764	36%
	2020	275,000	27,500	25,000	21,002	–	2,685	121,179	472,365	26%
Former KMP – Continuing in Office										
NJ Fahey⁶	2021	81,031	16,206	–	8,024	–	2,629	136,144	244,033	56%
	2020	197,479	19,748	–	21,072	–	13,201	272,094	523,595	52%
TOTAL KMP	2021	1,482,598	295,488	–	126,754	–	18,395	2,330,940	4,254,174	55%
	2020	1,188,414	115,469	25,000	84,079	–	48,843	1,445,697	2,907,504	50%

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that benefits are paid and subject to Fringe Benefits Tax (FBT), the above amount includes FBT.

2. Non-monetary benefits include insurance and travel costs, relocation costs, living away from home and expatriate related costs and associated FBT.

3. Amounts reflect accruals in connection with the termination of employment (inclusive of any accruals for payments in lieu of notice).

4. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Executive KMP may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of options and performance share rights at their respective grant dates has been performed.

5. Amounts disclosed above only include amounts attributable to MG Singh in his position as KMP (i.e. from 18 November 2020).

6. Amounts disclosed above only include amounts attributable to NJ Fahey in his position as KMP (i.e. up until 18 November 2020).

7.2 DETAILS OF NON-EXECUTIVE DIRECTOR REMUNERATION

Table 9 – Statutory Non-Executive Remuneration Table

DIRECTORS	YEAR	SHORT-TERM BENEFITS (\$)		POST-EMPLOYMENT BENEFITS (\$)		SHARE-BASED ⁴	TOTAL	PERFORMANCE RELATED
		SALARY AND FEES ¹	FEES FOR EXTRA SERVICES	SUPERANNUATION/ PENSION (401(K)) ²	RETIREMENT BENEFITS ³	OPTIONS/ PERFORMANCE SHARE RIGHTS	\$	%
BWF Paton	2021	91,324	–	8,676	–	–	100,000	–
	2020	91,324	–	8,676	–	–	100,000	–
AP Symons	2021	73,059	–	6,941	–	46,345	125,345	36%
	2020	73,059	–	6,941	–	36,706	116,709	31%
PD McCluskey	2021	73,059	–	6,941	–	46,345	125,345	36%
	2020	73,059	–	6,941	–	36,709	116,709	31%
BK Harris⁵	2021	135,263	–	–	–	–	135,263	–
	2020	87,426	–	–	–	–	87,426	–
KM Gada⁶	2021	11,784	–	1,119	–	–	12,903	–
	2020	–	–	–	–	–	–	–
TOTAL	2021	384,489	–	23,677	–	90,690	498,856	18%
	2020	324,869	–	22,557	–	73,418	420,843	17%

1. Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that any non-monetary benefits are subject to Fringe Benefits Tax (FBT), amounts shown include FBT.
2. Superannuation contributions include amounts required to satisfy the Group's obligations under applicable Superannuation Guarantee legislation.
3. Non-Executive Directors are not entitled to any retirement benefit.
4. In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Executive KMP may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of options at their respective grant dates has been performed.
5. BK Harris commenced on 19 November 2019.
6. KM Gada commenced on 3 May 2021.

REMUNERATION REPORT

CONTINUED

7.3 SHARE-BASED COMPENSATION

The terms and conditions of each grant of options issued by 30 June 2021 over ordinary shares affecting remuneration of Non-Executive Directors and other Executive KMP in this Reporting Period or future reporting periods are as follows:

Table 10 – Options on Issue

NAME	NUMBER OF OPTIONS GRANTED	GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE (\$) ²	FAIR VALUE PER OPTION AT GRANT DATE (\$)
Non-Executive Directors						
AP Symons	62,879	30 Jan 2019	30 Jan 2022	30 Jan 2023	0.23	1.12
	31,440	30 Jan 2019	30 Jan 2023	30 Jan 2024	0.23	1.20
	31,440	30 Jan 2019	30 Jan 2024	30 Jan 2025	0.23	1.27
PD McCluskey	62,879	30 Jan 2019	30 Jan 2022	30 Jan 2023	0.23	1.12
	31,440	30 Jan 2019	30 Jan 2023	30 Jan 2024	0.23	1.20
	31,440	30 Jan 2019	30 Jan 2024	30 Jan 2025	0.23	1.27
Executive Directors						
SJ Swanell	1,257,585	30 Jan 2019	30 Jan 2022	30 Jan 2023	0.23	1.12
	628,792	30 Jan 2019	30 Jan 2023	30 Jan 2024	0.23	1.20
	628,792	30 Jan 2019	30 Jan 2024	30 Jan 2025	0.23	1.27
MG Singh	156,250	29 Aug 2019	31 Mar 2020	31 Mar 2023	1.67	1.13
	312,500	29 Aug 2019	31 Dec 2020	30 Jan 2023	1.67	1.11
	390,625	29 Aug 2019	30 Jan 2022	30 Jan 2024	1.67	1.25
	354,077	29 Aug 2019	30 Jan 2023	30 Jan 2025	1.67	1.37
	100,000	6 Jan 2020	6 Jan 2023	6 Jan 2025	3.71	2.44
	100,000	6 Jan 2020	6 Jan 2024	6 Jan 2026	3.71	2.64
Other KMP						
AJ Mellor	78,559	30 Jan 2019	30 Jan 2022	30 Jan 2024	0.23	1.20
	78,559	30 Jan 2019	30 Jan 2023	30 Jan 2025	0.23	1.27
	294,579	28 Jun 2019	30 Jan 2022	30 Jan 2024	1.07	1.80
	277,619	28 Jun 2019	30 Jan 2023	30 Jan 2025	1.07	1.92
AJ Hensher	78,599	30 Jan 2019	30 Jan 2022	30 Jan 2024	0.23	1.20
	78,599	30 Jan 2019	30 Jan 2023	30 Jan 2025	0.23	1.27
	71,428	28 Jun 2019	30 Jan 2022	30 Jan 2024	1.07	1.80
	71,428	28 Jun 2019	30 Jan 2023	30 Jan 2025	1.07	1.92
Former KMP – Continuing in Office						
NJ Fahey¹	440,155	30 Jan 2019	30 Jan 2022	30 Jan 2023	0.23	1.12
	251,517	30 Jan 2019	30 Jan 2023	30 Jan 2024	0.23	1.20
	251,517	30 Jan 2019	30 Jan 2024	30 Jan 2025	0.23	1.27

1. As at 18 November 2020, as NJ Fahey ceased to be a KMP on that date.

2. Following the completion of the accelerated pro-rata renounceable entitlement offer with retail rights trading announced to ASX on 29 July 2021 the Company changed the exercise prices of its options in accordance with ASX listing Rule 6.22.2 and pursuant to ASX Listing Rule 3.11.2.

The number of options over ordinary shares in the Company held during the Reporting Period by each Non-Executive Director and other members of the Executive KMP of the Group, including their personally related parties, is set out below:

Table 11 – Movement in Options

NAME	BALANCE AT 1 JULY 2020	GRANTED	EXERCISED	EXPIRES/FORFEITED/ OTHER	BALANCE AT 30 JUNE 2021
Non-Executive Director					
AP Symons	238,313	–	112,554	–	125,759
PD McCluskey	125,759	–	–	–	125,759
Executive Director					
SJ Swanell	2,789,323	–	274,156	–	2,515,167
MG Singh	1,413,452	–	–	–	1,413,452
Other KMP					
AJ Mellor	729,316	–	–	–	729,316
AJ Hensher	300,054	–	–	–	300,054
Former KMP – Continuing in Office					
NJ Fahey	1,149,559	–	206,370	–	943,189 ¹

1. As at 18 November 2020, as NJ Fahey ceased to be a KMP on that date.

Table 12 – Movement in PSRs

NAME	BALANCE AT 1 JULY 2020	GRANTED	EXERCISED	EXPIRES/FORFEITED/ OTHER	BALANCE AT 30 JUNE 2021
Executive Director					
SJ Swanell	–	8,897	–	–	8,897
MG Singh	–	53,381	–	–	53,381
Other KMP					
AJ Mellor	–	48,043	–	–	48,043
AJ Hensher	–	32,028	–	–	32,028
Former KMP – Continuing in Office					
NJ Fahey	–	8,897	–	–	8,897 ¹

1. As at 18 November 2020, as NJ Fahey ceased to be a KMP on that date.

REMUNERATION REPORT

CONTINUED

SECTION 8 EXECUTIVE KMP REMUNERATION RECEIVED

The amounts disclosed in Table 13 below as Executive KMP remuneration for the Reporting Period reflect the actual benefits received by each KMP during the Reporting Period. The remuneration values disclosed below have been determined as follows:

Fixed remuneration

Fixed remuneration includes base salaries received, payments made to superannuation funds, the taxable value of non-monetary benefits received and any once-off payments such as sign-on bonuses or termination benefits.

Fixed remuneration excludes any accruals of annual or long-service leave

Short-term incentives

The cash STI benefits represent the bonuses that were awarded to each KMP in relation to Reporting Period.

Long-term incentives

The value of vested and exercised options was determined based on the intrinsic value of the options at the date of exercise, being the difference between the share price on that date and the exercise price payable by the KMP.

Table 13 – Actual Remuneration Received

	FIXED REMUNERATION (\$)	AWARDED STI (\$)	VESTED AND EXERCISED LTI (\$)	OTHER BENEFITS (\$)	TOTAL VALUE (\$)
Executive Director					
SJ Swanell	449,548	89,910	2,532,428	–	3,071,886
MG Singh¹	285,312	56,031	–	–	341,343
Other KMP					
AJ Mellor	345,853	69,171	–	–	415,024
AJ Hensher	320,853	64,171	–	–	385,024
Former KMP – Continuing in Office					
NJ Fahey²	81,031	16,206	2,405,166	–	2,502,403
Total Executive KMP Remuneration	1,482,597	295,489	4,937,594	–	6,715,680

1. From 18 November 2020, as MG Singh became a KMP on that date.

2. As at 18 November 2020, as NJ Fahey ceased to be a KMP on that date.

The amounts disclosed in Table 13 above are not the same as the remuneration expensed in relation to each KMP in accordance with the accounting standards (see Table 8). The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMPs.
- The statutory remuneration shows benefits before they are actually received by the KMPs.
- Where options do not vest because a market-based performance condition is not satisfied (eg an increase in the company's share price), the Company must still recognise the full amount of expenses even though the KMPs will never receive any benefits.
- Share-based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or non-market conditions (reversal of expense where shares fail to vest), even though the benefit received by the KMP is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the Remuneration Report.

SECTION 9 SHAREHOLDINGS

9.1 MOVEMENT IN SHARES

The number of shares (excluding those unvested under the LTI plan) in the Company held during the year ended 30 June 2021 by each Non-Executive Director and Executive KMP, including their personally related entities, are set out below. No amounts are unpaid on any of the shares issued.

Where shares are held by the Director or Executive KMP and any entity under the joint or several control of the Director or Executive KMP, they are shown as 'beneficially held'. Shares held by those who are defined by AASB 124 *Related Party Disclosures* as close members of the family of the Director or Executive KMP or are held through a nominee or custodian are shown as 'non-beneficially held'.

The following sets out details of the movement in shares in the Company held by Non-Executive Directors or their related parties during the year:

Table 14 – Details of Non-Executive Director shareholdings

NON-EXECUTIVE DIRECTORS					
	TYPE	BALANCE AT 1 JULY 2020	OPTIONS VESTED AND EXERCISED	OTHER NET CHANGES DURING THE YEAR	BALANCE AS AT 30 JUNE 2021
BWF Paton	Beneficially held	11,254,981	–	1,514,831	12,769,812
	Non-beneficially held	264,848	–		264,848
AP Symons	Beneficially held	592,548	112,554	25,000	733,102
	Non-beneficially held	–			
PD McCluskey	Beneficially held	401,568	–	37,068	438,636
	Non-beneficially held	–	–	–	–
BK Harris	Beneficially held	–	–	–	–
	Non-beneficially held	–	–	–	–
KM Gada	Beneficially held	–	–	–	–
	Beneficially held	–	–	–	–

In addition, the following Non-Executive Directors hold options issued under the accelerated, renounceable pro rata entitlement offer pursuant to the prospectus lodged with ASIC and ASX on 7 September 2020 ('PBHO'):

- BWF Paton – 732,417
- AP Symons – 12,500
- PD McCluskey – 18,534

All equity instrument transactions between the Non-Executive Directors, including their related parties, and PointsBet during the year have been on arm's length basis.

REMUNERATION REPORT

CONTINUED

The following sets out details of the movement in shares in the Company held by Executive KMP or their related parties during the year:

Table 15 – Details of Executive KMP shareholdings not held under an employee share plan

EXECUTIVE DIRECTORS AND OTHER EXECUTIVE KMPS					
	TYPE	BALANCE AT 1 JULY 2020	OPTIONS VESTED AND EXERCISED	OTHER NET CHANGES DURING THE YEAR	BALANCE AS AT 30 JUNE 2021
SJ Swanell	Beneficially held	–	–	–	–
	Non-beneficially held	3,209,607	274,156	–	3,483,763
MG Singh¹	Beneficially held	205,000	–	–	205,000
	Non-beneficially held	–	–	–	–
AJ Mellor	Beneficially held	–	–	–	–
	Non-beneficially held	65,730	–	10,112	75,842
AJ Hensher	Beneficially held	–	–	–	–
	Non-beneficially held	5,834	–	898	6,732
Former KMP – Continuing in Office					
NJ Fahey ²	Beneficially held	11,583,117	206,370	(173,046)	11,616,441
	Non-beneficially held	–	–	–	–

1. As at 18 November 2020, as MG Singh became a KMP on that date.

2. As at 18 November 2020, as NJ Fahey ceased to be a KMP on that date.

In addition, the following Executive KMPS hold options issued under the accelerated, renounceable pro rata entitlement offer pursuant to the prospectus lodged with ASIC and ASX on 7 September 2020 ('PBHO'):

- AJ Mellor – 5,056
- AJ Hensher – 449
- NJ Fahey – 74,725 (as at 18 November 2020)

Other than share-based payment compensation effected through an employee share option plan, all equity instrument transactions between Executive KMP, including their related parties, and PointsBet during the year have been on arm's length basis.

9.2 LOANS WITH KMP

No KMP or their related parties held any loans from the Group during or at the end of the year ended 30 June 2021 or prior year.

9.3 OTHER KMP TRANSACTIONS

AP Symons, an Non-Executive Director, is Managing Director and majority beneficial owner of Clarendon Lawyers, the Company's Australian legal adviser and a material services provider to the Company. During the Reporting Period, the Company paid a total of \$245,500 in legal fees for legal services to Clarendon Lawyers (including \$210,503 in connection with the 2021 Capital Raising).

MG Singh, an Executive Director, is the founder, owner and director of Arete Security Inc d/b/a Druvstar, the Company's managed security provider. During the Reporting Period (of which MG Singh became a KMP on 18 November 2020), the Company paid a total of \$682,675 for managed security provider services to Druvstar.

REVIEW OF OPERATIONS

FOR THE 12 MONTHS ENDING 30 JUNE 2021

GROUP PERFORMANCE

EARNINGS SUMMARY FOR THE 12 MONTHS ENDING 30 JUNE 2021 (FY21 OR REPORTING PERIOD)

The information presented in this Review of Operations has not been audited in accordance with the Australian Auditing Standards. All figures are in Australian dollars unless otherwise stated.

The key performance indicators for the Reporting Period and prior period are set out below:

Normalised Results¹

	FY21 \$	FY20 \$	CHANGE VS PCP
Normalised Results			
Revenue from continuing operations	194,657,501	75,173,415	159%
EBITDA loss	(156,136,411)	(37,586,335)	315%
Loss for the year after tax	(164,343,087)	(39,651,993)	314%
Weighted average number of ordinary shares	193,012,099	138,625,805	
Basic and diluted earnings per share (cents)	(85.1)	(28.6)	

Statutory Results

	FY21 \$	FY20 \$	CHANGE VS PCP
Statutory Results			
Revenue from continuing operations	194,657,501	75,173,415	159%
EBITDA loss	(162,323,474)	(39,709,074)	309%
Loss for the year after tax	(187,130,504)	(41,463,389)	351%
Weighted average number of ordinary shares	193,012,099	138,625,805	
Basic and diluted earnings per share (cents)	(97.0)	(29.9)	

Significant Items and Adjustments

	NOTES	FY21 \$	VARIANCE VS FY20 \$
Interest on Financial Liability	2	3,388,843	3,388,843
Share based payments (non-cash) – employee share option plan (ESOP) and Key Employee Equity Plan (KEEP)	3	6,409,457	2,996,865
Impact of AASB 16 Leases	4	276,918	(422,849)
Net foreign exchange losses	5	8,657,926	10,958,888
Impairment loss	6	1,308,021	1,308,021
Transaction costs	7	2,746,252	2,746,252
Total significant items and adjustments		22,787,417	20,976,020

1. Normalised results and operating cash flow are statutory profit (before and after tax) and operating cash flow, excluding the impact of certain significant items and adjustments. Significant items and adjustments are items which are either individually or in aggregate, material to PointsBet and are either outside the ordinary course of business or part of the ordinary activities of the business but unusual due to their size and nature as detailed under the heading 'Significant Items and Adjustments'.
2. Interest on Financial Liability – The Group's normalised results include an adjustment related to notional interest calculated on the Financial Liability component of the NBCUniversal consideration options under the NBCUniversal Subscription Agreement, being the fair value of the Financial Liability calculated at the discounted value of the future cash settled liability (being \$105.3 million) in accordance with the assumed repayment term per the NBCUniversal Subscription Agreement, being 5 years and the Company's implied cost of debt, being 7.44%.
3. Share-based payments expense – Employee Share Option Plan and Key Employee Equity Plan (KEEP) – The Group's normalised results include an adjustment for fair value on employee share option plan and key employee equity plan issuances to key management staff.
4. Impact of AASB 16 – The Group's normalised results include an adjustment for the impact of change in accounting standards upon adoption of AASB 16 'Leases'.
5. Net foreign exchange losses – The Group's normalised results include an adjustment for net foreign exchange losses on USD exposures that have yet to be realised.
6. Impairment loss – The Group's normalised results include an adjustment for Impairment loss recognised to write-down the Group's market access intangible relating to the Group's option agreement with American Racing and Entertainment LLC, the owner of Tioga Downs Casino Resort in New York. This impairment followed a change in the regulatory structure for sports betting authorisation in New York.
7. Transaction costs – The Group's normalised results include an adjustment for transaction costs related to the acquisitions of Banach Technology Limited, Premier Turf Club LLC and the five-year partnership with NBCUniversal Media, LLC. The costs incurred related to specialist advisor fees, including financial, legal, media/PR, taxation, and transaction services. These have been excluded as they are one-offs in nature and are not expected to re-occur in future reporting periods.

REVIEW OF OPERATIONS

CONTINUED

KEY PERFORMANCE INDICATORS

PointsBet reported strong growth across the following key metrics:

POINTSBET GROUP – FY21 SPORTS BETTING PERFORMANCE (\$M)¹

KEY METRICS – SPORTS BETTING	FY21	FY20	CHANGE VS PCP
Turnover/Handle²	3,781.4	1,151.6	+228%
Aus	1,989.0	830.5	+140%
US	1,792.4	321.1	+458%
Gross Win Margin	9.3%	10.2%	(0.9pp)
Aus	12.9%	12.1%	+0.8pp
US	5.3%	5.1%	+0.2pp
Gross Win³	353.1	117.3	+201%
Aus	257.3	100.8	+155%
US	95.8	16.5	+481%
Net Win Margin	5.5%	7.1%	(1.7pp)
Aus	8.4%	9.0%	(0.7pp)
US	2.3%	2.2%	+0.1pp
Net Win⁴	207.0	82.1	+152%
Aus	166.1	75.1	+121%
US	40.9	7.0	+481%

POINTSBET GROUP – FY21 NET WIN SUMMARY (\$M)⁵

	FY21	FY20	CHANGE VS PCP
Net Win – Sports Betting	207.0	82.1	+152%
Net Win – iGaming	1.5	–	–
Net Win – Total⁶	208.5	82.1	+154%

1. The AUD:USD foreign exchange rate used for the figures in the table was the average rate for the specified period.

2. Turnover/Handle is the dollar amount wagered by clients before any winnings are paid out or losses incurred.

3. Gross Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, excluding the cost of pricing promotions.

4. Net Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, less client promotional costs (the costs incurred to acquire and retain clients through bonus bets, money back offers, early payouts and enhanced pricing initiatives).

5. The AUD:USD foreign exchange rate used for the figures in the table was the average rate for the specified period.

6. Net Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, less client promotional costs (the costs incurred to acquire and retain clients through bonus bets, money back offers, early payouts and enhanced pricing initiatives).

HIGHLIGHTS

Key highlights for the Reporting Period are set out below:

STRONG PERFORMANCE METRICS

- For the 12 months to 30 June 2021, the Australian Trading business had 196,585 Cash Active Clients, a 117% increase compared to Cash Active Clients for the 12 months to 30 June 2020¹.
- For the 12 months to 30 June 2021, the US business had 159,321 Cash Active Clients, a 661% increase compared to Cash Active Clients for the 12 months to 30 June 2020.
- Group Net Win of \$208.5 million during the Reporting Period, representing a 154% growth on the 12 months to 30 June 2020.
- The Australian Trading business recorded a Net Win of \$166.1 million during the Reporting Period, representing a 121% growth on the 12 months to 30 June 2020.
- The US business recorded a sports betting Net Win of \$40.9 million during the Reporting Period, representing a 481% growth on the 12 months to 30 June 2020. Additionally, the US business recorded an iGaming Net Win of \$1.5 million for the Reporting Period, following the inaugural iGaming launch in Michigan in May 2021.
- The Australian Trading business recorded a statutory EBITDA of \$9.2 million for the Reporting Period.
- Online sports betting handle market share for the three months to 30 June 2021 was 7.8% in New Jersey², 7.7% in Illinois³, 4.9% in Michigan⁴, 5.5% in Indiana⁵ and 5.0% in Colorado⁶.

US MARKET ACCESS AND STATE LAUNCHES

- On 6 August 2020, PointsBet announced it had entered into a 'primary skin' agreement with Twin River Management Group, Inc. to provide iGaming in the State of New Jersey.
- PointsBet launched online sports betting operations in Illinois on 12 September 2020 and took the first retail bet at the Hawthorne Race Course on 25 September 2020.
- On 17 November 2020, PointsBet launched online sports betting operations in Colorado.
- On 22 January 2021, PointsBet launched online sports betting operations in Michigan as part of the first wave of operators to launch in the state.
- On 26 March 2021, PointsBet gained online sports betting and iGaming market access in Pennsylvania and Mississippi (Mississippi is subject to enabling legislation) via Penn National Gaming Inc.
- On 5 May 2021, PointsBet launched iGaming operations in Michigan.
- On 10 June 2021, PointsBet entered into a multi-year agreement with The Riverboat on-the-Pontomac to provide online and retail sports betting in the State of Maryland, subject to the receipt of necessary regulatory approvals and licensure.
- On 23 July 2021, PointsBet launched iGaming in New Jersey, representing the Company's second US iGaming operation.
- On 13 August 2021, PointsBet launched online sports betting operations in West Virginia.
- During the Reporting Period, PointsBet extended its existing agreement with Catfish Bend Casino for sports betting (retail and online) in Iowa and in addition signed a new agreement for iGaming, subject to the passing of enabling legislation. Both of these agreements will run until 31 December 2030.

1. Client across all verticals that have placed a cash bet in the 12 months preceding the relevant period end date.

2. Based on New Jersey online sports betting handle as reported by the New Jersey Division of Gaming Enforcement.

3. Based on Illinois online sports betting handle as reported by the Illinois Gaming Board.

4. Based on Michigan online sports betting handle as reported by the Michigan Gaming Control Board.

5. Based on Indiana online sports betting handle as reported by the Indiana Gaming Commission.

6. Based on Colorado online sports betting handle as reported by the Colorado Department of Revenue – Division of Gaming.

REVIEW OF OPERATIONS

CONTINUED

FIVE YEAR MEDIA PARTNERSHIP WITH NBCUNIVERSAL

- On 28 August 2020, PointsBet and NBCUniversal Media, LLC entered into a five-year media partnership. Under the partnership, PointsBet has become the Official Sports Betting Partner of NBC Sports, providing PointsBet access to leading national and regional television and digital assets, with the largest sports audience of any US media company, accessing over 184 million viewers.
- Under the terms PointsBet receives the following benefits:
 - Exclusive gameday integrations across NBC Sports Regional Networks
 - Exclusive partner of NBC Sports Predictor app, (NBC Sports' free-to-play games platform)
 - First look rights to sports betting partnership opportunities across new NBC Sports properties, platforms and products
 - Premium placement and agreed pricing structure across NBC Sports television and digital assets
- PointsBet's total committed marketing spend of US\$393 million is allocated in progressively increasing amounts over the 5-year media partnership.
- The key alignment of the two organisations is reinforced with a significant equity subscription received by NBCUniversal of a 4.9% shareholding in the Company and 66.88 million options maturing in five years as approved by shareholders at the 2020 Annual General Meeting. The total value of shares and options will offset against the committed marketing spend and therefore significantly reduce the cash commitment over the 5-year term.



BRAND AND MARKETING

- PointsBet announced on 3 July 2020 a partnership with the Detroit Tigers Major League Baseball (MLB) team, being the first sports betting partnership for a professional sports team within Michigan and also the first for any MLB franchise.
- On 5 August 2020, PointsBet announced it had entered into a multi-year agreement with Pacers Sports & Entertainment to become an Official Sports Gaming Partner of the Indiana Pacers of the NBA. As part of the agreement, PointsBet branding will be displayed along the out-of-bounds space between the baseline and the team bench (the 'apron').
- On 7 August 2020, PointsBet announced that it entered into a multi-year partnership with Kroenke Sports & Entertainment, LLC to become the official and exclusive gaming partner of the Denver Nuggets of the NBA, Colorado Avalanche of the NHL, Colorado Mammoth of the National Lacrosse League, and their home arena, Ball Arena, previously known as Pepsi Center.
- On 8 September 2020, the University of Colorado Athletics and PointsBet, signed a five-year corporate sponsorship agreement that makes PointsBet the exclusive partner of the Colorado Buffaloes. The partnership includes specific support for the department's Scripps Leadership and Career Development Program, which helps prepare student-athletes for success beyond their playing days.

- On 28 September 2020, PointsBet announced that it has entered into agreements which will see it become an official Sportsbook Partner of the Indianapolis Colts NFL franchise and Chicago Bears NFL franchise. Under these deals, PointsBet will gain usage of the Colts and Bears trademarks and logos, as well as sponsorship opportunities and brand visibility across various digital assets. PointsBet will become the sponsor of the 'Official Colts Podcast' which is circulated across the team's various digital assets.
- On 25 January 2021, PointsBet announced the appointment of professional basketball champion and three-time Finals MVP, Shaquille O'Neal, as its Australian brand ambassador.
- On 25 January 2021, PointsBet along with NBC Sports and the PGA Tour announced the first-ever betting companion show during a PGA TOUR event – a live second-screen experience entitled NBC Sports Edge BetCast. The debut of the NBC Sports Edge BetCast premiered on Peacock Premium (NBC's direct to consumer platform) alongside NBC Sports' telecasts of the Waste Management Phoenix Open on Golf Channel and NBC on 4 February 2021.
- On 27 January 2021, PointsBet announced the appointment of Paige Spiranac as a global brand ambassador. The former professional golfer and social media influencer has built a following of nearly three million followers on Instagram and seven million across all social media platforms, the largest of any golf personality in the world.
- On 10 February 2021, PointsBet announced a multi-year strategic partnership with the National Hockey League (NHL), naming PointsBet an 'Official Sports Betting Partner of the NHL'. The agreement between PointsBet and the NHL spans across both the United States and Australia. As part of the partnership, PointsBet receives rights to use NHL marks and logos, as well as a variety of NHL sponsorship and promotional opportunities for its brand across various linear, digital, and social media assets.
- In May 2021, PointsBet was honoured by eGaming Review (EGR) as the top sports betting operator at the EGR North America Awards 2021, winning the award for the second consecutive year. PointsBet was also recognised as displaying 'the best innovation in sports betting' and the 'top affiliate marketing campaign' by the EGR.
- On 8 July 2021, PointsBet announced that NFL all-time great Drew Brees officially joined the PointsBet team. Brees, who is transitioning to a broadcasting career with NBC Sports will deepen the NBC Sports and PointsBet relationship as the Company continues to expand and realise the growing North American online sports betting and iGaming opportunity in 2021 and beyond.
- On 19 August 2021, PointsBet announced that had been selected by the National Football League (NFL) as an Approved Sportsbook Operator beginning with the upcoming 2021 season. The relationship provides PointsBet with sponsorship opportunities and brand visibility via unique integrations across various television and digital assets, including NFL owned networks as well as their full suite of media partners. PointsBet also gained use of official NFL data, ultimately enhancing the customer experience.

IN-HOUSE PRODUCT AND TECHNOLOGY DEVELOPMENT

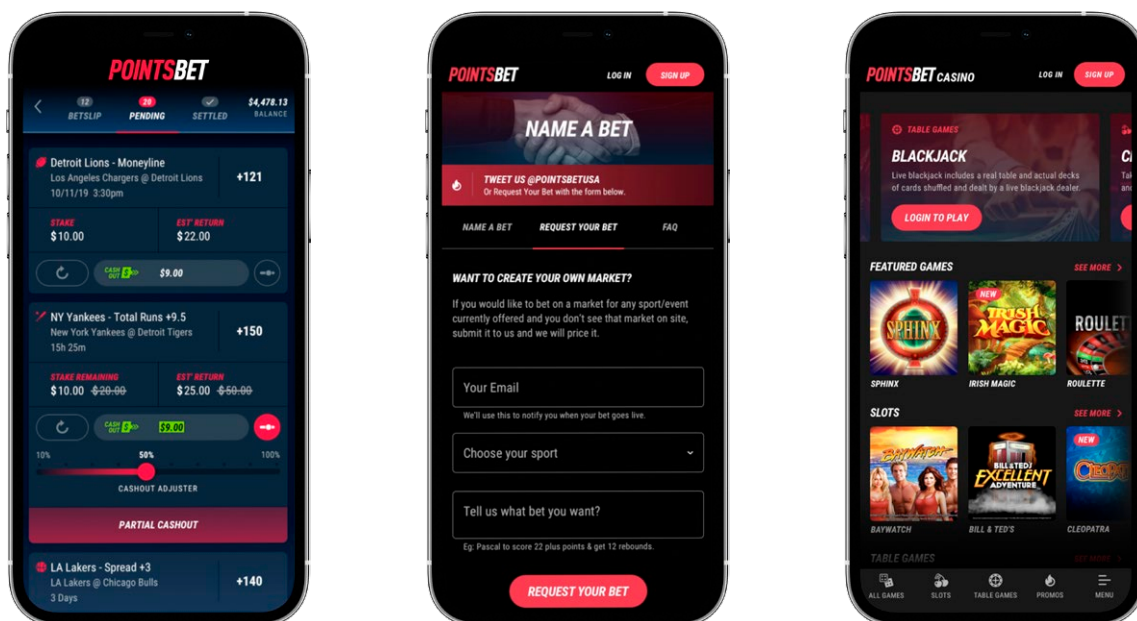
The Company has continued to invest in the development of its in-house scalable technology platform, resulting in the launch of new products and enhancements. These include:

- Single Game Parlay (Same Game Multi) for NFL, NBA, MLB and Cricket.
- Odds Boost for Single Game Parlay.
- Reduced bet settlement times significantly across all jurisdictions.
- Enhanced the betting experience with the introduction of betting stats and insights.
- The launching of digital online help centres in Australia and the US.
- Win Probability Metric on NBA.com and introduced a suite of partner APIs.
- Substantial improvement to the client deposit experience with the launch of Quick Deposit.
- Introduction of a search function, improving the speed and usability of the app.
- Introduction of partial cash out.
- Enhancements to 'Name a Bet'.
- Introduction of the social sharing of bets.
- Introduction of ID scanning technology, making verification simpler.
- Development of two new standalone Casino only apps across IOS and Android.

REVIEW OF OPERATIONS

CONTINUED

PointsBet had a very successful Super Bowl LV. The Company recorded 4x the turnover and 12x the number of first time bettors as compared to the previous year's Super Bowl. Underpinning this success was, PointsBet's in-house technology which have proven to be capable of withstanding the most demanding environments, including the Melbourne Cup, Superbowl Sunday and March Madness where performance remained constant, while other competitors' platforms were unable to cope with such demand.



ACQUISITION OF BANACH TECHNOLOGY

On 16 March 2021, PointsBet announced the acquisition of Banach Technology Limited. Completion of the acquisition occurred on 20 April 2021. Banach brought across a team of 40 technology and product staff with deep experience creating products for use in mature and sophisticated sports wagering markets.

Since completion, Banach (now known as PointsBet Europe) has attracted a steady stream of market leading European technology and gaming talent keen to join PointsBet and be part of the next phase of the Company's growth.

The PointsBet Europe team are market leaders in pre-game and in-play sports wagering markets.

This acquisition will position PointsBet as a leader of in-play sports wagering in the United States, as in-play wagering is expected to grow exponentially. Within the next three years, in-play wagering is expected to represent c. 75% of all sports wagering activity in the United States.

This acquisition accelerates PointsBet's technology roadmap and places the Company in a prime position to take advantage of this growth in sports betting activity in the United States. Additionally, through highly sophisticated risk management algorithms and deep trading experience, PointsBet Europe's technology will allow PointsBet to grow trading margins and offer a superior experience to its customers.

NORTH AMERICAN RACING OPPORTUNITY

Racing has a unique role to play alongside sports wagering and iGaming in the United States. The racing industry in the U.S. generates over US\$12 billion in turnover (handle) annually. PointsBet aims to be at the centre of innovation and growth in U.S. horseracing.

On 9 July 2020, PointsBet announced an agreement with BetMakers Technology Group Limited to offer fixed odds betting on racing (thoroughbred, harness and greyhounds) to clients in New Jersey, initially on races held at Monmouth Park, with scope to expand to additional tracks and jurisdictions, subject to receipt of all necessary regulatory and other approvals. This represents a significant opportunity for the Company given PointsBet's experience in fixed odds racing in Australia, as well as the potential size of the opportunity in the US.

On 10 May 2021, PointsBet announced it had entered into a binding agreement to acquire Premier Turf Club, LLC ('Premier Turf Club'), an active pari-mutuel Advance Deposit Wagering (ADW) operator.

Premier Turf Club is licensed in Oregon by the Oregon Racing Commission and is set to situate PointsBet within the growing US online racing market (thoroughbreds, harness and greyhounds) as the Company continues its rapid expansion across the United States.

The combination of Premier Turf Club's excellence in the space with PointsBet's mature market Australian racing expertise favourably positions PointsBet as it prepares to enter the U.S. horseracing market with both pari-mutuel and fixed odds betting.

On 21 June 2021, the New Jersey state Senate and General Assembly voted to approve fixed odds wagering for horse races.

On 5 August 2021, the Governor of New Jersey signed the bill for final approval of fixed odds wagering for horse races.

CANADA UPDATE

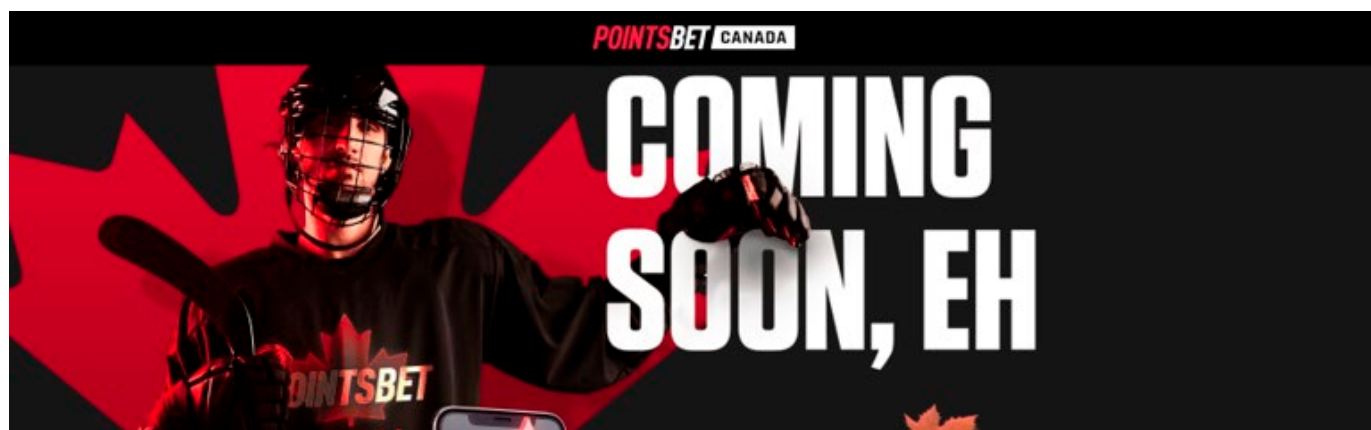
On 22 June 2021, the Canadian Senate passed bill C-218, legalising single event sports betting (previously only parlay sports betting was allowed).

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. Ontario represents the fifth largest North American jurisdiction.

The combined online sports betting and iGaming opportunity for Canada has revenue estimates reaching US\$3 billion by 2030⁷.

On 3 June 2021, PointsBet announced that it had hired gaming industry veteran and Toronto native, Nic Sulsky as Chief Commercial Officer for PointsBet Canada. Sulsky is the former president of Monkey Knife Fight, the third largest daily fantasy sports operator in the US. Previously, Sulsky co-founded InGamer, an innovative in-game fantasy platform, which launched in 2010 in partnership with CBC's Hockey Night in Canada.

On 21 July 2021, PointsBet appointed Scott Vanderwel as Chief Executive Officer for PointsBet Canada. Vanderwel previously served as Senior Vice President for Rogers Communications, where he oversaw corporate strategy, operational improvement, and digital operations. Prior to his time with Rogers, Vanderwel led the Canadian practice for Monitor Group, a global business strategy consultancy, later acquired by Deloitte. He is the current chair of the Ivey Alumni Network Board.



CORPORATE HIGHLIGHTS

- On 25 September 2020, PointsBet completed a \$353.2 million capital raise. Under the offer, PointsBet raised:
 - \$200 million at \$11.00 per share under a placement; and
 - \$153.2 million at \$6.50 per share under a 1 for 6.5 pro rata accelerated renounceable entitlement offer with retail rights trading.
- Shareholders who took up their rights in the entitlement offer received one new option for every two shares issued under the entitlement offer, at no further cost. The new options at the time of issue were exercisable at \$13.00 and expire on 30 September 2022.
- Admitted to the S&P ASX 200 Index on 4 February 2021.
- In August 2021, PointsBet completed a \$400.0 million capital raise comprising:
 - \$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.

7. Goldman Sachs state Canada could represent a US\$3bn opportunity.

REVIEW OF OPERATIONS

CONTINUED

PERFORMANCE SUMMARY

GROUP

GROUP				AUSTRALIA			US			
ALL FIGURES IN \$		FY20	FY21	PCP	FY20	FY21	PCP	FY20	FY21	PCP
SPORTS BETTING	TURNOVER/HANDLE	\$1,151.6m	\$3,781.4m	+228%	\$830.5m	\$1,989.0m	+140%	\$321.1m	\$1,792.4m	+458%
	GROSS WIN %	10.2%	9.3%	(0.9pp)	12.1%	12.9%	+0.8pp	5.1%	5.3%	+0.2pp
	GROSS WIN	\$117.3m	\$353.1m	+201%	\$100.8m	\$257.3m	+155%	\$16.5m	\$95.8m	+481%
	NET WIN %	7.1%	5.5%	(1.7pp)	9.0%	8.4%	(0.7pp)	2.2%	2.3%	+0.1pp
	NET WIN	\$82.1m	\$207.0m	+152%	\$75.1m	\$166.1m	+121%	\$7.0m	\$40.9m	+481%
IGAMING	NET WIN	–	\$1.5m	–	–	–	–	–	\$1.5m	–
TOTAL	TOTAL NET WIN	\$82.1m	\$208.5m	+154%	\$75.1m	\$166.1	+121%	\$7.0m	\$42.3m	+502%

Group Profit and Loss

\$M	STATUTORY	
	FY21	FY20
Revenue from continuing operations	194.7	75.2
Cost of sales	(107.0)	(36.9)
Gross profit	87.6	38.2
Other income	0.3	0.4
Sales and marketing expense	(170.7)	(35.4)
Employee benefits expense	(51.4)	(30.9)
Product and technology expense	(13.8)	(6.0)
Administration and other expenses	(14.3)	(6.1)
Total operating expenses	(250.3)	(78.4)
EBITDA	(162.3)	(39.7)
Impairment loss	(1.3)	–
Income tax expense	0.6	–
Net finance costs	(3.2)	1.1
Net foreign exchange gains/(losses)	(8.7)	2.3
Depreciation and amortisation expense	(12.2)	(5.1)
Loss for the year after tax	(187.1)	(41.5)

During the Reporting Period, the Group recorded a Net Revenue⁸ of \$194.7 million, a 159% increase compared to the PCP. This was driven by significant Net Revenue growth in both the Australian Trading business and US business.

In Australia, the Company recorded Net Revenue for the Reporting Period of \$150.7 million, delivering strong year-on-year Net Revenue growth of 121%.

In the United States, the Company recorded Net Revenue for the Reporting Period of \$42.3 million, delivering outstanding year-on-year Net Revenue growth of 506%.

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 sports betting operations in three new states (Illinois, Colorado and Michigan), and iGaming operations in the states of Michigan and New Jersey. The Company maintained its disciplined and opportunistic approach to marketing investment.

During the period the Company recognised an impairment loss to write-down the Company's market access intangible relating to the Group's option agreement with American Racing and Entertainment LLC, the owner of Tioga Downs Casino Resort in New York. This impairment followed a change in the regulatory structure for sports betting authorisation in New York. As announced by the New York Gaming Commission on 10 August 2021, PointsBet submitted an application for licensure together with a consortium including Rush Street, WynnBet, Caesars, and Resorts World.

During the Reporting Period, Group expenses were primarily driven by marketing, employee benefits and product and technology costs.

- **AU Marketing** – Australian marketing expenses were \$51.4 million for the Reporting Period, which increased versus the PCP.
- **US Marketing** – US marketing expenses were \$119.2 million, an increase year on year reflecting the ongoing operations in three states and the launch of three new states during the period.
- **Employee Benefits** – expenses have increased as the Group continues to build a world class team across all areas of the business. Headcount as at 30 June 2021 had grown 101% since 30 June 2020 with 431 employees across Australia, United States, Europe and Canada.
- **Product and Technology** – during FY20, the Company was operational in Australia and three US states, being New Jersey, Iowa and Indiana. During FY21, the Company was operational in Australia and six US states, being New Jersey, Iowa, Indiana, Illinois, Colorado and Michigan and as a result betting volumes increased, costs associated with developing, hosting, operating and securing our technology and data platforms increased and thus Product and Technology costs increased for the Reporting Period versus the PCP.
- **Administration expenses** – expenses increased due to:
 - Increase in listed company related costs including share registry, and stock exchange costs resulting from capital raising transactions that occurred in FY21; and
 - Increase in external consultant and legal costs from capital raising and corporate transactions.

The Australian Trading business achieved a statutory EBITDA of \$9.2 million, compared to a statutory EBITDA of \$6.9 million in the PCP.

As a result of the significant investment into the US business, the Group recorded a statutory EBITDA loss of (\$162.3) million for the Reporting Period, compared to a statutory loss of (\$39.7) million in the PCP.

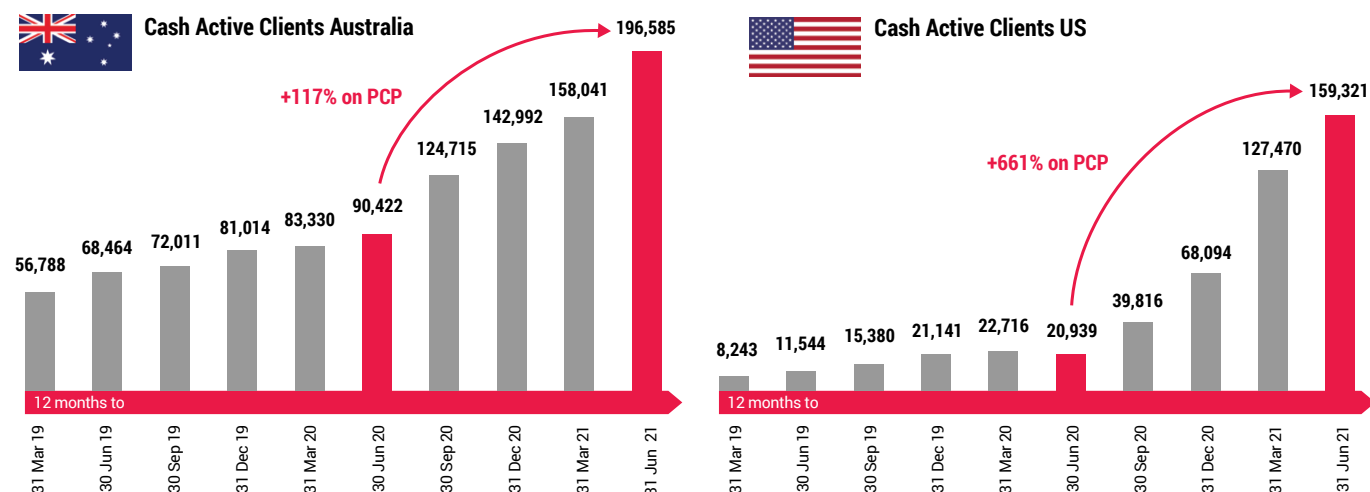
8. Net Revenue is measured at the fair value of the consideration received or receivable from Clients less GST, free bets, promotions, bonuses and other fair value adjustments, B2B revenues post the acquisition of Banach Technology and ADW revenues in the US post the acquisition of Bet PTC.

REVIEW OF OPERATIONS

CONTINUED

CASH ACTIVE CLIENTS⁹

Clients who have placed a cash bet in the last twelve months



For the 12 months to 30 June 2021, the Australian Trading business had 196,585 Cash Active Clients, a 117% increase compared to Cash Active Clients for the 12 months to 30 June 2020.

For the 12 months to 30 June 2021, the US business had 159,321 Cash Active Clients, a 661% increase compared to Cash Active Clients for the 12 months to 30 June 2020.

REGIONAL OPERATIONS

AUSTRALIAN TRADING BUSINESS

PointsBet Australia – PCP Performance (\$M)

KEY METRICS – SPORTS BETTING	FY21	FY20	CHANGE VS PCP
Turnover/Handle ¹⁰	1,989.0	830.5	+140%
Gross Win Margin	12.9%	12.1%	+0.8pp
Gross Win ¹¹	257.3	100.8	+155%
Net Win Margin	8.4%	9.0%	(0.7pp)
Net Win ¹²	166.1	75.1	+121%
Net Revenue ¹³	150.7	68.2	+121%

During the Reporting Period, the Company pursued a strategy to increase its market share as a result of structural changes in the Australian wagering market, including brand consolidation (BetEasy, previously the third largest brand in the Australian market merging with SportsBet during the Reporting Period) and a continued shift from retail (venue) to online wagering.

9. Client across all verticals that have placed a cash bet in the 12 months preceding the relevant period end date.

10. Turnover/Handle is the dollar amount wagered by clients before any winnings are paid out or losses incurred.

11. Gross Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, excluding the cost of pricing promotions.

12. Net Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, less client promotional costs (the costs incurred to acquire and retain clients through bonus bets, money back offers, early payouts and enhanced pricing initiatives).

13. Net Revenue is measured at the fair value of the consideration received or receivable from Clients less GST, free bets, promotions, bonuses and other fair value adjustments.

The Australian Trading business achieved strong Net Revenue growth of 121% and achieved a statutory EBITDA of \$9.2 million for the Reporting Period, compared to a statutory EBITDA of \$6.9 million in the PCP.

FY21 saw an increase in the percentage of Turnover that was bet on the higher margin multi-bet product compared to the PCP.

This strong performance demonstrates PointsBet's capability to disrupt and grow market share in a highly competitive environment. Over the Reporting Period, Net Revenue for the Australian Trading business increased to \$150.7 million from \$68.2 million in the PCP as the business continued to increase its client base, focused on client retention and rolled out improved and innovative product and technology enhancements.

PointsBet's improved product offering, user experience and brand equity has helped drive growth in Net Revenue and market share.

The Company's marketing strategy continues to maintain a focus on excellence in achieving a return on investment on the Company's marketing spend via an integrated multi-channel effort and in-depth analysis of category target audience.

The Company continued its national broadcast role as the exclusive Channel 7 Victoria odds integration partner for the Spring and Autumn Racing Carnival coverage. This is a long-term strategic media asset and was particularly important given the current brand consolidation and reduced attendance at racetracks, pubs and clubs over the Spring Racing Carnival.

The Company's ability to operate a growing, profitable business in the advanced and competitive Australian market, backed by continually improving product and growing brand recognition, provides confidence in the continued execution of PointsBet's North America strategy.

On 25 January 2021, PointsBet announced the appointment of professional basketball champion and three-time Finals MVP, Shaquille O'Neal as its Australian brand ambassador.

Shaquille O'Neal headlined the Company's new 2021 Australian brand campaign, which was rolled out across television, digital, mobile, and social media. U.S. sports, particularly professional basketball, continues to be the fastest-growing betting sport in Australia, and therefore aligning with Shaquille O'Neal is particularly exciting for the business.



PointsBet Australia continues to benefit from the Company's investment in its platform, product and client experience, and this investment is reflected in the trading results.

PointsBet Australia remains well positioned to continue to expand its client base and to continue to grow.

REVIEW OF OPERATIONS

CONTINUED

UNITED STATES

PointsBet United States – FY21 Performance (\$M)¹⁴

KEY METRICS	NEW JERSEY	ILLINOIS	MICHIGAN	INDIANA	COLORADO	IOWA	FY21	FY20	CHANGE VS PCP
Sports Betting Turnover/Handle ¹⁵	992.1	475.1	65.7	135.6	80.6	43.2	1,792.4	321.1	+458%
Sports Betting Gross Win Margin	4.1%	6.7%	6.7%	6.9%	7.3%	8.2%	5.3%	5.1%	+0.2pp
Sports Betting Gross Win ¹⁶	41.0	31.6	4.4	9.3	5.9	3.5	95.8	16.5	+481%
Sports Betting Net Win Margin	2.4%	3.1%	(2.3%)	0.7%	1.8%	3.7%	2.3%	2.2%	+0.1pp
Sports Betting Net Win	23.8	14.6	(1.5)	0.9	1.4	1.6	40.9	7.0	+481%
iGaming Net Win	–	–	1.5	–	–	–	1.5	–	–
Total Net Win¹⁷	23.8	14.6	(0.1)	0.9	1.4	1.6	42.3	7.0	+502%

The US business achieved a sports betting Gross Win of \$95.8 million during the Reporting Period, compared to Gross Win of \$16.5 million for the PCP, with a sports betting Net Win of \$40.9 million, compared to Net Win of \$7.0 million for the PCP.

During the Reporting Period, PointsBet continued its targeted marketing investment in New Jersey and Indiana and launched operations in Illinois assisted by the NBC Sports media assets, as well as launching operations in Colorado in November 2020 and Michigan in January 2021.

Given the continuation of the major US sports leagues and PointsBet's increased investment in marketing during the Reporting Period to US\$90.1 million, the US business saw Cash Active Clients¹⁸ during the 12 months to 30 June 2021 increase to 159,321, a 661% increase compared to the 12 months to 30 June 2021.

As a result of the increased investment in marketing and increased employee head count, the US business recorded a statutory EBITDA loss of (\$149.6) million for the Reporting Period, compared to a statutory EBITDA loss of (\$38.2) million in the PCP.

NEW JERSEY

PointsBet achieved 7.8% market share in New Jersey for online sports betting handle¹⁹ for the three months to 30 June 2021.

During the Reporting Period, New Jersey recorded Gross Win of \$41.0 million, at a Gross Win Margin of 4.1% and a Net Win \$23.8 million, at a Net Win Margin of 2.4%.

ILLINOIS

PointsBet launched online operations in Illinois on 12 September 2020. PointsBet achieved 7.7% market share for online sports betting handle²⁰ for the three months to 30 June 2021.

During the Reporting Period, Illinois recorded Gross Win of \$31.6 million, at a Gross Win Margin of 6.7% and a Net Win of \$14.6 million, at a Net Win Margin of 3.1%.

During the Reporting Period, the Governor of Illinois did not renew Executive Order 2020-41 which mandated remote registration. From 4 April 2021, new clients of all online sports wagering operators in Illinois were required to register in-person at the relevant licensed partners' physical locations before placing online wagers.

14. The AUD:USD foreign exchange rate used for the figures in the table was the average rate for the specified period.

15. Turnover/Handle is the dollar amount wagered by clients before any winnings are paid out or losses incurred.

16. Gross Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, excluding the cost of pricing promotions.

17. Net Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, less client promotional costs (the costs incurred to acquire and retain clients through bonus bets, money back offers, early payouts and enhanced pricing initiatives).

18. Client across all verticals that have placed a cash bet in the 12 months preceding the relevant period end date.

19. Based on New Jersey online sports betting handle, as reported by New Jersey Division of Gaming Enforcement.

20. Based on Illinois online sports betting handle, as reported by Illinois Gaming Board.

PointsBet's strategic retail sportsbook locations, including Hawthorne Race Course located just 8.5 miles from Downtown Chicago and three (3) off track betting shops in the Chicago metropolitan area (two of which are also operational), provide a competitive advantage in an in-person registration environment.

MICHIGAN

PointsBet launched sports betting operation in Michigan on 22 January 2021. PointsBet achieved 4.9% market share for online sports betting handle²¹ for the three months to 30 June 2021.

During the Reporting Period, Michigan recorded a sports betting Gross Win of \$4.4 million, at a Gross Win Margin of 6.7% and a sports betting Net Win loss of (\$1.5) million, at a negative Net Win Margin of (2.3)%. Given the early stage of this competitive state, the Company continued to focus on acquiring and retaining clients which resulted in promotions exceeding Gross Win.

On 5 May 2021, PointsBet launched iGaming operations in Michigan. Michigan recorded an iGaming Net Win of \$1.5 million for the Reporting Period.

INDIANA

PointsBet achieved 5.5% market share for online sports betting handle²² for the three months to 30 June 2021, ranking as the fourth largest operator by handle in June 2021.

During the Reporting Period, Indiana recorded Gross Win of \$9.3 million, at a Gross Win Margin of 6.9% and a Net Win of \$0.9 million, at a Net Win Margin of 0.7%.

COLORADO

Colorado launched sports betting operations on 17 November 2020. PointsBet achieved 5.0% market share for online sports betting handle²³ for the three months to 30 June 2021.

During the Reporting Period, Colorado recorded Gross Win of \$5.9 million, at a Gross Win Margin of 7.3% and a Net Win of \$1.4 million, at a Net Win Margin of 1.8%.

IOWA

PointsBet achieved 3.1% market share for online sports betting handle²⁴ for the three months to 30 June 2021.

During the Reporting Period, Iowa recorded Gross Win of \$3.5 million, at a Gross Win Margin of 8.2% and a Net Win of \$1.6 million, at a Net Win Margin of 3.7%.

iGAMING

PointsBet has assembled a highly experienced iGaming team which has built an in-house proprietary iGaming platform and administrative tools. Owning and controlling in-house iGaming technology stack will become an increasingly important strategic advantage.

PointsBet's priority is to provide a fast and immersive client experience. The Company has licensed third-party iGaming content from premium content suppliers, including live-dealer solutions.

On 5 May 2021, PointsBet launched iGaming operations in Michigan offering 17 slot, video poker and table games. The Company will bolster this offering in H1 FY22 with the offering of additional strategically selected slot games, live dealer table games and other innovative initiatives.

Since the launch, PointsBet has had no technical issues related to iGaming.

PointsBet launched iGaming in New Jersey on 23 July 2021 with plans to launch in Pennsylvania and West Virginia in FY22 (pending regulatory approval).

PointsBet has also secured iGaming access in Ohio, Indiana, Missouri, Louisiana and Iowa pending the passing of enabling legislation.

21. Based on Michigan online sports betting handle, as reported by the Michigan Gaming Control Board.

22. Based on Indiana online sports betting handle, as reported by the Indiana Gaming Commission.

23. Based on Colorado online sports betting handle, as reported by the Colorado Department of Revenue – Division of Gaming.

24. Based on Iowa online sports betting handle, as reported by the Iowa Racing and Gaming Commission.

REVIEW OF OPERATIONS

CONTINUED

On 19 July 2021, PointsBet announced the hiring of industry heavyweight Aaron O'Sullivan as Vice President of Online Casino Revenue, set to oversee North American operations. O'Sullivan will bring to PointsBet nearly 15 years of international iGaming experience.

O'Sullivan's previous experience comes via large global brands, like bet365, as well as start-ups. Having led product development, operations, and marketing teams, his broad range of expertise has developed in him a firm understanding of what makes a successful casino operation, as well as a passion for meeting the needs of the customer. O'Sullivan has used this knowledge to successfully deliver casino experiences to customers across multiple global regulated markets, such as the U.K., Spain, Italy, New Jersey, and more.

NBC PARTNERSHIP UPDATE

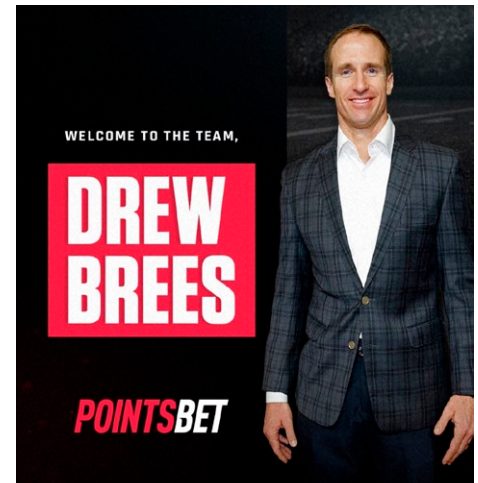
NBCUniversal is the perfect partner for PointsBet as it executes on its US media, customer acquisition and retention strategy. NBCUniversal reaches approximately 93% of all US adults, with their digital platforms having over 60 million monthly active users. NBCUniversal has a diverse media mix across local, regional and national platforms. This enables PointsBet to geotarget and customise local, regional and national marketing campaigns. NBCUniversal has an incredible array of rights to live sports broadcasts, with their diverse and market leading portfolio including the NFL, PGA TOUR, NHL, English Premier League and NASCAR.

PointsBet is extremely pleased with the progress it has made to date under this partnership. Both teams are aligned to the opportunities ahead and are working to unlock value and execute on PointsBet's brand strategy.

Key highlights for FY21 include:

- PointsBet advertising units and integrations were deployed across select NBC regional sports networks (RSNs) & SNY. This allowed PointsBet to grow brand awareness daily amongst fans in Philadelphia, Chicago, Washington DC, and New York. All integrations featured PointsBet branding, odds, and data, with the majority of them including CTA and sign-up messaging.
- PointsBet integrations were also deployed across NBC's national cable sports network, NBCSN. Integrations featured PointsBet odds and data, helping PointsBet's brand reach national audiences at mass scale across NHL, EPL, Golf, NASCAR, and IndyCar.
- In collaboration with NBC Sports, Peacock, and the PGA Tour, PointsBet powered a first of its kind betting-themed betting simulcast. 'BetCast', which aired during the Waste Management Open at TPC Scottsdale's Stadium Course, spanned all four days of the tournament and featured live PointsBet markets updating in real time, sign up offers, and PointsBet talent (Teddy Greenstein & Jay Croucher).
- Effectv has launched PointsBet 'Voice Plus' ads in November which leverage the capabilities of the Xfinity X1 voice remote. A text overlay during the ad tells users to 'Say PointsBet to get 2 risk-free bets up to \$2,000', and when spoken, triggers an SMS message direct to the customer with a unique sign-up code. In April 2021, Effectv and PointsBet created a custom voice-enabled commercial featuring MLB legend, Ozzie Guillen.
- Integration with the NBC 'free to play' Predictor mobile app, including exclusive PointsBet branding, live PointsBet odds, and promotional messaging for users to easily engage with sign up offers that drive directly to PointsBet for a seamless conversion process. Users who sign up for Predictor in the 50 US states can opt in to receive messaging from PointsBet, creating an additional lead generation funnel.
- Further integration into key NBC properties such as Peacock, GolfNow, GolfPass, and Edge (formerly Rotoworld). This includes video and display advertising, and in the case of GolfNow, GolfPass, and Edge, teaming up for special co-bundled offers that delivered new clients to PointsBet.
- PointsBet on air talent Teddy Greenstein and Jay Croucher were integrated into NBC content. More specifically, these integrations into NBC content include:
 - US Open coverage on Golf Channel and Edge
 - 'Bet The Edge' powered by PointsBet podcast, a 5x per week show that is hosted by Sara Perlman and Drew Dinsick (high-profile guests in the quarter have included Peter King and Eddie Olczyk)
 - Waste Management Phoenix Open BetCast
 - Bulls BetCast, a betting-themed linear simulcast aired for the Bulls/Hornets matchup on 22 April 2021. The BetCast followed suit from the PGA Waste Management Phoenix Open BetCast in February, providing fans with an alternate PointsBet branded experience (inclusion of odds, live markets, product features, etc)

- On 8 July 2021, PointsBet announced that NFL all-time great Drew Brees officially joined the PointsBet team. Brees, who this season is transitioning to a broadcasting career with NBC Sports (PointsBet's official sports betting partner) will deepen the NBC Sports and PointsBet relationship as the Company continues to expand and realise the growing North American online sports betting and iGaming opportunity in 2021 and beyond. Brees will star in and help develop original content for PointsBet, provide sports betting education and commentary, host events, and steer marketing and promotional concepts, among other areas.



CORPORATE

Corporate administrative costs (Board, Finance, Legal, Human Resources, Property and other central functions) are costs that cannot be readily allocated to individual operating segments and are not used by the CODM (Chief Operating Decision Maker) for making operating and resource allocation decisions. The statutory EBITDA loss for the Corporate Segment for the Reporting Period was (\$12.4) million.

Key drivers of this change include:

- Increase in listed company related costs including share registry, and stock exchange costs resulting from capital raising transactions that occurred in FY21.
- Increase in external consultant and legal costs from capital raising and corporate transactions; and
- An increase in employment benefits (including share-based payment expenses) due to increased headcount of support staff.

As at 30 June 2021, PointsBet had \$245.5 million of corporate cash, part of which is held in US Dollars.

In August 2021, PointsBet raised \$400 million as part of the capital raise announced on 29 July 2021.

REVIEW OF OPERATIONS

CONTINUED

GROUP BALANCE SHEET

\$M	STATUTORY AS AT 30 JUNE 2021	STATUTORY AS AT 30 JUNE 2020
Cash and cash equivalents	276.2	144.3
Intangible assets	142.6	56.8
Right-of-use assets	9.1	8.3
Prepayments	173.6	1.5
Deposits held in escrow ²⁵	11.2	–
Other assets	11.7	5.2
Total assets	624.5	216.2
Lease liabilities	11.6	9.0
Trade and other payables	39.4	14.6
Player cash accounts	26.5	7.4
Financial liability	76.1	–
Deferred tax liability	9.6	–
Other liabilities	13.1	7.9
Total liabilities	176.3	39.0
Net assets	448.1	177.1
Total equity	448.1	177.1

Corporate cash is \$245.5 million (30 June 2020: \$135.4 million).

At 30 June 2021, the Group had net assets of \$448.1 million, representing a 153% increase on the PCP net assets of \$177.1 million.

Net asset movements are driven primarily by:

- Cash received upon completion of the \$353.2 million capital raise in September 2020;
- Prepayments, including prepayments for future committed marketing spend;
- Financial liability (non-current) relating to the fair value of the debt component of the share options issued as part of the NBCUniversal transaction. The \$76.1 million includes the notional interest charged on the financial liability for the period;
- Investment in US licences and market access, through agreement with access partners;
- Identifiable intangible assets and goodwill recognised from acquisitions completed during the year, including Banach Technology Limited and Premier Turf Club LLC; and
- Continued investment in betting platform through the capitalisation of employee costs.

25. The deposits held in escrow relate primarily to marketing commitments.

GROUP STATEMENT OF CASH FLOWS

\$M	STATUTORY FY21	STATUTORY FY20
Receipts from customers (including GST)	210.2	81.9
Payments to suppliers and employees (including GST)	(349.2)	(113.7)
Net interest	0.2	1.0
Other	0.1	0.2
Net increase in client cash	19.6	0.2
Net cash outflow from operating activities	(119.1)	(30.3)
Net cash outflow from investing activities	(77.8)	(21.4)
Net cash inflow from financing activities	339.4	118.3
Net cash flows	142.5	66.5

At 30 June 2021, the Group had a cash balance of \$276.2 million, including \$30.6 million of client cash.

- Net operating outflows of (\$119.1) million resulted from continued investment in the Company's US growth strategy, and scaling of global operations. Net operating outflows were (\$138.8) million when excluding movement in player cash accounts.
- Net investing outflows were (\$77.8) million driven by investment in US licences and market access as well as key acquisitions of Banach Technology Limited and Premier Turf Club LLC.
- Net financing inflows were \$339.4 million in line with capital raising.

CONCLUSION

PointsBet have put together all the pieces of the puzzle needed to take advantage of the significant North American opportunity – with a continued focus on first class execution and building upon the growth and success achieved to date.

Specifically:

- PointsBet was set up to build a customised, modern in-house technology platform specifically tailored for the North American Market. The addition of Banach Technology strengthens PointsBet's capabilities further, in particular in the area of in-play, micro and player prop offerings.
- PointsBet has built a material, profitable Australian Trading business in a highly competitive and advanced market.
- PointsBet has captured strong US market share in its six operational states in FY21.
- PointsBet secured a transformational US media partnership with NBC Sports providing access to leading national, regional and local television as well as comprehensive digital assets. NBC has the largest sports audience of any US media company, accessing over 184 million viewers.
- PointsBet has established a market leading team and continues to add bench strength in key areas.
- PointsBet attracted outstanding brand ambassadors, including Paige Spiranac, Drew Brees, Shaquille O'Neal, Allen Iverson, Rip Hamilton and Devin Hester.
- PointsBet has entered into strategic partnerships with the major sports leagues as well as a host of sports teams across the US.
- PointsBet has assembled a highly experienced iGaming team and built an in-house proprietary iGaming platform and administrative tools which have been successfully launched in two US states.

RISKS

MATERIAL BUSINESS RISKS TO STRATEGY AND FINANCIAL PERFORMANCE IN FUTURE PERIODS

Identifying and managing risks which may affect the success of our strategy and financial prospects for future years is an essential part of our governance framework. While the Group has a strong track record of managing a multitude of risks, some inherent risks remain, many of which are not directly within the control of the Group.

Our risk management approach involves the ongoing assessment, monitoring and reporting of risks which could impede our progress in delivering our strategic priorities. As the business continues to grow the material business risk profile continues to evolve.

The key risks affecting the Group are set out below. The Group may also face a range of other risks from time to time in conducting its business activities.

COVID-19

The recent outbreak of the novel coronavirus (COVID-19), a virus causing potentially deadly respiratory tract infections, presents an emerging risk for the Company. Efforts to date to contain the effect of COVID-19 have included travel restrictions, restrictions on public gatherings, closure or severe restriction of certain business activities and, in some locations, restrictions on individuals leaving their homes. These efforts are tied to instances of COVID-19 case numbers in each jurisdiction and may intensify further where the COVID-19 outbreak in that jurisdiction continues to grow.

COVID-19 containment measures to date have, amongst other things, negatively affected economic conditions, caused a reduction in consumer spending and had a significant impact on the Company's operations.

RESTRICTIONS AND IMPACT ON SPORTING EVENTS

Since 12 March 2020, various sports seasons and sporting events in multiple countries, including in the United States and Australia, have been cancelled, postponed or dramatically restructured and large public gatherings have been banned. These changes have impacted customers' use of PointsBet's products and services, and, in some cases, in particular in the United States, the disruptions to sporting events have impacted revenues compared to pre COVID-19 expectations. Some sporting leagues have recommenced and some have announced the intention to resume activity, but there is still uncertainty around whether they will be able to successfully execute on those plans on the proposed timeline or at all.

These changes have significantly impacted the Company's business, and may materially impact its financial condition and results of operations depending on the length of time that these disruptions exist and whether the sports seasons and sporting events will ultimately be suspended, postponed, or cancelled.

OTHER IMPACTS

In addition to the above, COVID-19 may impact the Company in a variety of other areas. In particular, while the Company has taken prudent steps to protect its global staff, including moving to a work from home environment and prohibiting non-essential travel, if a large number of employees and/or a subset of key employees and executives are impacted by COVID-19, the Company's ability to continue to operate effectively may be negatively impacted.

The ultimate severity of the COVID-19 outbreak is uncertain at this time and therefore the Company cannot predict the full impact it may have on its end markets and operations at this time. However, the effect on the Company's financial performance and results could ultimately be material and adverse.

THE WAGERING INDUSTRY IS HIGHLY REGULATED

The provision of wagering services is subject to extensive laws, regulations and, where relevant, licence conditions (Regulations) in most jurisdictions. The Regulations vary from jurisdiction to jurisdiction but typically address the responsibility, financial standing and suitability of owners, Directors and operators, marketing and promotional activity, the jurisdictions where an operator is permitted to undertake its business, the use of personal data and anti-money laundering laws. In addition, compliance costs associated with Regulations are material.

CHANGES TO REGULATIONS

Many of the Regulations are subject to change at any time and regulatory authorities may change their interpretation of the Regulations at any time, which may prohibit, restrict or further regulate the Company's operations in the future. Any changes to Regulations may result in additional costs or compliance burden. Some aspects of compliance may be outside the control of the Company.

BREACH OF REGULATIONS

Failure by the Company to comply with relevant Regulations may lead to penalties, sanctions or ultimately the revocation of relevant operating licences and may have an impact on licences in other jurisdictions. Further, any regulatory investigations or settlements could cause the Company to incur substantial costs (either by way of fines and penalties or as a result of successful customer claims), or require it to change its business practices in a manner materially adverse to its business.

REGULATIONS DIFFER ACROSS JURISDICTIONS

The regulation of the wagering industry varies from jurisdiction to jurisdiction, from open regimes to licence-based regimes to complete illegality. In addition, the regulation of online wagering is subject to the determination of where online sports betting takes place and which jurisdiction has authority over the activities and participants.

The Company is currently operating in multiple jurisdictions and seeks to expand its operations in more jurisdictions. Accordingly, as the Company grows it will be subject to a wide range of different and at times conflicting Regulations in each jurisdiction, together with potential uncertainty around the application of laws. This is expected to place an increased burden on the Company and its compliance, administration and technology functions.

If the Company is not successful in managing this increased burden, or if the Company's assessment of an area of legal uncertainty is found to be incorrect, the Company may breach a licence condition or applicable law, which could result in penalties, sanctions or ultimately the revocation of relevant operating licences.

UNITED STATES-SPECIFIC REGULATORY RISKS

The Company's growth strategy includes expansion overseas, and in particular into the developing wagering industry in the United States.

The striking down by the United States Supreme Court of the Professional and Amateur Sports Protection Act of 1992 on 14 May 2018 paved the way for individual states to introduce legislation permitting sports betting. Each state may now introduce their own regulatory and licencing frameworks, however:

- there is no guarantee that states will move to legalise wagering; and
- the timing of any enabling legislation or regulations, and the issuance of licences, cannot be assessed with any certainty in states that do move to legalise wagering.

There is also a risk that some states will delay legislation or impose significant barriers to entry (such as restricting the number of permitted sports betting operators or limiting sports betting operations to retail premises) which may preclude the Company from gaining access to those states or place the Company at a disadvantage should competitors gain early access.

In addition, should enabling legislation be enacted, there is a risk that the Company may be unable to secure a commercial licence to operate in a state because the Company is unable to find or agree commercial terms with a suitable licence holder (typically casino or racetrack owners).

THE COMPANY IS EXPOSED TO ADVERSE CHANGES IN PRODUCT FEES, LEVIES AND TAXES

The Company has commercial and regulatory payment obligations in the jurisdictions in which it operates. These obligations may be owed to a particular sporting body as 'product fees' (for example, horse racing conducted in an Australian jurisdiction), payable under a commercial or statutory licence, or otherwise imposed by law as a tax, levy or fee. Any adverse changes to the Company's commercial and regulatory payment obligations, or the imposition of new levies, taxes or other duties or charges in any of these jurisdictions could materially and adversely affect the operations, financial performance and prospects of the Company.

SYSTEM DISRUPTIONS AND OUTAGES

The integrity, reliability and operational performance of the Company's IT systems and third-party communication networks are critical to its operations. These IT systems and communication networks may be damaged or interrupted by increases in usage, human error, systems outages and failures, cyber-attacks, natural hazards or disasters, or similarly disruptive events. The Company's current systems may be unable to support a significant increase in online traffic or increased customer numbers, especially during peak times or events.

Like other wagering operators, the Company has experienced instances of service disruption. Any material or persistent failure or disruption of the Company's IT infrastructure or the telecommunications and/or other third-party infrastructure and services on which such infrastructure relies could lead to significant costs and disruptions that could reduce revenue, harm the Company's business reputation and have a material adverse effect on the operations, financial performance and prospects of the Company.

RISKS

CONTINUED

CYBER SECURITY RISKS

The Company's IT systems and networks, and those of its third-party service providers, may be vulnerable to cyber-attacks, unauthorised access, computer viruses and other security issues. These events could damage the integrity of the Company's reputation and business.

Any failure by the Company to detect and prevent any intrusion or other security breaches, including sabotage, hackers, viruses, and cyberattacks, could have a material adverse effect on the operations, financial performance and prospects of the Company.

THE COMPANY MAY REQUIRE ADDITIONAL CAPITAL TO FUND ITS GROWTH PLANS

The Company is likely to require additional capital in order to support and implement its growth plans. The Company's ability to obtain additional capital, if and when required, will depend on its business plans, investor demand, the capital markets and other factors. If the Company is unable to obtain additional capital when required, or is unable to obtain additional capital on satisfactory terms, its ability to continue to support its business growth or to respond to business opportunities, challenges or unforeseen circumstances could be adversely affected.

CARD PAYMENT RISKS

Some clients may have difficulty making deposits into their PointsBet account due to specific policies by card issuers and banks to not allow gambling transactions, or to restrict transactions from merchants such as PointsBet whose main business is conducted online. If clients have difficulty making deposits into their PointsBet account and are unable or unwilling to deposit funds using alternative methods, this could result in lower turnover for PointsBet.

POINTSBET RELIES ON THIRD-PARTY SERVICE PROVIDERS FOR KEY BUSINESS FUNCTIONS

The Company relies upon various third-party service providers to maintain continuous operation of its Platform, servers, hosting services, payment processing, and various other key aspects of its business including the pricing and availability of its products.

There is a risk that these services and systems may be adversely affected by various factors such as damage, faulty or aging equipment, systems failures and outages, computer viruses, or misuse by staff or contractors. The Company may also have disputes with its service providers for a range of reasons, which could lead to service disruptions until the dispute is resolved or a new service provider is engaged. Any disruption to third-party services may result in a disruption to the Company's services and have a material impact on the Company's operations.

RISK OF FRAUD

Wagering operators are exposed to schemes to defraud and there is a risk that the Company's products may be used for those purposes by its clients or employees. In these circumstances, the Company has a high degree of reliance on its employees.

While the Company has systems in place to protect against fraudulent play and other collusion between clients and employees, these systems may not be effective in all cases. This may require the Company to make unanticipated additional investments in its systems and processes.

If the Company suffers any fraudulent activities, the Company's business, performance, prospects, value, financial condition, and results of operations could be adversely affected.

ANTI-MONEY LAUNDERING

The wagering industry is exposed to schemes to launder money illegally and there is a risk that the Company's products may be used for those purposes by its clients or employees.

In addition, the Company's activities are subject to money laundering regulations and anti-corruption laws, which may increase the costs of compliance, limit or restrict the Company's ability to do business or subject the Company to civil or criminal actions or proceedings.

RISKS RELATING TO THE MISUSE OR LOSS OF PERSONAL INFORMATION

The Company processes personal customer data and therefore must comply with strict data protection and privacy laws in Australia and other jurisdictions. The Company is exposed to the risk that this data could be wrongfully accessed and/or used, whether by employees, customers or other third parties, or otherwise inadvertently lost or disclosed or processed in breach of applicable data protection regulations. If the Company or any of the third-party service providers on which it relies fails to transmit customer information and payment details online in a secure matter or if a misuse or loss of personal customer data were to occur, the Company and its officers could face fines or penalties. This could also give rise to reputational damage to the Company and its brand.

INABILITY TO MANAGE EXPECTED FUTURE GROWTH

The Company has experienced and expects to continue to experience rapid growth, which has placed, and may continue to place, significant demands on its management, operational and financial resources. As the Company grows, it may encounter capacity constraint issues and more resources will be required to manage growth initiatives. If the Company fails to successfully manage its anticipated growth and change, the quality of its products may suffer, which could negatively affect its brand and reputation and harm its ability to retain and attract customers.

RELIANCE ON KEY PERSONNEL

The Company depends on the services of the management team as well as its technical, operational, marketing and management personnel.

Competition for suitably qualified personnel, including computer programmers and developers, is intense, and the Company cannot provide assurance that it will be able to attract or retain highly qualified personnel in the future.

If the Company is not able to retain its key employees and hire appropriate new employees, it may not be able to operate and grow its business as planned.

EXCHANGE RATE FLUCTUATIONS MAY IMPACT EARNINGS

PointsBet's financial reports are prepared in Australian dollars however a proportion of PointsBet's revenues, costs and cash flows are generated in United States dollars. The proportion of overseas revenues, costs and cashflows generated by the Company is expected to grow and the Company will be exposed to additional currencies as it enters new markets.

Any adverse exchange rate fluctuations or volatility in the currencies in which PointsBet generates its revenues and cash flows, and incurs its costs, would have an adverse effect on the Company's future performance and position.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2021

POINTSBET HOLDING LIMITED ACN 621 179 351

INTRODUCTION

OUR APPROACH TO CORPORATE GOVERNANCE

The Board of PointsBet Holdings Limited (Company) is committed to maintaining high standards of effective corporate governance arrangements to help create, protect and enhance shareholder value and ensure the future sustainability of the Company.

The Company's governance framework provides a solid structure for effective and responsible decision making and setting a culture of integrity, transparency and accountability that flows throughout the Company.

ASX CORPORATE GOVERNANCE PRINCIPLES

The Company confirms it has followed the majority of the ASX Corporate Governance Council Principles and Recommendations 4th Edition (ASX Principles) during the 2020/21 financial year.

This Corporate Governance Statement sets out key features of our governance framework. The areas of compliance and non-compliance (and the reasons for such non-compliance) with the ASX Principles are set out below.

The information in this statement is current as at 31 August 2021 and has been approved by the Board.

2020/2021 AREAS OF GOVERNANCE FOCUS

A key area of the Board's governance focus during the Reporting Period included the Company's response to the COVID-19 pandemic:

- Overseeing the transition of the majority of the Company's global workforce to working from home in response to COVID-19, as well as focus on safety and wellbeing of employees, their families and clients.
- Overseeing business continuity and crisis management, with global and regional crisis management teams mobilised to coordinate and oversee the Group's response to the COVID-19 pandemic.

COVID-19 also prompted the Board to revisit its meeting cadence and structures, including meeting on a more frequent basis (and via virtual technology) in order to oversee and monitor the Group's COVID-19 response plans.

Further, during the Reporting Period, the Board undertook a full review of the Company's corporate governance policies to ensure compliance with recent amendments to the ASX Listing Rules, ASX Corporate Governance Principles and applicable laws. This review was undertaken with the assistance of both external and internal legal and governance professionals.

1. THE BOARD

1.1 THE ROLE OF THE BOARD

The Board has adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged. The Board Charter includes an overview of:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management;
- the authority delegated by the Board to management and Board Committees; and
- the Board's process.

The Board's role is to:

- demonstrate leadership and to represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- protect and optimise the Company's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board.

A copy of the Board Charter is available in the Governance section of the Company's website <https://investors.pointsbet.com.au/>.

1.2 CEO AND DELEGATION TO MANAGEMENT

The Board has authorised the CEO to oversee the day-to-day business and operations, within the limits of specific authorities set out in the delegations approved by the Board.

The CEO has, in turn, approved sub-delegations of authority that apply to management. The CEO is accountable to the Board for the authority that is delegated by the Board.

The Board monitors the decisions and actions of the CEO and the Group's progress on achieving the short, medium and long-term objectives as set by the Board.

1.3 BOARD COMPOSITION AND SKILL SET

As at 30 June 2021, the Board comprised four (4) independent Non-Executive Directors, one (1) non-independent Non-Executive Director and two (2) Executive Directors.

There was one change to the composition of the Board during the Reporting Period – Kosha Gada was appointed as a Non-Executive Director on 3 May 2021.

The names of the Directors and their respective qualifications, experience and responsibilities are set out in the Directors' Report within the Annual Report.

Members of the Board have been brought together to provide a blend of qualifications, skills and experience required for managing a company operating in the wagering industry.

The following table sets out the mix of skills and experience the Board considers necessary or desirable and the extent to which they are represented on the current Board:

SKILLS AND EXPERIENCE	NUMBER OF DIRECTORS
Executive leadership	
Significant experience at a senior executive level	7
Capital management and corporate	
Senior experience in capital management strategies and corporate finance	3
Global business experience	
International business experience	6
Risk management	
Senior experience in risk management	6
Corporate governance, legal and regulatory	
Commitment to the highest standards of corporate governance and legal compliance, including experience with an organisation that is subject to rigorous governance and regulatory standards	7
Digital technology	
Senior experience in technology, especially in digital, software or computer industries and oversight of implementation of major technology projects	4
Wagering	
Senior executive or Board level experience in the gaming industry, including an in-depth knowledge of product and markets	3

Any skills that are not directly represented are augmented through management and external advisors.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2021
CONTINUED

1.4 DIRECTOR INDEPENDENCE

All Directors, whether independent or not, are expected to bring an impartial judgement to bear on Board decisions and are subject to the Board's policy regarding management of conflicts of interest, as well as common law and Corporations Act requirements.

The Board considers a Director to be independent where he or she is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Nomination and Remuneration Committee will assess the independence of each Non-Executive Director in light of interests disclosed by them at least annually on a case-by-case basis. Each Non-Executive Director must provide the Board with all relevant information for this purpose.

The Company's Board Charter sets out guidelines and thresholds of materiality to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that Peter McCluskey, Anthony Symons, Becky Harris and Kosha Gada are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment and is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Brett Paton, Sam Swanell and Manjit Gombra Singh are not currently considered by the Board to be independent Directors given:

- in the case of Sam Swanell and Manjit Gombra Singh, their executive positions in the Company; and
- in the case of Brett Paton, his ownership interest in the Company.

The Board considers that each Director will add significant value given their considerable skills and experience and will bring objective and independent judgement to the Board.

1.5 NON-EXECUTIVE DIRECTOR SELECTION

The Board adopts a structured approach to Board selection planning. This process is continuous and the Board regularly evaluates and reviews its selection planning process to ensure the progressive and orderly addition of independence and appropriate skills.

Before a candidate is nominated by the Board, the candidate must confirm that they will have sufficient time to meet their obligations to the Company and that they expect to meet all wagering regulatory approval conditions.

An election of directors is held each year. Any new Non-Executive Director nominated during the year is known as a Director (Elect) and will stand for election by shareholders at the subsequent AGM.

Shareholders are asked to approve the appointment of the Director (Elect) subject to the receipt of all necessary regulatory pre-approvals. Until the receipt of all necessary regulatory pre-approvals, a Director (Elect) may attend all meetings of the Company but will have no entitlement to vote on any resolutions proposed at any meeting of the Board or any committee.

1.6 BACKGROUND AND REGULATORY CHECKS

The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a Non-Executive Director (including whether Directors support the election or re-election), is disclosed in the notice of meeting provided to shareholders.

Non-Executive Director candidates are also invited to address the meeting and provide details of the relevant qualifications, experience and skills they bring to the Board.

As the Company operates in a highly regulated environment and is required to be licensed by gaming regulatory authorities, the Company undertakes comprehensive background checks prior to the appointment of a new Non-Executive Director or senior executive to demonstrate that the individual is suitable to be associated with the wagering and gaming industry.

Non-Executive Directors and certain senior executives are required to be licensed in various jurisdictions.

Background checks include employment, criminal history, bankruptcy and disqualified company director and officer checks. In addition, gaming regulators conduct detailed background investigations on Non-Executive Directors and senior executives, requiring them to disclose historical and current personal and financial information and records and participate in interviews.

The process for applying for gaming licenses is lengthy, complex and time-consuming and there is an ongoing obligation to keep the regulators notified of any material changes, such as a change of address or purchase of new property within the timeframe required by the regulator.

As a result, Non-Executive Directors and certain senior executives are required to provide financial statements and other requested records on regular intervals to the Company's licensing team to ensure ongoing regulatory requirements are fulfilled (which includes the renewal of licences and compliance with conditions of their licences).

1.7 APPOINTMENT TERMS

New Non-Executive Directors receive a letter of appointment and a deed of access and indemnity. The letter of appointment outlines the Company's expectations of Non-Executive Directors with respect to their participation, time commitment and compliance with the Company's policies and regulatory requirements.

Each senior executive enters into a service contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.

Key contract details of those senior executives who are Key Management Personnel (KMPs) are summarised in the Remuneration Report within the Annual Report.

1.8 INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT OPPORTUNITIES

New Non-Executive Directors joining the Board participate in an induction program (which includes meeting with the Chair and senior executives) and are provided with the Director's Handbook. Given the geographic diversity of the Board and Group operations, induction for US based Non-Executive Directors include specific sessions targeted to Australian corporate governance.

Recognising the importance of providing continuing education, Non-Executive Directors can take part in a range of training and continuing education programs. The Board periodically reviews whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

Non-Executive Directors also receive regular business briefings at Board meetings on each area of the Company's business, in particular regarding performance, key issues, risks and strategies for growth in the United States.

In addition, Non-Executive Directors have unfettered access to members of the Executive Leadership Team (ELT) and are encouraged to meet with the ELT to further their knowledge and understanding of the Company's businesses.

Non-Executive Directors are also encouraged and given the opportunity to broaden their knowledge of the business by visiting offices in different locations.

1.9 ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors are entitled to the following:

- Unrestricted access to employees and records, subject to law.
- Independent professional advice at the Company's expense, where reasonable and necessary to fulfil their duties and subject to prior consultation with the Chairman, and for the Chairman, with the Chair of the Audit Committee.

1.10 THE ROLE OF THE COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chairman, for the proper functioning of the Board and facilitating the Company's corporate governance processes.

Each Director is entitled to access the advice and services of the Company Secretary. In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole.

Details of the Company Secretary are set out in the Director's Report within the Annual Report.

2. BOARD COMMITTEES

The Board may from time to time establish committees to streamline the discharge of its responsibilities. The permanent standing committees of the Board are the Audit, Risk and Compliance Committee and the Remuneration and Nomination Committee and the Disclosure Committee.

The Board may also delegate specific functions to ad hoc committees on an 'as needs' basis. Directors are entitled to attend Board Committee meetings and receive Board Committee papers, and the Chair of each Board Committee will report back on committee meetings at Board meetings.

A copy of each Committee Charter is available in the Governance section of the Company's website at investors.pointsbet.com.au/.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2021
CONTINUED

2.1 AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee comprises four members, all of whom are Non-Executive Directors, and it is chaired by an independent Director who is not the chair of the Board.

The Audit, Risk and Compliance Committee comprises a majority of independent Directors.

The Board considers that Brett Paton (a non-independent, Non-Executive Director) on the Audit, Risk and Compliance Committee will bring the desired skills and qualifications required to effectively assist the Board in matters relating to the Company's audit, risk and compliance functions.

In particular, the Board considers that Brett Paton will add significant value to the Board given his qualifications and extensive experience in the finance industry. The Board considers that Brett Paton will bring objective and independent judgement to his role on the Audit, Risk and Compliance Committee.

All members of the Audit Committee are financially literate, and the committee possesses sufficient financial expertise and knowledge of the industry in which the Group operates.

Members of the Group's external audit firm and Internal Audit and Risk teams attend committee meetings by invitation, together with relevant senior executives.

The Audit, Risk and Compliance Committee assists the Board in discharging its duties in relation to oversight of financial risk management of the Group, the integrity of the Group's financial reporting, effectiveness of the Group's systems of risk management and internal controls, the independence, objectivity and competence of the external and internal auditors, and compliance with legal and regulatory obligations.

The Audit, Risk and Compliance Committee Charter includes a more detailed description of the duties and responsibilities of the committee.

2.2 REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nomination Committee comprises four Directors, all of whom are Non-Executive Directors, and it is chaired by an independent Director who is not the chair of the Board.

The Board considers that Mr Paton (a non-independent, Non-Executive Directors) on the Remuneration and Nomination Committee will bring the desired skills and qualifications required to effectively assist the Board in matters relating to remuneration and succession planning.

The Board considers that Brett Paton will bring objective and independent judgment to his role on the Remuneration and Nomination Committee.

The role of the Committee is to assist and advise the Board on:

- the Group's people strategy, diversity and organisational culture;
- Board succession planning generally;
- succession planning for the Group CEO and other direct reports to the Group CEO;
- the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors; and
- the appointment and re-election of Directors, with the objective of having a Board of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

The Committee also assists and advises the Board on remuneration policies and practices for the Board, the Group CEO, senior executives and other persons whose activities, individually or collectively, materially affect the operations of the Company. The Committee also provides recommendations regarding remuneration-related reporting in the Company's financial statements and remuneration reports.

Non-Committee members, including members of management, may attend meetings of the Committee at the invitation of the Committee Chair.

3. PERFORMANCE EVALUATION AND REMUNERATION

3.1 BOARD PERFORMANCE EVALUATION PROCESS

The Board (with assistance, where necessary or appropriate, from external consultants) regularly carries out a review of the performance of the Board, its committees, and each Director. A Board review was undertaken internally during the Reporting Period.

The review will assess, amongst other things:

- the effectiveness of the Board and each committee in meeting the requirements of their Charters;
- whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- the contribution made by each Director at meetings and in carrying out their responsibilities as Directors generally, including preparing for meetings; and
- whether the content, format and timeliness of agendas, papers and presentations provided to the Board and each committee are adequate for them to properly perform their functions.

The results and any action plans following the assessment are documented, together with specific performance goals that are agreed by the Board.

Directors are encouraged to raise any issues of concern regarding the performance of any other Director with the Chairman, or if the concern relates to the Chairman, with the Chair of the Audit, Risk and Compliance Committee.

3.2 SENIOR EXECUTIVE PERFORMANCE EVALUATION PROCESS

Each year the Board sets financial, operational, management and individual targets for the Group CEO. The Group CEO (in consultation with the Board), in turn sets targets for his direct reports.

Performance against these targets is assessed periodically throughout the year and a formal performance evaluation for senior management is completed for the year end.

Further details are set out in the Remuneration Report contained within the Annual Report. Performance evaluations of the Group CEO and his direct reports took place in the 2020/21 financial year in accordance with the processes described above.

3.3 REMUNERATION

Details of the principles and amounts of remuneration of Directors and senior executives who are KMP are set out in the Remuneration Report contained within the Annual Report, which also includes disclosures on equity-based remuneration provided by the Company.

4. RECOGNISING AND MANAGING RISK

4.1 RISK OVERSIGHT

The Board recognises the importance of an effective framework of risk oversight, risk management and internal control for good corporate governance.

As set out in section 2.1 above, the Company has established an Audit, Risk and Compliance Committee which encompasses risk matters.

4.2 ANNUAL RISK REVIEW

The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and will be assisted by the Audit, Risk and Compliance Committees where required.

A review of material business risks has been conducted in the current period, which concluded that controls over risk management processes were adequate and effective.

4.3 INTERNAL AUDIT

Independent and objective assurance with respect to the Company's system of risk management, internal control and governance are provided by the Group Internal Audit function. The function maintains and improves the risk management framework, undertakes audits and other advisory services to assure risk management across the Company and reports to the Audit, Risk and Compliance Committee.

Group Internal Audit is independent of the external auditor. The appointment of the VP, Internal Audit is approved by the Audit, Risk and Compliance Committee. The VP, Internal Audit reports functionally to the Group General Counsel and Company Secretary.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2021
CONTINUED

Group Internal Audit adopts a risk-based approach in developing annual internal audit plans to align audit activities to the key risks and control frameworks across the Company.

In addition to internal audit activities conducted by Group Internal Audit, audit, review, oversight and monitoring activities are undertaken across the business to provide a breadth of assurance. The findings from these assurance activities are reported through operational governance structures and to the relevant Board Committee.

4.4 AUDITOR INDEPENDENCE

The Group's policy on auditor independence restricts the types of non-audit services that can be provided by the external auditors. In addition, any non-audit services which are to be provided by the external auditors need to be pre-approved by the Chair of the Audit, Risk and Compliance Committee.

The Audit, Risk and Compliance Committee requires the external auditor to confirm annually that it has complied with all professional regulations. The Group requires the lead external audit partner to rotate every five years.

RSM continues in office as the Company's auditor during the Reporting Period. RSM is engaged on low value assignments additional to their statutory audit duties where RSM's expertise and experience with the Group are important. During the current and prior year, RSM was primarily engaged for investigative accounting services and financial due diligence services. These services are not recurring. Any future non-audit services are expected to be at lower levels.

4.5 SUSTAINABILITY RISKS

The Company has determined there is a level of exposure to economic risk and the impact of economic conditions upon the Company may be either specific, or of a more general nature.

Economic downturns may have an adverse impact on the Company's operating performance as a result of reduced wagering activity. Other factors include general outlook for economic growth and its impact on confidence.

The Group continues to actively monitor and manage all perceived economic risks to the business through monitoring the financial, economic and industry data available to the Company from internal and external sources.

For further information relating to the Company's exposure to various financial risks, with explanations as to how this impacts the Company please refer to the Notes to the Consolidated Financial Statements: Risk section.

The Group has no material exposure to environmental sustainability risks.

4.6 INTEGRITY OF DISCLOSURES IN PERIODIC REPORTS

The Company produces a number of periodic corporate reports, including the annual Directors' Report, Corporate Governance Statement and half year and full year financial statements and quarterly Appendix 4Cs.

There are various processes in place to review and confirm the accuracy and reasonableness of the disclosures contained in those reports, which are tailored based on the nature of the relevant report, its subject matter and where it will be published. However, the Company seeks to adhere to the following general principles with respect to the preparation and verification of its corporate reporting:

- periodic corporate reports should be prepared by, or under the oversight of, the relevant subject matter expert for the area being reported on;
- the relevant report should comply with any applicable legislation or regulations;
- the relevant report should be reviewed (including any underlying data) with regard to ensuring it is not inaccurate, false, misleading or deceptive;
- where required by law or by Group policy, relevant reports authorised for release by the appropriate approver required under that law or policy; and
- the external auditor audits or reviews the Group's full and half-yearly financial reports, respectively, in accordance with auditing standards ahead of release to the market.

The CEO and CFO also provide the Board with written declarations in relation to half year and full year financial statements as described in section 4.7 of this Corporate Governance Statement.

Finally, the Board has established a Management Disclosure Committee comprising of the CEO, CFO and the Group General Counsel and Company Secretary to which it has delegated responsibility for overseeing the process for ensuring all ASX announcements are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

4.7 MD AND CFO CERTIFICATION OF FINANCIAL STATEMENTS

The Managing Director and Group Chief Financial Officer provide a statement to the Board and Audit, Risk and Compliance Committee in advance of seeking approval of any financial report to the effect that the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A Corporations Act is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting.

5. COMMUNICATION WITH SHAREHOLDERS

5.1 PUBLICLY AVAILABLE INFORMATION ACCESSIBLE ON WEBSITE

The Company keeps investors informed of its corporate governance, financial performance and prospects via its website, <https://investors.pointsbet.com.au/>.

5.2 INVESTOR RELATIONS PROGRAMS

The Company conducts regular briefings including interim and full year results announcements and quarterly cash flow updates (Appendix 4C) in order to facilitate effective two-way communication with investors and other financial markets participants.

Access to executive and operational management is provided at these events. Additionally, separate one-on-one and/or small group meetings are provided when requested and in compliance with governance parameters set by the Company. The Company recommends all investor meetings are attended by at least one of the following: Chairman, CEO or CFO.

Pending resourcing and availability, the Company prefers to have a minimum of two executives attend most investor meetings.

The Company's objective is to provide best practice disclosure and comply with all applicable laws and Group policies. Therefore all discussions with analysts and investors are conducted by or with the prior approval of the CEO, or CFO and are limited to an explanation of previously published material and general discussion of non-price sensitive information, including relevant industry insights. Any new and substantive investor or analyst presentations are released to ASX in advance of the presentation.

Unless authorised by the CEO or CFO, meetings with analysts will not be held between the end of the half-year or full-year and the date on which those results are announced. Any meetings during this period are strategic in nature only, with no financial questions specific to the pending result addressed.

5.3 FACILITATE PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

Shareholders are encouraged to attend the Company's Annual General Meeting and to ask questions of Directors. The notice of meeting includes a process to enable shareholders to submit questions to the Board and the Company's auditor prior to the meeting.

The Company's external auditor attends the Annual General Meeting of the Company and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Audit Report.

Voting on resolutions set out in the Notice of AGM is conducted by way of a poll.

5.4 FACILITATE ELECTRONIC COMMUNICATION

The Company provides its investors the option to receive communications from, and send communications to, the Company and the share registry electronically.

6. DIVERSITY

The Company recognises its legal and ethical obligations and is committed to promoting and achieving broader diversity across the Company as part of its sustainability strategy.

The Group's workforce is made up of individuals with diverse skills, values, background and experiences and employs more than 500 people around the world including in Australia, the United States, the United Kingdom, Canada, Ireland, India and the Philippines.

The Company's Diversity Policy is disclosed on the Company's website and sets out its objectives and reporting practices regarding diversity.

The Remuneration and Nominations Committee continues to review and report to the Board on the Company's diversity profile with a view to setting meaningful targets for the advancement of diversity within the Company.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2021
CONTINUED

The Board's review process has been specifically focused on Board's gender diversity. The Board has adopted a measurable objective of maintaining not less than 30% of Directors of each gender. As at 30 June 2021, 2 of the 5 Non-Executive Directors (40%) are female and 2 of the 7 total Directors (28.57%) are female.

In addition, the following diversity-related measurable objective supporting gender diversity has been endorsed by the Board for FY21:

- Increase the number of women in the 'Leadership Group'¹, comprising the Board, Executive Roles² and Senior Management Roles³.

The following information is provided about the proportion of women across the Group as at 30 June 2021:

ITEM	MEN	WOMEN
Total employees (US and AUS)	334	63
	84%	16%
Employees in Senior Management Roles	27	7
	79%	21%
Board Members	5	2
	71%	29%

The Company has achieved its FY21 measurable objectives by increasing the number of women in the Leadership Group from 7 as at 30 June 2020 to 9 as at 30 June 2021.

However, the Board acknowledges that the Company at its current stage of development does not presently demonstrate best practice in terms of diversity of the Board and Management team. This is a focus area for improvement over the next 12 months and beyond.

7. GOVERNANCE POLICIES

7.1 MISSION STATEMENT AND VALUES

The Company's mission statement is *'Bringing you the fastest betting experience in the world'*.

Underpinning that mission statement is a shared set of values that guide and inspire the Company's employees: Courage, Integrity, Commitment and Passion.

More information about our mission statement and values are available in the Culture & Careers section of the Company's website: <https://careers.pointsbet.com.au/>.

7.2 POINTSBET GOVERNANCE POLICIES

Details of the Company's Governance Policies are summarised below.

These Policies are available in the Governance section of the Company's website: <https://investors.pointsbet.com.au/>.

7.2.1 CONTINUOUS DISCLOSURE POLICY

The Company has adopted a Continuous Disclosure Policy and a Communications Policy and established a Disclosure Committee (comprising the Chair of the Board, Group CEO, Group CFO and Company Secretary or their delegates) to ensure compliance with these requirements.

The Continuous Disclosure Policy applies to all Directors, officers, employees and consultants of the Company.

1. Leadership Group comprises the Board, Executive Roles and those in Senior Management Roles.
2. Executive Roles comprise of the Group CEO and his direct reports.
3. Senior Management Roles include direct reports to those in Executive Roles and Departmental Managers.

7.2.2 COMMUNICATION WITH SHAREHOLDERS

The Company aims to communicate all important information relating to the Company to its Shareholders. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time.

To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company website, at the annual general meeting, through the Company's Annual Report and ASX announcements.

7.3 SECURITIES DEALING POLICY

The Company has adopted a Securities Dealing Policy which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and explain the Company's policy and procedure for the buying and selling of securities that protects the Company, Directors and employees against the misuse of unpublished information which could materially affect the price or value of securities.

The policy applies to Directors, officers, senior management and other employees, consultants and contractors of the Company.

7.3.1 CODE OF CONDUCT

The Board has adopted a formal Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

All employees of the Company (including temporary employees, contractors, Company Directors, officers, consultants and other persons that act on behalf of the Company) must comply with the Code of Conduct.

The objective of the Code of Conduct is to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

7.3.2 DIVERSITY POLICY

The Board has formally adopted a Diversity Policy, which sets out the Company's vision for diversity, incorporating a number of different factors including gender, ethnicity, age and educational experience.

The Diversity Policy has been approved in order to actively facilitate a more diverse and representative management and leadership structure.

The Board will include in its annual report each year a summary of the Company's progress towards achieving the measurable objectives set under the Diversity Policy and the Company's most recent 'Gender Equality Indicators' as defined by the *Workplace Gender Equality Act 2012* (Cth) (the Act) or, where the Company is not required to comply with the Act, the proportion of women employees, senior executives and Board members.

7.3.3 WHISTLEBLOWER POLICY

The Company has adopted a Whistleblower Policy which encourages, supports and promotes honest and ethical behaviour by providing a framework for the escalation of 'reportable conduct'. This includes conduct that is any one or more of the following: dishonest, fraudulent, corrupt, illegal, in breach of local laws, unethical, an unsafe work practice or a repeated breach of Company policy or procedure (including breaches of the Code of Conduct).

7.3.4 ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Company has adopted a Anti-bribery and Anti-Corruption Policy. This policy is designed to bring awareness to all employees, directors, officers, contractors and consultants that certain types of payments may constitute corruption, an illegal benefit or an act of bribery and that any such payments are prohibited.

The Company applies a 'zero tolerance' approach to acts of bribery and corruption.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

61	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
62	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
63	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
64	CONSOLIDATED STATEMENT OF CASH FLOWS
65	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
112	DIRECTORS' DECLARATION
113	INDEPENDENT AUDITOR'S REPORT
120	SHAREHOLDER INFORMATION
124	CORPORATE DIRECTORY

ANNUAL REPORT – 30 JUNE 2021

These financial statements are the consolidated financial statements for the Group consisting of PointsBet Holdings Limited and its subsidiaries. A list of subsidiaries is included in Note 31. The financial statements are presented in the Australian dollar (\$).

PointsBet Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

PointsBet Holdings Limited
Level 2, 165 Cremorne Street
Cremorne VIC 3121

The financial statements were authorised for issue by the Directors on 31 August 2021. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 \$	2020 \$
Revenue from continuing operations	6	194,657,501	75,173,415
Cost of sales		(107,024,992)	(36,923,864)
Gross profit		87,632,509	38,249,551
(Other expense)/other income	7(a)	(9,618,577)	2,724,109
Expenses			
Administration expenses		(10,249,523)	(3,487,556)
Consulting expenses		(1,577,947)	(602,051)
Depreciation and amortisation	8	(12,202,099)	(5,119,045)
Employee benefits expenses	8	(51,448,586)	(30,943,450)
Information technology costs		(13,847,755)	(6,007,699)
Occupancy expenses		(737,289)	(288,183)
Other expenses		(1,393,509)	(726,579)
Marketing expenses		(170,663,382)	(35,372,866)
Travel and accommodation expenses		(385,361)	(953,388)
Total Expenses		(262,505,451)	(83,500,817)
Finance income	7(b)	824,115	1,542,735
Finance expenses	7(b)	(4,029,318)	(478,968)
Finance (costs)/income – net		(3,205,203)	1,063,767
Loss before income tax		(187,696,722)	(41,463,389)
Income tax expense	9	566,218	–
Loss for the year after tax		(187,130,504)	(41,463,389)
Other comprehensive (loss)			
Exchange differences on translation of foreign operations	27(a)	(12,046,946)	(448,355)
Total comprehensive (loss) for the year		(199,177,449)	(41,911,744)
Loss for the year attributable to:			
Owners of PointsBet Holdings Limited		(187,130,504)	(41,463,389)
Total comprehensive loss for the year is attributable to:			
Owners of PointsBet Holdings Limited		(199,177,449)	(41,911,744)
Loss per share for loss attributable to the owners of PointsBet Holdings Limited:		Cents	Cents
Basic and diluted (loss) per share	34	(97.0)	(29.9)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTES	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	10	276,158,305	144,338,937
Trade and other receivables	11	1,874,393	272,151
Other current assets	12	37,211,488	1,477,128
Total current assets		315,244,186	146,088,216
Non-current assets			
Financial assets at amortised cost	13	220,250	220,028
Plant and equipment	14	7,720,877	3,236,312
Intangible assets	15	142,572,856	56,782,098
Other non-current assets	17	149,559,110	1,507,985
Right-of-use assets	19	9,138,422	8,337,220
Total non-current assets		309,211,515	70,083,643
Total assets		624,455,701	216,171,859
LIABILITIES			
Current liabilities			
Trade and other payables	18	39,403,576	14,643,611
Employee benefit obligations	20	2,602,017	1,256,029
Provisions	21	395,782	275,116
Other financial liabilities	22	4,148,681	1,523,913
Other current liabilities	23	31,606,809	7,876,186
Lease liabilities	19	2,603,084	874,810
Total current liabilities		80,759,950	26,449,665
Non-current liabilities			
Other non-current liabilities	24	666,995	4,344,570
Employee benefit obligations	20	188,674	83,677
Lease liabilities	19	9,036,396	8,168,651
Financial liabilities	25	76,078,497	–
Deferred tax liabilities	16	9,576,001	–
Total non-current liabilities		95,546,564	12,596,898
Total liabilities		176,306,514	39,046,563
Net assets		448,149,188	177,125,296
EQUITY			
Share capital	26	666,129,692	261,758,201
Other reserves	27(a)	62,632,644	8,849,739
Accumulated losses	27(b)	(280,613,148)	(93,482,644)
Total equity		448,149,188	177,125,296

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	SHARE CAPITAL \$	OTHER RESERVES \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
Balance at 1 July 2019		124,641,045	1,884,931	(52,019,255)	74,506,721
Loss for the year	27(b)	–	–	(41,463,389)	(41,463,389)
Other comprehensive loss	27(a)	–	(448,355)	–	(448,355)
Total comprehensive loss for the year		–	(448,355)	(41,463,389)	(41,911,744)
Transactions with owners in their capacity as owners:					
Exercise of options	26	443,922	(199,274)	–	244,648
Capital raising	26	122,065,639	–	–	122,065,639
Issued capital	26	18,198,529	–	–	18,198,529
Less: Share issue costs	26	(3,590,934)	–	–	(3,590,934)
Share options expense for the year	26	–	7,612,437	–	7,612,437
Total for the year		137,117,156	7,413,163	–	144,530,319
Balance as at 1 July 2020		261,758,201	8,849,739	(93,482,644)	177,125,296
Loss for the year	27(b)	–	–	(187,130,504)	(187,130,504)
Other comprehensive loss	27(a)	–	(12,046,946)	–	(12,046,946)
Total comprehensive loss for the year		–	(12,046,946)	(187,130,504)	(199,177,450)
Transactions with owners in their capacity as owners:					
Exercise of options – ESOP	26	1,023,810	(760,175)	–	263,635
Exercise of options – Listed	26	125,551	(18,912)	–	106,639
Issued Capital – NBC Universal Transaction	26	65,284,024	32,621,168	–	97,905,192
Capital raising – Placement	26	200,000,009	–	–	200,000,009
Capital raising – Retail and Institutional entitlement offer	26	153,227,165	–	–	153,227,165
Listed Option Adjustment (a)	26	(27,178,684)	27,178,684	–	–
Issued Capital – ABQ-Shaq LLC	26	648,587	399,629	–	1,048,216
Issued Capital – NHL Enterprises LP	26	653,332	–	–	653,332
Issued Capital – Banach Technology Acquisition	26	22,717,260	–	–	22,717,260
Less: Share issue costs	26	(12,129,562)	–	–	(12,129,562)
Share options expense for the year	27(a)	–	6,409,457	–	6,409,457
Total for the year		404,371,492	65,829,851	–	470,201,343
Balance at 30 June 2021		666,129,693	62,632,644	(280,613,148)	448,149,188

(a) Listed Options Adjustment – Adjustment relates to the fair value of the 1 for 2 free attaching options issued under the Entitlement Offer with an exercise price of \$12.69, and exercisable at any point until the expiry date of 2 years from the date of issuance. Upon the options being exercised this adjustment gets reversed against Share Capital.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTES	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		210,170,400	81,949,825
Payments to suppliers and employees (inclusive of GST)		(349,209,750)	(113,704,014)
		(139,039,350)	(31,754,189)
Government grants received (including R&D Offset)		112,500	187,500
Interest received		797,896	1,478,637
Interest paid on lease liabilities		(640,475)	(478,921)
Net increase in player cash accounts		19,628,203	243,966
Net cash (outflow) from operating activities	33(a)	(119,141,226)	(30,323,007)
Cash flows from investing activities			
Payments for plant and equipment		(6,211,609)	(2,374,840)
Payments for capitalised software development		(14,157,265)	(6,009,728)
Payments for market access intangible		(14,595,396)	(11,858,177)
Payment for software		–	(146,781)
Rental bond		(478,250)	(1,002,190)
Payments for funds held in escrow		(11,790,934)	–
Payments to acquire businesses (net of cash acquired)		(30,545,773)	–
Net cash (outflow) from investing activities		(77,779,227)	(21,391,716)
Cash flows from financing activities			
Proceeds from issues of shares (net of share issue cost)		341,097,584	118,474,748
Option exercises		390,725	244,646
Repayment of leases		(2,056,309)	(467,917)
Net cash inflow from financing activities		339,432,000	118,251,476
Net increase in cash and cash equivalents		142,511,547	66,536,753
Cash and cash equivalents at the beginning of the financial year		144,338,937	75,885,880
Effects of exchange rate changes on cash and cash equivalents		(10,692,179)	1,916,304
Cash and cash equivalents at end of year	10	276,158,305	144,338,937

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTENTS

1. Summary of significant accounting policies	66
2. Changes in Accounting Policies	75
3. Financial risk management	75
4. Critical estimates, judgements and assumptions	78
5. Segment information	80
6. Revenue	82
7. Total Other Income/(Other Expenses) Items	83
8. Expenses	84
9. Income Tax Expense	84
10. Cash and Cash Equivalents	85
11. Trade and Other Receivables	85
12. Other Current Assets	86
13. Financial Assets Amortised Cost	86
14. Plant and Equipment	87
15. Intangible Assets	88
16. Deferred Tax Assets/Liabilities	91
17. Other Non-Current Assets	91
18. Trade and Other Payables	92
19. Non-Current Assets – Right-of-use Assets	92
20. Employee Benefit Obligations	93
21. Provisions	94
22. Other Financial Liabilities	95
23. Other Current Liabilities	95
24. Other Non-Current Liabilities	95
25. Financial Liabilities	95
26. Contributed Equity	95
27. Reserves and Accumulated Losses	98
28. Remuneration of Auditors	99
29. Contingent Liabilities and Contingent Assets	100
30. Commitments	100
31. Related Party Transactions	101
32. Interest in Subsidiaries	102
33. Cash Flow Information	103
34. Loss Per Share	103
35. Share-Based Payments	104
36. Parent Entity Financial Information	108
37. Business combinations	109
38. Events Occurring After The Reporting Period	111

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of PointsBet Holdings Limited and its subsidiaries.

(A) NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

(B) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. PointsBet Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the PointsBet Holdings Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities held at fair value through profit or loss (including derivative instruments)
- certain classes of plant and equipment – measured at fair value

(C) PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position respectively.

(D) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal management reports that have been provided to and reviewed by the Chief Executive Officer, who is identified as the Chief Operating Decision Maker (CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

(E) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars (\$), which is PointsBet Holdings Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss on a net basis within other income/(expenses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Consolidated Statement of Financial Position presented are translated at the closing rate at the date of that Consolidated Statement of Financial Position;
- income and expenses for Consolidated Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(F) REVENUE RECOGNITION

The services provided by the Group comprise sports betting revenue (retail sportsbook, online sportsbook), pari-mutuel ADW (advanced deposit wagering) services, iGaming, and business-to-business services.

Revenue is stated exclusive of goods and services tax ('GST').

Revenue from contracts with customers is recognised when control of the Group's services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has concluded that it is the principal in its revenue arrangements because it controls the services before transferring them to the customer.

Information about the nature and timing of the satisfaction of performance obligations pertaining to the Group's main sources of revenue are outlined below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

Sports betting revenue

The Group reports the gains and losses on all betting activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue includes free bets, promotions, and bonuses. Open betting positions (pending bets) are accounted for as derivative financial instruments and are carried at fair value. Gains and losses arising on the positions are recognised in revenue.

All revenue is stated net of the amount of goods and services tax.

B2B Services Revenue

Revenue from business-to-business services represents fees charged for the services provided in the period. The group reports the gains and losses on all betting activities as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments. Revenue includes free bets, promotions, and bonuses. Open betting positions (pending bets) are accounted for as derivative financial instruments and are carried at fair value. Gains and losses arising on the positions are recognised in revenue.

iGaming Revenue

Revenue from iGaming represents net winnings, being amounts staked net of customer winnings, and is stated net of customer promotions and bonuses incurred in the period.

Government Grants including R&D Tax Incentive

Grants that compensate the group for expenditures incurred are recognised in profit or loss on a systematic basis in the periods in which the expenditures are recognised. R&D tax offset receivables will be recognised in profit before tax and depreciation and amortisation over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred.

For R&D costs that have been capitalised, the grants related to those assets have been deferred and will be recognised over the useful economic life of asset.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(G) INCOME TAX

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(H) CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(I) RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(J) IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(K) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(L) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See Note 11 for further information about the group's accounting for trade receivables.

Other receivables are recognised at amortised cost, less any loss allowance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(M) INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The group classifies its debt instruments into the following measurement category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(N) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting year.

(O) PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Office equipment 2 – 3 years
- Computer equipment 2 – 3 years
- Leasehold improvements 2 – 5 years
- Retail Sportsbook Assets 2 – 5 years
- Assets under construction Nil years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(P) INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

(i) Licences and Market Access

Significant costs associated with licenses and US market access are capitalised and amortised on a straight line basis over a period of their expected benefit.

(ii) Software

Software costs are capitalised and amortised on a straight-line basis over the period of their expected benefit being their finite life of five years.

(iii) Betting platform development

Significant costs associated with the betting platform development are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

(iv) Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

(v) Customer Contracts

The Customer Contracts are existing service contracts with external customers. These Contracts have been acquired with a remaining contractual term of 3 years, with the option to renew at the end of the period at little or no cost to the Company.

(vi) Non-Compete Arrangements

The Non-Compete Agreements are the contractual agreements between the Company and key executives and key personnel that prohibited from being employed, or otherwise engaged in any business in competition with the business for a period post completion of the acquisition. The Non-Complete Agreements have been assessed with a useful economic life of three years.

(Q) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(R) LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the groups' incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(S) PROVISIONS

Provisions for legal claims, chargebacks and other obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(T) EMPLOYEE BENEFITS

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated Statement of Financial Position.

(ii) Other long-term employee benefit obligations

In some countries, the group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(iv) Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Binomial option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(U) FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(V) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(W) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(X) EARNINGS PER SHARE

The Group presents basic and, when applicable, diluted earnings per share ('EPS') data for its ordinary shares.

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit/(loss) attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares'
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(Y) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(Z) PARENT ENTITY

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in Note 36.

2. CHANGES IN ACCOUNTING POLICIES

As explained in Note 1(a) above, the group has adopted new or revised accounting standards this year that have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of market risk (foreign exchange and cash flow and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Management identifies, evaluates and hedges financial risks within the Group and reports to the Board on a regular basis.

(A) MARKET RISK

(i) Foreign exchange risk

Exposure

The Group's is exposed to foreign currency risk in respect of revenue, expenses, trade receivables, cash and cash equivalents, and other financial assets, and financial liabilities (primarily trade payables, accruals, and client liability balances) that are denominated in currencies that are not the functional currency of the group, being Australian Dollar ('AUD'). The primary currencies that the Group is exposed to fluctuations are the US Dollar ('USD').

As at 30 June 2021, the Group's exposure to United States dollar at the end of the reporting period, expressed in Australian dollar, was as follows:

USD	2021 \$	2020 \$
Financial assets, cash and cash equivalents	23,974,171	78,536,241
Total	23,974,171	78,536,241

Instruments used by the Group

The Group operates internationally and is exposed to foreign exchange risk, primarily the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a current that is not the functional currency of the relevant Group entity.

Whilst the Group does not actively hedge its foreign currency exposure on its trading cash flows, it monitors exposures to individual exposures and where appropriate and approved by the Board enter into spot or forward foreign exchange contracts.

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign exchange related amounts were recognised in profit or loss and other comprehensive income:

	2021 \$	2020 \$
Amounts recognised in profit or loss		
Net foreign exchange gains/(losses) included in other income/other expenses	(8,657,926)	2,300,962
Total net foreign exchange gains/(losses) recognised in loss before income tax for the year	(8,657,926)	2,300,962
Net loss recognised in other comprehensive income (Note 27(a))		
Translation of foreign operations	(12,046,946)	(448,355)
Total net loss recognised in other comprehensive income for the year	(12,046,946)	(448,355)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

Sensitivity

The Group had financial assets (Cash and Cash Equivalents) denominated in foreign currencies in Australia and Ireland of \$23,974,171 as at 30 June 2021 (2020: \$78,536,241). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 10% against these foreign currencies with all other variables held constant, the group's loss before tax for the year would have been \$1,599,065 lower/\$3,198,130 higher and equity would have been \$1,599,065 higher/\$3,198,130 lower.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on certain of its cash and cash equivalents and any long term-borrowings. As at 30 June 2021, the Group did not hold any long-term borrowings (30 June 2020: \$nil). Excess cash and cash equivalents, where applicable are invested in interest-bearing term deposits on which the interest rate is fixed for the term of the deposit. At call deposits attract low interest rates and therefore do not materially impact the interest income earned by the Group.

(B) LIQUIDITY RISK

Liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- (a) all non-derivative financial liabilities; and
- (b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	INTEREST RATE %	1 YEAR OR LESS \$	BETWEEN 1 AND 2 YEARS \$	OVER 2 YEARS \$	TOTAL CONTRACTUAL CASH FLOWS
At 30 June 2021					
Non-derivatives					
Trade and other payables	0%	39,403,576	–	–	39,403,576
Other liabilities	0%	26,670,909	–	–	26,670,909
Lease liabilities	5.9%	3,814,520	3,545,738	7,990,013	15,350,271
Financial liabilities	0.0%	–	–	76,078,497	76,078,497
Total non-derivatives		69,889,005	3,545,738	84,068,510	157,503,253
Derivatives					
Pending bets	0%	4,148,681	–	–	4,148,681
Total derivatives		4,148,681	–	–	4,148,681
At 30 June 2020					
Non-derivatives					
Trade and other payables	0%	14,643,611	–	–	14,643,611
Other liabilities	0%	7,876,186	–	–	7,876,186
Lease liabilities	6.2%	874,810	1,440,333	6,728,318	9,043,461
Total non-derivatives		23,394,607	1,440,333	6,728,318	31,563,258
Derivatives					
Pending bets	0%	1,523,913	–	–	1,523,913
Total derivatives		1,523,913	–	–	1,523,913

(C) RECOGNISED FAIR VALUE MEASUREMENTS – FINANCIAL ASSETS AND LIABILITIES

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	LEVEL 1 \$	LEVEL 2 \$	LEVEL 3 \$	TOTAL \$
Recurring fair value measurements				
At 30 June 2021				
Financial liabilities				
Pending bets	–	–	(4,148,681)	(4,148,681)
Financial liability	–	(76,078,497)	–	–
Total financial liabilities	–	(76,078,497)	(4,148,681)	(80,227,178)
Recurring fair value measurements				
At 30 June 2020				
Financial liabilities				
Pending bets	–	–	(1,523,913)	(1,523,913)
Total financial liabilities	–	–	(1,523,913)	(1,523,913)

Disclosed fair values

There were no transfers between levels during the year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

(ii) Valuation techniques used to determine fair values

Pending bets have been valued based on the amount of unsettled bets at year end, adjusted for the average net win in each open market.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 30 June 2021 and 30 June 2020:

	PENDING BETS \$
Opening balance 1 July 2019	861,963
Bets placed	1,506,728
Bets settled	(794,213)
Fair value gains recognised in revenue	(50,565)
Closing balance 30 June 2020	1,523,913
Bets placed	4,378,285
Bets settled	(1,574,478)
Fair value gains recognised in revenue	(179,039)
Closing balance 30 June 2021	4,148,681

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

	30 JUNE 2021 \$	30 JUNE 2020 \$	UNOBSERVABLE INPUTS	2021	2020	SENSITIVITY
Pending Bets	4,148,681	1,523,913	Average net win	1 to 10%	1 to 10%	1% change would result in increase/decrease fair value by \$41,487

4. CRITICAL ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

(A) SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimation of useful life of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(ii) Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(iv) Employee benefits provision

As discussed in Note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attribution rates and pay increases through promotion and inflation have been taken into account.

(v) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to Note 15 for further information.

(vi) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(vii) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(viii) Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

(ix) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(x) Business combinations

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

5. SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

The Group has determined that its operating segments are its reportable segments. The group's reportable segments are as follows:

- Australian Trading;
- The Technology segment (which includes the operations from the acquired Banach Technology Limited)
- United States.

This is based on the internal management reports that are reviewed by the Chief Executive Officer who is identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Australian trading revenue includes revenue from sports and race betting services provided to Australian customers. The group reports the gains and losses on all betting positions as revenue, which is measured at the fair value of the consideration received or receivable from customers less free bets, promotions, bonuses and other fair value adjustments net of GST.

The Technology segment (which includes the operations from the acquired Banach Technology Limited) derives its revenue from external B2B services revenue and from licensing fees charged to the Australian Trading segment and the group's subsidiaries in the United States segment.

The United States segment derives revenue from sports betting (retail and online) and iGaming to United States customers.

Corporate administrative costs (Board, Finance, Legal, Human Resources, Property, and other central functions) are costs that cannot be readily allocated to individual operating segments and are not used by the CODM for making operating and resource allocation decisions. Hence, these are shown in the reconciliation of reportable segments to Group totals.

(B) SEGMENT RESULTS

The CODM primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments. However, the CODM also receives information about the segments' revenue and assets on a monthly basis. Information about segment revenue is disclosed as follows:

	AUSTRALIAN TRADING \$	USA \$	TECHNOLOGY \$	CORPORATE \$	TOTAL \$
2021					
Segment revenue	150,699,737	42,308,484	1,649,279	–	194,657,501
Inter-segment revenue	–	–	19,447,157	–	19,447,157
Elimination of intersegment sales	–	–	(19,447,157)	–	(19,447,157)
Revenue from external customers	150,699,737	42,308,484	1,649,279	–	194,657,501
2020					
Segment revenue	68,195,171	6,978,244	–	–	75,173,415
Inter-segment revenue	–	–	6,647,009	–	6,647,009
Elimination of intersegment sales	–	–	(6,647,009)	–	(6,647,009)
Revenue from external customers	68,195,171	6,978,244	–	–	75,173,415

(C) EBITDA

EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as unrealised gains or losses on financial instruments.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

	2021 \$	2020 \$
Australian Trading	9,217,789	6,921,862
USA	(149,576,606)	(38,163,186)
Technology	(9,589,498)	(2,923,025)
Corporate	(12,375,160)	(5,544,725)
Total EBITDA	(162,323,474)	(39,709,074)

EBITDA reconciles to operating loss before income tax as follows:

	2021 \$	2020 \$
Total EBITDA	(162,323,474)	(39,709,074)
Finance costs	(4,029,318)	(478,968)
Interest revenue	824,115	1,542,735
Impairment (loss)	(1,308,021)	–
Depreciation and amortisation	(12,202,099)	(5,119,044)
Net foreign exchange gains/(losses)	(8,657,925)	2,300,963
Income tax expense	566,218	–
Loss before income tax from continuing operations	(187,130,504)	(41,463,388)

(D) SEGMENT ASSETS

	2021 \$	2020 \$
Australian Trading	27,660,965	7,157,816
USA	313,964,477	73,200,494
Technology	148,881,954	18,186,035
Corporate	791,680,226	266,103,049
Total Segment Assets	1,282,187,622	364,647,394
Segment assets	1,282,187,622	364,647,394
Intersegment eliminations	(657,731,921)	(148,475,535)
Total assets as per the Consolidated Statement of Financial Position	624,455,701	216,171,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(E) SEGMENT LIABILITIES

	2021 \$	2020 \$
Australian Trading	(28,683,170)	(16,749,943)
USA	(52,514,906)	(18,904,007)
Technology	(40,729,084)	(25,844,902)
Corporate	(77,704,023)	(619,391)
Total Segment Liabilities	(199,631,184)	(62,118,243)
Segment liabilities	(199,631,184)	(62,118,243)
Intersegment eliminations	23,324,670	23,071,680
Total liabilities as per the Consolidated Statement of Financial Position	(176,306,514)	(39,046,563)

(F) UNDERSTANDING THE SEGMENT RESULTS

(i) Intersegment transactions

Transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

(ii) Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

(iii) Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal management reports provided to the CODM. The CODM is responsible for the allocation of resources to the operating segments and assessing their performance.

(iv) Major customers

There are no major customers that represented more than 10% of the Company's external revenue.

6. REVENUE

	2021 \$	2020 \$
Revenue received from customers (net of GST)	333,044,662	108,420,966
Less client promotion expenses (net of GST)	(138,387,162)	(33,247,551)
Total revenue from continuing operations	194,657,501	75,173,415

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

GEOGRAPHICAL REGIONS	2021 \$	2020 \$
Australia	150,699,737	68,195,171
USA	42,308,484	6,978,244
Europe	1,649,279	–
	194,657,501	75,173,415

TIMING OF REVENUE RECOGNITION	2021 \$	2020 \$
Services transferred at point in time (Sports betting and iGaming revenue)	193,008,221	75,173,415
Services transferred over time (B2B revenue)	1,649,279	–
	194,657,501	75,173,415

7. TOTAL OTHER INCOME/(OTHER EXPENSES) ITEMS

(A) TOTAL OTHER INCOME/(OTHER EXPENSES)

	2021 \$	2020 \$
Net foreign exchange gains/(losses)	(8,657,926)	2,300,963
Research and development income	234,869	235,646
Other Income	112,500	187,500
Impairment (loss)	(1,308,021)	–
Total other income/(other expenses)	(9,618,577)	2,724,109

(B) FINANCE INCOME AND COSTS

	2021 \$	2020 \$
<i>Finance income</i>		
Interest income	824,115	1,542,735
Finance income	824,115	1,542,735
<i>Finance costs</i>		
Interest expense on financial liability	(3,388,843)	(47)
Interest expense others	–	–
Fair value losses on conversion of convertible notes	–	–
Interest expense leases	(640,475)	(478,921)
Finance costs expensed	(4,029,318)	(478,968)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

8. EXPENSES

	2021 \$	2020 \$
<i>Employee benefits expenses</i>		
Salaries	34,388,875	21,965,482
Superannuation	2,042,042	1,256,701
FBT	94,259	27,718
Payroll tax	2,918,369	1,533,530
Share options expense	6,409,457	3,412,592
Other employee costs	5,595,584	2,747,428
Total employee benefits expenses	51,448,586	30,943,450
<i>Depreciation and amortisation</i>		
Depreciation	3,981,599	2,426,055
Amortisation	8,220,500	2,692,989
Total depreciation and amortisation	12,202,099	5,119,045

9. INCOME TAX EXPENSE

(A) INCOME TAX EXPENSE

	2021 \$	2020 \$
<i>Current tax</i>		
Current tax on profits for the year	—	—
Adjustments for current tax of prior periods	—	—
Total current tax expense	—	—
<i>Deferred income tax</i>		
(Decrease)/increase in deferred tax assets (note 16)	(566,218)	—
Total deferred tax (benefit)	(566,218)	—
Income tax (benefit)	(566,218)	—

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	2021 \$	2020 \$
Loss from continuing operations before income tax expense	(187,696,722)	(41,463,389)
Tax at the Australian tax rate of 30% (2020 – 30%)	(56,309,016)	(12,439,017)
Impact of foreign tax rate differences	2,375,053	70,268
<i>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</i>		
Non-deductible expenses related to separate R&D claim	999,701	826,919
Other permanent differences	(3,324,485)	643,752
Subtotal	(56,258,747)	(10,898,078)
Less: income tax losses utilised	(36,465)	(1,582,903)
Unrecognised deferred tax assets	55,728,994	12,480,981
Income tax expense	(566,218)	–

(i) Tax losses

	2021 \$	2020 \$
Unused tax losses for which no deferred tax asset has been recognised	263,272,981	76,826,409

10. CASH AND CASH EQUIVALENTS

	2021 \$	2020 \$
Current assets		
Cash at bank and in hand	245,538,655	57,305,432
Player cash accounts	30,619,650	8,965,326
Term deposits	–	78,068,179
Total cash and cash equivalents	276,158,305	144,338,937

11. TRADE AND OTHER RECEIVABLES

	2021 \$	2020 \$
Trade receivables (a)	360,843	–
Less: Allowance for expected credit losses	–	–
Other receivables (b)	1,513,550	272,151
Total trade and other receivables	1,874,393	272,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(A) CLASSIFICATION AS TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(B) OTHER RECEIVABLES

These amounts generally arise from transactions outside the usual operating activities of the group. Collateral is not normally obtained.

(C) FAIR VALUE OF TRADE RECEIVABLES

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

12. OTHER CURRENT ASSETS

	2021 \$	2020 \$
Current assets		
Prepayments	37,211,488	1,477,128
Total other current assets	37,211,488	1,477,128

Prepayments include a prepayment for future marketing, representing an offset to the total cash marketing commitment across the five years under the NBCUniversal Media Partnership.

NBCUniversal were issued \$65.3 million of new fully paid ordinary shares in the Company representing a 4.9% ownership interest and 66.88 options maturing in five years.

13. FINANCIAL ASSETS AMORTISED COST

	2021			2020		
	CURRENT \$	NON-CURRENT \$	TOTAL \$	CURRENT \$	NON-CURRENT \$	TOTAL \$
Term deposits	–	220,250	220,250	–	220,028	220,028
Total	–	220,250	220,250	–	220,028	220,028

(i) Impairment and Risk Exposure

All of the financial assets at amortised cost are denominated in Australian dollar. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

14. PLANT AND EQUIPMENT

NON-CURRENT	OFFICE EQUIPMENT \$	COMPUTER EQUIPMENT \$	LEASEHOLD IMPROVEMENTS \$	ASSETS UNDER CONSTRUCTION \$	RETAIL SPORTSBOOK ASSETS \$	TOTAL \$
At 30 June 2020						
Cost	111,272	1,203,006	1,101,181	731,880	1,527,634	4,674,972
Accumulated depreciation	(48,888)	(798,673)	(339,564)	–	(251,535)	(1,438,660)
Net book amount	62,384	404,333	761,617	731,880	1,276,099	3,236,312
Year ended 30 June 2021						
Opening net book amount	62,384	404,333	761,617	731,880	1,276,099	3,236,312
Exchange differences	(3,429)	(24,810)	(108,507)	(109,343)	(58,114)	(304,202)
Additions	87,065	633,392	2,291,615	3,053,017	1,567,583	7,632,673
Additions from business combinations	26,035	–	–	–	–	26,035
Transfers	–	–	750,410	(2,830,110)	788,411	(1,291,289)
Depreciation charge	(40,523)	(340,920)	(658,714)	–	(538,497)	(1,578,654)
Closing net book amount	131,533	671,995	3,036,422	845,445	3,035,482	7,720,877
At 30 June 2021						
Cost	218,281	1,778,644	3,958,302	845,445	3,777,736	10,578,408
Accumulated depreciation	(86,748)	(1,106,648)	(921,880)	–	(742,254)	(2,857,530)
Net book amount	131,533	671,995	3,036,422	845,445	3,035,482	7,720,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

15. INTANGIBLE ASSETS

	LICENCES AND MARKET ACCESS \$	SOFTWARE \$	BETTING PLATFORM DEVELOPMENT \$	GOODWILL \$	CUSTOMER CONTRACTS \$	NON-COMPETE AGREEMENTS \$	TOTAL \$
At 30 June 2020							
Cost	47,044,081	126,006	14,118,887	–	–	–	61,288,974
Accumulated amortisation	(1,561,474)	(15,315)	(2,930,086)	–	–	–	(4,506,874)
Net book amount	45,482,607	110,691	11,188,801	–	–	–	56,782,100
Year ended 30 June 2021							
Opening net book amount	45,482,607	110,691	11,188,801	–	–	–	56,782,100
Exchange differences	(4,022,388)	(2,768)	322,019	820,215	130,007	347,741	(2,405,174)
Additions	16,001,413	–	15,576,063	–	–	–	31,577,476
Additions from business combinations (a)	–	–	10,417,451	35,885,597	5,417,025	14,489,385	66,209,457
Impairment of assets	(1,308,021)	–	–	–	–	–	(1,308,021)
Disposals	–	–	–	–	–	–	–
Amortisation charge	(3,508,978)	(11,818)	(3,446,986)	–	(357,899)	(957,302)	(8,282,982)
Closing net book amount	52,644,633	96,106	34,057,348	36,705,812	5,189,133	13,879,823	142,572,856
At 30 June 2021							
Cost	57,531,651	121,978	40,437,051	36,705,812	5,548,926	14,842,194	155,187,613
Accumulated amortisation	(4,887,018)	(25,873)	(6,379,703)	–	(359,793)	(962,371)	(12,614,758)
Net book amount	52,644,633	96,106	34,057,348	36,705,812	5,189,133	13,879,823	142,572,856

(A) ADDITIONS FROM BUSINESS COMBINATIONS

Customer contracts, internally generated betting platform development and non-compete agreements are identifiable intangible assets that were acquired from the acquisition of Banach Technology Limited on 20 April 2021.

The customer contracts are existing service contracts with external customers. These contracts have been acquired with a remaining contractual term of between 1 and 3 years, with the option to renew at the end of the contract at little or no cost to the Company.

The non-compete agreements are the contractual agreements between the Company and key executives and key personnel that prohibited from being employed, or otherwise engaged in any business in competition with the business for a period post completion of the acquisition. The non-complete agreements have been assessed with a useful economic life of 3 years.

The internally generated betting platform development has been acquired with useful economic life of 5 years.

As at 30 June 2021 these assets were tested for impairment.

(B) IMPAIRMENT TESTING

i) Licenses and market access intangible assets

The licence and market access intangible assets belong to the USA operating segment which management has determined to be a separate cash-generating unit. The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation using a discounted cash flow model, based on a 10 year projection period approved by management, together with a terminal value.

The length of the State licence and market access rights range between 10 to 25 years.

The following key assumptions were used in the discounted cash flow model for the USA operating segment:

- 14.6% pre-tax discount rate;
- The increase in Revenue has been determined based on the expected size of the market and management's assessment of market share gained within each State;
- The enabling legislation is expected to pass in Kansas, Louisiana, Mississippi, Maryland and Missouri within the next two years; and;
- New York has been excluded – the existing market access intangible relating to the Company's option agreement with American Racing and Entertainment LLC, the owner of Tioga Downs Casino Resort in New York has been written-down \$1.3 million to NIL value, as the carrying amount of the intangible asset relating to the New York option exceeded its recoverable amount. This impairment followed a change in the regulatory structure for sports betting authorisation in New York.

The discount rate of 14.6% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the USA operating segment.

Sensitivity

As disclosed in Note 4, the directors have made judgements and estimates in respect of impairment testing of non-financial assets other than goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur the resulting carrying amount of these assets may decrease.

The sensitivities are as follows:

- EBITDA would need to decrease by more than 81.7% for the USA operating segment before licence and market access intangible assets would need to be impaired, with all other assumptions remaining constant; and
- The discount rate would be required to increase by 22.4% for the USA operating segment before licence and market access intangible assets would need to be impaired, with all other assumptions remaining constant.

(ii) Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

GOODWILL	CONSOLIDATED	
	2021 \$	2020 \$
PointsBet Europe	32.8	–
United States – ADW Racing	3.9	–
Total	36.7	–

PointsBet Europe CGU

The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation using a discounted cash flow model, based on a 10-year projection period approved by management, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the PointsBet Europe CGU:

- 15.4% (2020: NIL) pre-tax discount rate;
- The increase in Revenue and Expenses has been determined based on the expected growth in the size of the online sports betting market, in particular the United States and management's assessment of B2B revenues to be generated from existing clients and internal revenues generated from the United States and Australian Trading segments in line with the segment and market share growth from the increased and more advanced product offering and the associated operating costs and overheads to service the cash generating unit.
- Based on the above, the recoverable amount of the PB Europe CGU exceeded the carrying amount by \$197.8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

Sensitivity

As disclosed in Note 4, the directors have made judgements and estimates in respect of impairment testing of non-financial assets other than goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur the resulting goodwill carrying amount of these assets may decrease.

The sensitivities are as follows:

- EBITDA would need to decrease by more than 59.5% for the PointsBet Europe CGU before goodwill would need to be impaired, with all other assumptions remaining constant; and
- The discount rate would be required to increase by 14.7% for the PointsBet Europe CGU before goodwill assets would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of PointsBet Europe CGU's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this could result in a further impairment charge for the PointsBet Europe CGU's goodwill.

United States – ADW Racing CGU

The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5-year projection period approved by management, together with a terminal value.

The following key assumptions were used in the discounted cash flow model for the United States – ADW Racing CGU:

- 14.6% (2020: NIL) pre-tax discount rate.
- The increase in Revenue and Expenses has been determined based on the managements assessment over the expected growth in market share that the of the United States - ADW Racing CGU's revenues to be generated from clients from the overall United States segment, and the additional operating costs and overheats to service the cash generating unit.
- Based on the above, the recoverable amount of the United States ADW Racing CGU exceeded the carrying amount by \$8.5 million.

Sensitivity

As disclosed in Note 4, the directors have made judgements and estimates in respect of impairment testing of non-financial assets other than goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur the resulting goodwill carrying amount of these assets may decrease.

The sensitivities are as follows:

- EBITDA would need to decrease by more than 67.5% for the United States – ADW Racing CGU before goodwill would need to be impaired, with all other assumptions remaining constant; and
- The discount rate would be required to increase by 14.2% for the United States – ADW Racing CGU before goodwill assets would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the United States – ADW Racing CGU's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this could result in a further impairment charge for the United States ADW Racing CGU's goodwill.

16. DEFERRED TAX ASSETS/LIABILITIES

	2021 \$	2020 \$
The balance comprises temporary differences attributable to:		
Tax losses	75,723,633	22,891,747
Less: temporary differences not recognised	(82,176,311)	(25,390,845)
Employee entitlements (LSL & AL)	896,137	418,499
Business combinations	337,098	–
Provisions for chargebacks	61,971	23,746
Black hole expenditure	1,782,456	802,162
Other accruals	3,652,599	789,037
Carry-forward R&D tax offset credits	6,920,109	3,570,059
Foreign currency translations & revaluations	2,627,946	–
Lease liability	1,208,040	2,554,173
Total deferred tax assets	11,033,678	5,658,578
Foreign currency translations and revaluations	158,387	(180,827)
Intangible assets	(4,924,183)	(2,830,568)
Plant and equipment	(1,292,895)	(72,915)
Prepayments	(4,326,135)	(250,641)
Right-of-use-asset	(469,256)	(2,323,626)
Total deferred tax liabilities pursuant to set-off provisions	(10,854,082)	(5,658,578)
Deferred tax liabilities recognised as a result of business combinations	9,396,405	–
Net deferred tax liabilities	9,576,001	–

17. OTHER NON-CURRENT ASSETS

	2021 \$	2020 \$
Non-current assets		
Rental bonds	1,913,784	1,507,985
Prepayment	136,434,244	–
Deposits held in escrow	11,211,081	–
Total	149,559,110	1,507,985

Prepayments include a prepayment for future marketing, representing an offset to the total cash marketing commitment across the five years under the NBCUniversal Media Partnership.

NBCUniversal were issued \$65.3 million of new fully paid ordinary shares in the Company representing a 4.9% ownership interest and 66.88 options maturing in five years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

18. TRADE AND OTHER PAYABLES

	2021			2020		
	CURRENT \$	NON-CURRENT \$	TOTAL \$	CURRENT \$	NON-CURRENT \$	TOTAL \$
Trade payables	6,174,298	–	6,174,298	7,476,563	–	7,476,563
Accrued expenses	30,593,503	–	30,593,503	5,249,510	–	5,249,510
Other payables	2,635,775	–	2,635,775	1,917,538	–	1,917,538
Trade and other payables	39,403,576	–	39,403,576	14,643,611	–	14,643,611

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

19. NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

(A) MOVEMENTS IN RIGHT-OF-USE ASSETS

	\$
Opening net book amount (1 July 2020)	8,337,220
Non-cash additions	2,935,059
Exchange rate difference	400,946
Depreciation	(2,534,803)
At 30 June 2021	
Net book amount	9,138,422

Non-cash additions to the right-of-use assets during the year were \$2,935,059.

The Group leases buildings for its offices under agreements of between three and five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The group also leases plant and equipment under agreements of between one to three years.

The Group leases office equipment under agreements of less than three years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

(B) LEASE LIABILITIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2021 \$	2020 \$
Current	2,603,084	874,810
Non-current	9,036,396	8,168,651
Total lease liabilities	11,639,481	9,043,461

(C) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2021 \$	2020 \$
Depreciation expenses of right-of-use assets	(2,534,803)	(1,432,840)
Interest expense on lease liabilities	(640,475)	(478,921)
Total amount recognised in profit or loss	(3,175,278)	(1,911,762)

(D) CHANGES IN LEASE LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2021 \$	2020 \$
Opening balance	9,043,461	–
Net cash used in financing activities	(2,056,309)	(467,917)
Acquisition of leases	4,652,328	9,511,378
Total lease liabilities	11,639,481	9,043,461

20. EMPLOYEE BENEFIT OBLIGATIONS

	2021			2020		
	CURRENT \$	NON-CURRENT \$	TOTAL \$	CURRENT \$	NON-CURRENT \$	TOTAL \$
Leave obligations	2,602,017	188,674	2,790,691	1,256,029	83,677	1,339,706
Total employee benefit obligations	2,602,017	188,674	2,790,691	1,256,029	83,677	1,339,706

Leave Obligations

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required year of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the annual leave provision of \$2,602,017 (2020 – \$1,256,029) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

21. PROVISIONS

	2021			2020		
	CURRENT \$	NON-CURRENT \$	TOTAL \$	CURRENT \$	NON-CURRENT \$	TOTAL \$
Provision for chargebacks (a)	89,091	–	89,091	79,157	–	79,157
Provision for lease incentive (a)	–	–	–	–	–	–
Lease make good (a)	306,691	–	306,691	195,959	–	195,959
Total provisions	395,782	–	395,782	275,116	–	275,116

(A) INFORMATION ABOUT INDIVIDUAL PROVISIONS AND SIGNIFICANT ESTIMATES

Provision for chargebacks

Provision for chargebacks represents an estimate of expected payments for losses on fraudulent or disputed payment transactions.

Provision for lease incentive

Provision for lease incentives represents a rental lease incentive provided for the group's office leases and amortised over the contractual lease incentive period.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the group at the end of the respective lease terms.

(B) MOVEMENTS IN PROVISIONS

Movements in each class of provision during the financial year are set out below:

	PROVISION FOR CHARGEBACKS \$	PROVISION FOR LEASE INCENTIVE \$	MAKE GOOD PROVISIONS \$	TOTAL \$
Consolidated 2021				
Carrying amount at start of year	79,157	–	195,959	275,116
Charged/credited to profit or loss	–	–	110,732	110,732
– additional provisions recognised	9,934	–	–	9,934
Amounts used during the year	–	–	–	–
Carrying amount at end of year	89,091	–	306,691	395,782
Consolidated 2020				
Carrying amount at start of year	–	–	–	–
Charged/credited to profit or loss	77,371	169,912	171,389	418,672
– additional provisions recognised	–	–	–	–
Amounts used during the year	1,786	(169,912)	24,570	(143,556)
Carrying amount at end of year	79,157	–	195,959	275,116

22. OTHER FINANCIAL LIABILITIES

	2021			2020		
	CURRENT \$	NON-CURRENT \$	TOTAL \$	CURRENT \$	NON-CURRENT \$	TOTAL \$
Pending bets – at fair value	4,148,681	–	4,148,681	1,523,913	–	1,523,913

23. OTHER CURRENT LIABILITIES

	2021 \$	2020 \$
Deferred income	199,940	434,773
Player cash accounts	26,470,969	7,441,413
Market access liability	4,935,900	–
	31,606,809	7,876,186

24. OTHER NON-CURRENT LIABILITIES

	2021 \$	2020 \$
Market access liability	666,995	4,344,571

25. FINANCIAL LIABILITIES

	2021 \$	2020 \$
Financial Liability	76,078,497	–

Refer to Note 35(b) for details around the NBC Universal transaction and the recognition of the financial liability debt component of the Consideration Options issued as part of the transaction.

26. CONTRIBUTED EQUITY

(A) SHARE CAPITAL

	2021 SHARES	2020 SHARES	2021 \$	2020 \$
Ordinary shares				
Fully paid	207,738,937	152,835,021	666,129,692	261,758,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(B) MOVEMENTS IN ORDINARY SHARES:

DETAILS	DATE	SHARE PRICE \$	NUMBER OF SHARES	TOTAL \$
Balance at 1 July 2020	1/07/2020	–	152,835,021	261,758,201
Exercise of options – ESOP	3/07/2020	0.68	346,464	412,755
Exercise of options – ESOP	8/09/2020	0.04	412,740	264,423
Exercise of options – ESOP	18/11/2020	0.02	128,651	77,608
Exercise of options – ESOP	29/04/2021	0.08	23,517	17,488
Exercise of options – ESOP	11/05/2021	0.08	217,814	161,979
Exercise of options – ESOP	12/05/2021	0.08	112,555	83,702
Exercise of options – ESOP	18/05/2021	0.08	3,773	2,806
Exercise of options – ESOP	17/06/2021	–	–	3,049
Exercise of options – Listed	22/12/2020	13.00	235	3,597
Exercise of options – Listed	28/01/2021	13.00	1,095	16,760
Exercise of options – Listed	25/02/2021	13.00	5,731	87,716
Exercise of options – Listed	26/03/2021	13.00	576	8,816
Exercise of options – Listed	23/04/2021	13.00	62	949
Exercise of options – Listed	26/05/2021	13.00	486	7,438
Exercise of options – Listed	25/06/2021	13.00	18	275
Issued capital – NBC Universal transaction	18/11/2020	6.50	10,043,696	65,284,024
Capital raising – Placement	9/09/2020	11.00	18,181,819	200,000,009
Capital raising – Institutional entitlement offer	14/09/2020	6.50	10,838,044	70,447,286
Capital raising – Retail entitlement offer	1/10/2020	6.50	12,735,366	82,779,879
Listed Options Adjustment	1/10/2020	–	–	(27,178,684)
Issued Capital – ABG-Shaq LLC	28/01/2021	11.73	55,293	648,587
Issued Capital – NHL Enterprises LP	23/01/2021	15.11	43,106	653,332
Issued Capital – Banach Technology Acquisition	21/04/2021	12.96	1,752,875	22,717,260
Less: Share issue costs			–	(974,052)
Less: Share issue costs – placement			–	(6,054,669)
Less: Share issue costs – institutional entitlement offer			–	(2,210,675)
Less: Share issue costs – retail entitlement offer			–	(2,547,211)
Less: Share issue costs – other			–	(342,955)
Balance 30 June 2021			207,738,937	666,129,692

(C) CAPITAL RAISING

On 25 September 2020, PointsBet completed a \$353.2 million capital raise. Under the offer, PointsBet raised:

- \$200 million at \$11.00 per share under a placement; and
- \$153.2 million at \$6.50 per share under a 1 for 6.5 pro rata accelerated renounceable entitlement offer with retail rights trading.

(D) ISSUED CAPITAL

(i) ABG-Shaq LLC

On 25 January 2021, the Company announced that it had appointed professional basketball champion and three-time MVP, Shaquille as the Company's Australian brand ambassador.

As part of the 12-month endorsement agreement ABG-Shaq, LLC as consideration, the Company issued to ABG-Shaq, LLC 55,293 shares in the Company, calculated using the 5 day VWAP were issued.

(ii) NHL Enterprises LP

On 10 February 2021 the Company announced a multi-year strategic partnership with the National Hockey League (NHL), naming PointsBet an "Official Sports Betting Partner of the NHL".

As part of the partnership, the Company has agreed to issue the NHL 43,106 fully paid ordinary shares based on the 20-day trading volume weighted average price of shares on the Australian Securities Exchange immediately prior to 5 February 2021. The shares will be in a holding lock, released in equal proportions after 12, 24 and 36 months respectively.

(iii) Banach Technology Acquisition

On 20 April 2021, the Company via its wholly owned Irish subsidiary Lockspell Limited, completed the acquisition of Banach Technology Limited ("Banach").

Under the share purchase agreement ("SPA") in addition to cash consideration 1,752,875 Company shares, calculated using the 20-day VWAP were issued. Refer to note (Note 37).

(iv) NBCUniversal Media LLC

On 28 August 2020, PointsBet USA Inc. ("PointsBet"), a wholly owned subsidiary of PointsBet Holdings Limited ("The Group") and NBCUniversal Media LLC ("NBCUniversal"), a subsidiary of Comcast Corporation entered into a five-year media partnership.

Under the Subscription Agreement, NBCUniversal were issued with new fully paid ordinary shares in the Company representing a 4.9% ownership interest ("Consideration Shares") and 66.88 million options maturing in five years ("Consideration Options").

(E) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares presents at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(F) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the Consolidated Statement of Financial Position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as appropriate in managing its capital structure.

The Group would only look to raise capital when an opportunity to invest in the company and seen as value adding relative to the current company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

27. RESERVES AND ACCUMULATED LOSSES

(A) RESERVES

The following table shows a breakdown of the Consolidated Statement of Financial Position line item 'other reserves' and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

DETAILS	NOTES	SHARE-BASED PAYMENTS \$	FOREIGN CURRENCY TRANSLATION \$	TOTAL OTHER RESERVES \$
At 1 July 2019		1,747,377	137,554	1,884,931
Other currency translation differences		–	(448,355)	(448,355)
Transactions with owners in their capacity as owners:				
Share-based payment – Penn transaction		4,199,845	–	4,199,845
Share-based payment expenses – ESOP	35(f)	3,412,592	–	3,412,592
Options exercised in the year		(199,274)	–	(199,274)
At 30 June 2020		9,160,540	(310,801)	8,849,739
Other currency translation differences		–	(12,046,946)	(12,046,946)
Transactions with owners in their capacity as owners:				
Share-based payment – NBCUniversal Media LLC		32,621,168	–	32,621,168
Listed Options		27,159,773	–	27,159,773
Share-based payment expenses – ESOP	35(f)	6,409,457	–	6,409,457
Options exercised in the year (ESOP and Listed Options)		(760,175)	–	(760,175)
Share-based payment expenses – ABG-Shaq LLC		399,629	–	399,629
At 30 June 2021		74,990,392	(12,357,748)	62,632,644

(i) Nature and purpose of other reserves

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees under the ESOP plan but not yet vested and/or not yet exercised.
- the grant date fair value of options issued to Penn ('PNG') but not exercised.
- the grant date fair value of performance share rights issued to employees but not yet vested.
- the grant date fair value of options issued to ABG-Shaq but not exercised.
- the grant date fair value of options issued to NBCUniversal but not exercised.
- the grant date fair value of listed options and traded on the ASX not exercised.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 1(e) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(B) ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	2021 \$	2020 \$
Balance 1 July	(93,482,644)	(52,019,255)
Loss for the year	(187,130,504)	(41,463,389)
Balance 30 June	(280,613,148)	(93,482,644)

28. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

(A) RSM AUSTRALIA PARTNERS**(i) Audit and other assurance services**

	2021 \$	2020 \$
Audit review of financial statements	175,840	122,600
Total remuneration for audit and other assurance services	175,840	122,600

(ii) Other Services

	2021 \$	2020 \$
Other services	43,266	22,840
Total remuneration for other services	43,266	22,840
Total auditors' remuneration	219,106	145,440

(B) RSM US LLP**(i) Audit and other assurance services**

	2021 \$	2020 \$
Audit review of financial statements	217,580	–
Total auditors' remuneration	217,580	–

(ii) Other Services

	2021 \$	2020 \$
Other services	20,468	–
Total remuneration for other services	20,468	–
Total auditors' remuneration	238,048	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

(C) RSM IRELAND

(i) Audit and other assurance services

	2021 \$	2020 \$
Audit review of financial statements	5,942	–
Total auditors' remuneration	5,942	–

(ii) Other Services

	2021 \$	2020 \$
Other services	75,000	–
Total remuneration for other services	75,000	–
Total auditors' remuneration	80,942	–

29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no contingent liabilities nor contingent assets as at 30 June 2021 (2020: nil).

30. COMMITMENTS

(A) CAPITAL COMMITMENTS

	2021 \$	2020 \$
Retail Sportsbook Fitout		
Within one year	5,389,318	7,086,920
Later than one year but not later than five years	533,596	–
Total	5,922,914	7,086,920
Licences and market access		
Within one year	177,421	7,994,010
Later than one year but not later than five years	–	6,082,399
Total	177,421	14,076,409

(B) OTHER COMMITMENTS

	2021 \$	2020 \$
Commitments for the payment of operational expenses under long-term contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	4,335,466	3,965,628
Later than one year but not later than five years	17,341,866	14,481,902
Total	21,677,332	18,447,530

31. RELATED PARTY TRANSACTIONS

(A) PARENT ENTITIES

The group is controlled by the following entities:

NAME	TYPE	PLACE OF INCORPORATION	2021	2020
PointsBet Holdings Limited	Immediate and ultimate group parent entity	Australia	100%	100%

(B) SUBSIDIARIES

Interests in subsidiaries are set out in Note 32(a).

(C) KEY MANAGEMENT PERSONNEL AND NON-EXECUTIVE DIRECTOR REMUNERATION COMPENSATION

	2021 \$	2020 \$
Short-term employee benefits	2,162,575	1,662,109
Post-employment benefits	150,430	106,636
Long-term benefits	18,395	48,843
Share-based payments	2,421,630	1,519,115
	4,753,030	3,336,703

(D) TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

	2021 \$	2020 \$
<i>Sales and purchases of goods and services</i>		
Payment for services from AP Symons	245,000	108,349
Payment for services from MG Singh	682,675	–
Total	927,675	108,349

AP Symons, a Non-Executive Director, is Managing Director and majority beneficial owner of Clarendon Lawyers, the Company's Australian legal advisor and material services provider to the Company.

MG Singh, an Executive Director, is the founder, owner and director of Druvstar, the Company's managed security services provider. Manjit receives no compensation from Druvstar, has no operational day-to-day control of the business and transacts on an arms-length basis with the Company.

As at 30 June 2021 there are no outstanding amounts payable with related parties.

(E) TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

(F) LOANS TO/FROM RELATED PARTIES

There were no loans to or from related parties at the current and previous reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

32. INTEREST IN SUBSIDIARIES

(A) MATERIAL SUBSIDIARIES

The Group's principal subsidiaries at 30 June 2021 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	2021 %	2020 %	PRINCIPAL ACTIVITIES
PointsBet Australia Pty Ltd	Australia	100	100	Online sports betting
PointsBet Pty Ltd	Australia	100	100	Software development
PointsBet USA Holding Inc	USA	100	100	Holding company
PointsBet USA Inc	USA	100	100	Holding company
PB Tech & Advisory LLC	USA	100	100	Gaming support services
PointsBet New York LLC	USA	100	100	Dormant entity
PointsBet New Jersey LLC	USA	100	100	Online sports betting, iGaming
PointsBet Colorado LLC	USA	100	100	Online sports betting
PointsBet Illinois LLC	USA	100	100	Online and retail sports betting
PointsBet Iowa LLC	USA	100	100	Online and retail sports betting
PointsBet Michigan LLC	USA	100	100	Online sports betting, iGaming
PointsBet Michigan Retail LLC	USA	100	100	Retail sports betting, (Dormant entity)
PointsBet West Virginia LLC	USA	100	100	Online sports betting, iGaming
PointsBet Indiana LLC	USA	100	100	Online sports betting
PointsBet Ohio LLC	USA	100	100	Dormant entity
PointsBet Kansas LLC	USA	100	100	Dormant entity
PointsBet Pennsylvania LLC	USA	100	–	Dormant entity
PointsBet Maryland LLC	USA	100	–	Dormant entity
PointsBet Arizona LLC	USA	100	–	Dormant entity
PointsBet Canada Holdings Inc.	Canada	100	–	Holding company
PB Canada Support Inc.	Canada	100	–	Gaming support services
PointsBet Canada Operations 1 Inc.	Canada	100	–	Dormant entity
Premier Turf Club LLC	USA	100	–	Pari-mutuel ADW (Advanced Deposit Wagering Services)
Lockspell Limited	Europe	100	–	Holding company
Banach Technology Limited	Europe	100	–	B2B Services, Software Development
Banach Pty Ltd	Australia	100	–	Software development

33. CASH FLOW INFORMATION

(A) RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	NOTES	2021 \$	2020 \$
Loss for the year	27(b)	(187,130,504)	(41,463,389)
Adjustments for:			
Depreciation and amortisation	8	12,202,099	5,119,045
Share-based payments		594,586	–
Share option expense	27(a)	6,409,457	3,412,592
Net exchange differences	7(a)	8,657,926	(2,300,963)
Income tax expense	9	(566,218)	–
Other non-cash adjustments		37,380	(98,915)
Impairment Loss	7(a)	1,308,021	–
Amortisation of R&D income	7(a)	(234,869)	(235,646)
Finance income	7(b)	(824,115)	–
Interest on financial liability	7(b)	3,388,843	–
<i>Change in operating assets and liabilities</i>			
(Increase)/decrease in trade and other receivables		(1,602,241)	223,209
(Increase) in other assets		(16,624,017)	(709,887)
Increase in trade and other payables and deferred income		23,806,895	5,255,903
Increase/(decrease) in player cash accounts		19,029,556	(182,224)
Increase in deferred tax liability		9,576,001	–
Increase in other liabilities/provisions		2,829,976	657,268
Net cash outflow from operating activities		(119,141,226)	(30,323,007)

34. LOSS PER SHARE

(A) BASIC AND DILUTED LOSS PER SHARE

	2021	2020
From continuing operations attributable to the ordinary equity holders of the Company	(97.0)	(29.9)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	(97.0)	(29.9)

(B) RECONCILIATIONS OF LOSSES USED IN CALCULATING LOSS PER SHARE

	2021	2020
<i>Basic earnings per share</i>		
Loss attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	(187,130,504)	(41,463,389)
	(187,130,504)	(41,463,389)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

(C) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED AS THE DENOMINATOR IN CALCULATING BASIC AND DILUTED LOSS PER SHARE

	2021	2020
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	193,012,099	138,625,805
Adjustments for calculation of diluted earnings per share:		
Options	99,917,192	12,282,190
Performance Share Rights	715,380	–
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	293,644,671	150,907,995

(D) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

(i) Options

Options granted to employees under the Employee Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required vesting condition have been met based on time-based vesting condition and to the extent to which they are dilutive. The options have not been included in determination of basic earnings per share.

(ii) Performance share rights granted under the KEEP (Key Employment Equity Plan)

Performance share rights granted under the KEEP to employees under the Employee Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required vesting condition and satisfactory employee performance conditions have been met and to the extent to which they are dilutive. The performance share rights have not been included in determination of basic earnings per share.

Options and performance share rights have been excluded from the above calculations in the current and previous year as their inclusion will be anti-dilutive.

35. SHARE-BASED PAYMENTS

(A) EMPLOYEE OPTION PLAN

Employee Share Option Plan (ESOP) – The terms of the ESOP was disclosed in the Prospectus dated 16 May 2019. The ESOP is designed to provide options over ordinary shares in PointsBet Holdings Limited for senior managers and key management personnel to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Set out below are summaries of options granted under the plan:

DETAILS	2021		2020	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
As at 1 July	\$2.22	12,282,190	\$1.40	9,883,150
Granted during the year	\$3.44	100,000	\$4.28	3,335,452
Exercised during the year	\$0.23	(1,245,514)	\$0.31	(645,393)
Forfeited during the year	\$1.48	(347,957)	\$2.24	(291,019)
At 30 June (weighted average)	\$1.16	10,788,719	\$2.22	12,282,190
Vested and exercisable at 30 June	\$1.37	576,774	\$0.82	1,353,538

No options expired during the years covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	30 JUNE 2021	30 JUNE 2020
20-Feb-17	20-Feb-20	–	–	–
16-Mar-17	16-Mar-20	–	–	–
5-Jul-17	5-Jul-20	–	–	48,794
7-Aug-17	7-Aug-20	–	–	19,619
28-Sep-17	28-Sep-20	–	–	112,554
2-Oct-17	2-Oct-20	–	–	13,959
1-Nov-17	1-Nov-20	–	–	348,980
15-Jan-18	15-Jan-21	–	–	28,170
19-Feb-18	19-Feb-21	–	–	28,170
1-May-18	1-May-21	–	–	45,147
16-May-18	16-May-21	–	–	5,660
29-May-18	29-May-21	0.08	–	23,517
18-Jun-18	18-Jun-21	0.08	–	140,597
30-Jun-18	30-Jun-21	0.08	–	411,607
6-Aug-18	6-Aug-21	0.08	103,371	122,111
17-Sep-18	17-Sep-21	0.08	4,653	4,653
30-Jan-19	30-Jan-23	0.23*	2,298,653	2,326,532
30-Jan-19	30-Jan-24	0.23*	2,030,877	2,125,916
30-Jan-19	30-Jan-25	0.23*	1,995,418	2,095,457
28-Jun-19	30-Jan-24	1.07*	558,094	558,094
28-Jun-19	30-Jan-25	1.07*	537,201	537,201
29-Aug-19	30-Jan-23	1.67*	312,500	312,500
29-Aug-19	31-Mar-23	1.67*	288,250	288,250
29-Aug-19	30-Jan-24	1.67*	423,125	423,125
29-Aug-19	30-Jan-25	1.67*	386,577	386,577
6-Jan-20	6-Jan-25	3.71*	550,000	612,500
6-Jan-20	6-Jan-26	3.71*	550,000	612,500
17-Feb-20	17-Feb-25	4.70*	325,000	325,000
17-Feb-20	17-Feb-26	4.70*	325,000	325,000
3-Jul-20	17-Feb-25	3.44*	50,000	–
3-Jul-20	17-Feb-26	3.44*	50,000	–
			10,788,719	12,282,190
Weighted average remaining contractual life of options at end of period			2.82 years	3.50 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(i) Fair value of options granted

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
3 Jul 20	17 Feb 25	5.82	3.44*	50.00%	0.00%	0.42%	2.8662
3 Jul 20	17 Feb 26	5.82	3.44*	50.00%	0.00%	0.51%	3.0658

(B) NBC UNIVERSAL TRANSACTION

On 28 August 2020, PointsBet USA Inc. ('PointsBet'), a wholly owned subsidiary of PointsBet Holdings Limited ('the group'), entered into an agreement with NBCUniversal Media LLC ('NBCUniversal'), a subsidiary of Comcast Corporation entered into a five-year media partnership.

As part of the 5-year marketing agreement, under which the Company has agreed to a total committed marketing spend of US\$393 million, the Company has entered into a subscription agreement with NBCUniversal ('Subscription Agreement').

Under the Subscription Agreement, NBCUniversal will be issued with new fully paid ordinary shares in the Company representing a 4.9% ownership interest post shareholder approval ('Consideration Shares') and 66.88 million options maturing in five years ('Consideration Options').

The equity component of the 66.88 million Consideration Options (\$31.1 million) represents the fair value of options determined in accordance with Australian Accounting Standards by reference to the fair value of services received and is equal to the Consideration Options Value (\$105.3 million) less the fair value of the debt component forgone should the Consideration Options be exercised (\$72.7 million) on or before the option expiry date.

(C) PBHO LISTED OPTIONS

In September 2020, the Company completed a 1 for 6.5 pro rata accelerated renounceable entitlement offer of New Shares at an Offer Price of \$6.50 per share raising \$153.2 million gross proceeds. Eligible Shareholders received one new option for every two shares issued under the entitlement offer, at no further cost. The New Options will be exercisable at \$12.61* and expire on 30 September 2022.

	NUMBER OF OPTIONS
As at 1 July 2020	–
Granted during the year	11,788,629
Exercised during the year	(8,203)
Forfeited during the year	–
As at 30 June 2021	11,780,426
Vested and exercisable at 30 June 2021	11,780,426

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
1 Oct 20	30 Sep 22	10.79	12.61*	50.00%	0.00%	0.21%	2.3055

(D) KEY EMPLOYEE EQUITY PLAN

Key Employee Equity Plan (KEEP) – The terms of the KEEP were disclosed in the KEEP Plan Rules dated 17 November 2020. The KEEP is a long-term employee share scheme that provides eligible employees to be offered conditional rights to fully paid ordinary shares in the Company upon satisfaction of vesting criteria over the vesting periods for no cash consideration.

During the period, the number of rights issued to eligible employees was 738,893, with the fair value of rights issued to eligible employees being \$5,135,784.

Fair value has been measured at the share price at grant date.

The total expense recognised from the amortisation of performance rights is \$1,287,616.

	NUMBER OF OPTIONS	FAIR VALUE \$	AVERAGE SHARE PRICE AT FAIR VALUE
As at 1 July 2020			
Granted during the year	738,893	5,135,784	6.95
Forfeited during the year	(23,513)	(132,138)	5.62
As at 30 June 2021	715,380	5,003,646	6.99

(E) ABG-SHAQ, LLC BRAND AMBASSADOR TRANSACTION

On 25 January 2021, the Company announced that it had appointed professional basketball champion and three-time MVP, Shaquille as the Company's Australian brand ambassador.

As part of the 12-month endorsement agreement ABG-Shaq, LLC as consideration, the Company issued to ABG-Shaq, LLC 100,000 options to acquire shares in the Company, over three separate tranches with a expiry date 24 months after the vesting date.

(i) Fair value of options granted

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
1 Jan 21	1 Jul 23	11.82	10.77*	50%	0%	0%	3.8415
1 Jan 21	1 Oct 23	11.82	10.77*	50%	0%	0%	3.9980
1 Jan 21	1 Jan 24	11.82	10.77*	50%	0%	0%	4.1495

* Following the completion of the accelerated pro-rata renounceable entitlement offer with retail rights trading announced to ASX on 29 July 2021 (refer to Note 38), the Company changed the exercise prices of its options in accordance with ASX listing Rule 6.22.2 and pursuant to ASX Listing Rule 3.11.2.

(F) EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2021 \$	2020 \$
Options issued under employee option plan (ESOP) and Key Employee Equity Plan (KEEP)	6,409,457	3,412,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

CONTINUED

(G) OTHER SHARE-BASED PAYMENT TRANSACTIONS

Total value of shares issued in consideration for Marketing and Sponsorship related services were as follows:

OTHER SHARE-BASED PAYMENTS	2021 \$	2020 \$
Shares issued relating in consideration for marketing and sponsorship related services	1,301,919	–
Total	1,301,919	–

36. PARENT ENTITY FINANCIAL INFORMATION

	2021 \$	2020 \$
Balance sheet		
Current assets	193,036,608	117,555,569
Non-current assets	598,643,618	148,547,480
Total assets	791,680,226	266,103,049
Current liabilities	1,547,281	567,433
Non-current liabilities	76,156,742	51,958
Total liabilities	77,704,023	619,391
Net assets	713,976,203	265,483,658
Shareholders' Equity		
Share capital	666,129,687	261,758,196
Other reserves	74,967,456	9,158,809
Accumulated losses	(27,120,940)	(5,433,347)
Total equity	713,976,203	265,483,658
(Loss)/gain for the year	(21,687,593)	420,014
Total comprehensive (loss)/gain	(21,687,593)	420,014

(A) GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The parent entity did not enter any guarantees as at 30 June 2021 or 30 June 2020.

(B) CONTINGENT LIABILITIES OF THE PARENT ENTITY

The parent entity did not have any contingent liabilities as at 30 June 2021 or 30 June 2020. For information about guarantees given by the parent entity, please see above.

(C) CONTRACTUAL COMMITMENTS OF THE PARENT ENTITY

The parent entity did not have contractual commitment as at 30 June 2021 or 30 June 2020.

(D) DETERMINING THE PARENT ENTITY FINANCIAL INFORMATION

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for the following:

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of PointsBet Holdings Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting year as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

37. BUSINESS COMBINATIONS

ACQUISITION OF BANACH TECHNOLOGY LIMITED

On 20 April 2021, the Company via its wholly owned Irish subsidiary Lockspell Limited, completed the acquisition of Banach Technology Limited ('Banach'), a Dublin-based provider of proprietary risk management platforms and quantitative driven trading models that support complex pre-game and in-play betting products across numerous sports, including the four major American sports and international soccer.

Under the share purchase agreement ('SPA') the transaction highlights include:

- Base consideration US\$43 million on a cash and debt free basis. The base consideration will be paid 55% in cash and the remainder in scrip (being 1,752,875 Company shares, calculated using the 20-day VWAP immediately prior to the date of the SPA).
- The Company provided Banach US\$4.0 million in funding to assist in the conversion process of existing equity options. This amount has been retained by the Company post completion of the transaction.

The Acquisition meets the requirements of AASB 3 *Business Combinations* therefore Banach has been consolidated into the financial statements of the Group from the date of the acquisition, being 20 April 2021.

The accounting for the acquisition of Banach Technologies Limited has been finalised at 30 June 2021.

The fair value of the consideration has been determined using the market price of the Company's shares at the date of the Acquisition less transaction costs.

A valuation was undertaken in relation to acquired intangibles with respect to internally generated software intangibles, customer contracts, and non-compete arrangements.

The replacement cost approach was used to value the internally generated software intangibles. This method estimates the fair value of the costs necessary to construct a similar asset of equivalent utility at the time of reconstruction.

The multiperiod excess earnings method (MEEM) was used to derive the value of customer contracts. The MEEM considers the present value of net cash flows expected to be generated by the customer contracts adjusted for charges relating to the supporting assets used to derive that income.

The With and Without method was used to derive the value of non-compete agreements ('NCA'). The With and Without method estimates the fair value based on the difference between the present value of the net cash flows of the business reflecting the NCA in place and the present value of the net cash flows of the business reflecting the expected loss of earnings and cash flows if the NCA was not in place.

Goodwill has been measured as the excess of consideration over the identifiable net assets of Banach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021
CONTINUED

Details of the acquisition are as follows:

	NOTES	FAIR VALUE \$'000
Cash and cash equivalents	10	6,959
Trade receivables	11	165
Prepayments and Other Assets	12	25
Plant and equipment	14	22
Customer contracts	15	5,417
Software Intangibles	15	10,417
Non-Compete Agreements	15	14,489
Trade payables	18	(698)
Deferred tax liability	16	(9,963)
Employee benefits	8	(12)
Total identifiable net assets at fair value		26,822
Goodwill arising on acquisition		32,121
Purchase consideration		58,942
Acquisition costs expensed to profit or loss		629
Purchase consideration:		
Shares issued in PointsBet Holdings Limited at fair value		22,717
Cash consideration		31,120
Funding to convert existing equity options		5,105
Total purchase consideration		58,942

ACQUISITION OF PREMIER TURF CLUB, LLC – BETPTC.COM

On 1 June 2021, the Company via its wholly owned subsidiary PointsBet USA Inc. completed the acquisition of Premier Turf Club, LLC ('PTC').

Premier Turf Club is an active pari-mutuel Advance Deposit Wagering (ADW) operator, licensed by the Oregon Racing Commission and is set to situate PointsBet within the growing US online racing market (thoroughbreds, harness and greyhounds) as the Company continues its rapid expansion across the United States.

Under the membership interest purchase agreement, the transaction highlights include:

- Cash consideration of US\$2.7 million.
- Deferred consideration payment of US\$0.2 million to be paid over 12 equal monthly instalments.

The Acquisition meets the requirements of AASB 3 Business Combinations therefore PTC has been consolidated into the financial statements of the Group from the date of the acquisition, being 1 June 2021.

The initial accounting for the acquisition is incomplete at 30 June 2021. The amounts reported for the business combination is provisional at the reporting date.

Goodwill has been measured as the excess of consideration over the identifiable net assets of PTC.

Details of the acquisition are as follows:

	NOTES	FAIR VALUE \$'000
Cash and cash equivalents	10	836
Prepayments & Other Assets	12	79
Player cash accounts	13	(777)
Trade payables	18	(443)
Total identifiable net assets at fair value		(306)
Goodwill arising on acquisition		3,765
Purchase consideration		3,459
Acquisition costs expensed to profit or loss		226
Purchase consideration:		
Cash consideration		3,489
Deferred consideration		258
Working capital adjustment		(289)
Total purchase consideration		3,459

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

In August 2021, the Company completed an underwritten capital raising of approximately \$400 million comprising:

- a fully underwritten institutional placement to raise \$215 million. The placement price was to be at fixed price of \$10.00 per share; and
- a fully underwritten 1 for 9 accelerated pro rata renounceable entitlement offer, with retail rights trading to raise approximately \$185 million at \$8.00 per share.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

30 JUNE 2021

In the directors' opinion:

- (a) the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- (c) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors.



BWF PATON

Chairman

Cremorne

31 August 2021

INDEPENDENT AUDITOR'S REPORT



RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT To the Directors of PointsBet Holdings Limited

Opinion

We have audited the financial report of PointsBet Holdings Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

CONTINUED



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Betting wins and losses Refer to Note 6 in the financial statements	
The Group earned revenue from customers of \$194,657,501 from net betting wins. The completeness and accuracy of revenue recognised is dependent on the interfacing systems within the betting platform, and is reliant on the IT control environment and the controls around reconciling reports received from the betting platform. The accuracy of net revenue reported may be impacted by a failure of the betting platform to correctly measure wins and losses in accordance with AASB 9 <i>Financial Instruments</i>.	Our audit procedures in relation to betting wins and losses included: • Testing IT general controls of the systems within the betting platform including the interface between these systems and the completeness and accuracy of reports generated from the betting platform; • Performing data analytics testing on the data held in the Australian betting platform and the data warehouse (collectively "the systems") to ensure the systems accurately reflect all bets made. The assessment procedures involved the use of data analytic testing on extracts of the systems, in addition to client walkthroughs and sample testing where data analytics may not be suitable. The testing covered both the integrity of the data itself and the integrity of the systems as a collective; • Performing detailed testing on a sample of bets placed to confirm their appropriate settlement, check that the win or loss was recorded correctly; and • Performing detailed testing on a sample of player accounts to confirm the existence of the customer.



Key Audit Matters (continued.)

Key Audit Matter	How our audit addressed this matter
Business Acquisitions Refer to Note 37 in the financial statements	
In April 2021 the Group completed the 100% acquisition of Irish company, Banach Technology Limited ("Banach"). The Group also acquired a US company, Premier Turf Club LLC ("PTC"), in May 2021. These acquisitions were considered Key Audit Matters as the accounting for the transactions are complex, and involves significant judgements in applying the accounting standards. This includes the recognition and valuation of consideration paid, and the determination of the fair value of the assets and liabilities acquired. As at 30 June 2021, the accounting for the PTC acquisition is on a provisional basis and the identification and valuation of intangible assets has not yet been performed.	Our audit procedures included, among others: • Obtaining the share purchase agreements and other associated documents to understand the key terms and conditions, and ensuring that the transactions have been accounted for in compliance with AASB 3 <i>Business Combinations</i>; • Substantively tested the cash consideration and issued capital consideration against relevant supporting documentation (i.e. bank statements, share issue notice); • Assessing the completeness of tangible and intangible assets and liabilities acquired; • Reviewing the work performed by management's experts on the valuation of the identified tangible and intangible assets and the reasonableness of underlying assumptions in their respective valuations; with reference to the requirements of ASA 500 <i>Audit Evidence</i>, which establishes mandatory requirements in relation to using the work of a management's expert; and • Assessing the adequacy of the disclosures in respect of the business acquisition to ensure it was in line with AASB 3.

INDEPENDENT AUDITOR'S REPORT

CONTINUED



Key Audit Matters (continued.)

Key Audit Matter	How our audit addressed this matter
Impairment of intangible assets Refer to Note 15 in the financial statements	
The Group has \$142,572,856 of Intangible Assets as at 30 June 2021. This balance includes \$52,644,633 of US licences and market access rights, along with \$36,705,812 of Goodwill in relation to the acquisitions of Banach and PTC during the year. We identified this area as a Key Audit Matter due to the size of the Intangible Assets balance, and because the directors' assessment of the 'value in use' of the cash generating units ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them. For the year ended 30 June 2021 management performed an impairment assessment over the US licence and market access rights and Goodwill by: - Identifying the CGU to which the intangible asset belongs; - Calculating the value in use for the CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for 10 years, with a terminal growth rate applied to the 10th year. These cash flows were then discounted to net present value using CGU specific weighted average cost of capital ("WACC"); and - Comparing the resulting value in use of the CGU to the respective book values. Management also performed a sensitivity analysis over the value in use calculation, by varying the assumptions used (EBITDA growth and WACC) to assess the impact on the valuations.	Our audit procedures in relation to management's assessment of impairment included: - Assessing management's determination that the US licences and market access rights should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported; - Assessing management's determination of the CGUs to which the Goodwill is allocated; - Assessing the valuation methodologies used; - Challenging the reasonableness of key assumptions, including the cash flow projections, discount rates, and sensitivities used; - Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and - Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial report in relation to the valuation methodologies.


Key Audit Matters (continued.)

Key Audit Matter	How our audit addressed this matter
NBC Universal Transaction Refer to Note 26 and 35 in the financial statements	
In August 2020, the Group entered into a 5 year marketing agreement with NBC Universal Media LLC ("NBC Universal"), with the Group committing to a marketing spend of \$USD 393 million over the life of the agreement. The marketing spend will be paid to NBC Universal via a combination of cash, ordinary shares, and share options based on the terms of the agreement. The transaction was considered a Key Audit Matter as it was complex and there were multiple elements within the agreement which required separate valuation and accounting.	Our audit procedures in relation to the transaction included: • Reviewing the marketing agreement to understand the key terms and conditions, and ensuring that the transaction has been accounted for in compliance with the appropriate accounting standards; • Testing the initial consideration of the shares transferred; • Determining the correct accounting treatment of the share options under AASB 2 <i>Share Based Payments</i>; and • Reviewing management's calculation of the fair value of the debt component of the share option, including assessment of the Group's cost of debt.
Share based payments Refer to Note 35 in the financial statements	
PointsBet have an employee share option plan (ESOP) and key employee equity incentive plan (KEEP) as part of the remuneration packages for employees. A significant number of share options were also issued as part of the NBC Universal transaction, along with other marketing contracts executed by the Group. We identified share-based payments as a Key Audit Matter due the complexity in the valuation of the options and rights issued, which include estimates made by management in relation to the achievement of vesting and other market related conditions. There is a risk that the value and accounting of the options have not been accounted for appropriately in accordance with AASB 2 <i>Share Based Payments</i>.	Our audit procedures in relation to share based payments included: • Reviewing the reasonableness of option valuation inputs into the Binomial Options Pricing Model including assessment of the share volatility rates applied in comparison to entities in the similar industry; and • Performing a recalculation of the Binomial Options Pricing Model for a sample of options issued; • Testing a sample of options issued to signed ESOP agreements; • Reviewing the accounting for the share-based payments in accordance with AASB 2; and • Reviewing the reasonableness of management's estimates of the likelihood of the achievement of vesting conditions for the options issued.

INDEPENDENT AUDITOR'S REPORT

CONTINUED



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of PointsBet Holdings Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A blue ink signature, likely belonging to a representative of RSM Australia Partners, written in a cursive style.

RSM AUSTRALIA PARTNERS

A blue ink signature, likely belonging to B Y Chan, written in a cursive style.

B Y CHAN
Partner

Dated: 31 August 2021
Melbourne, Victoria

SHAREHOLDER INFORMATION

DISTRIBUTION OF EQUITY SECURITIES AS AT 16 AUGUST 2021

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 – 1,000	15,488	5,232,080	2.18
1,001 – 5,000	5,300	12,263,552	5.12
5,001 – 10,000	928	6,698,693	2.80
10,001 – 100,000	848	21,433,513	8.95
100,001 Over	131	193,924,828	80.95
Rounding			0.00
Total	22,695	239,552,666	100.00

LESS THAN MARKETABLE PARCELS OF ORDINARY SHARES AT 16 AUGUST 2021

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum \$ 500.00 parcel at \$ 10.5200 per unit	48	1,206	42,153

SUBSTANTIAL SHAREHOLDERS 16 AUGUST 2021

As at 16 August 2021, the following shareholders were registered by the Company as a substantial shareholder, having notified the Company of a relevant interest in accordance with section 671B of the Corporations Act 2001 (Cth), in the voting shares below:

HOLDER OF EQUITY SECURITIES	CLASS OF EQUITY SECURITIES	NUMBER OF EQUITY SECURITIES HOLD	% OF TOTAL ISSUED SECURITIES IN RELEVANT CLASS
Brett Paton	Ordinary Shares	13,009,454	6.33%

TWENTY LARGEST ORDINARY SHAREHOLDERS AS AT 16 AUGUST 2021

RANK	NAME	UNITS	% UNITS
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,588,747	13.19
2	CITICORP NOMINEES PTY LIMITED	16,801,601	7.01
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,706,171	6.56
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	10,265,067	4.29
5	NBCUNIVERSAL MEDIA LLC	10,043,696	4.19
6	UBS NOMINEES PTY LTD	9,317,285	3.89
7	MR BRETT WILLIAM FISHER PATON + MRS VICKI ANNE PATON <BRETT PATON FAMILY SUPER A/C>	8,389,057	3.50
8	NATIONAL NOMINEES LIMITED	7,828,277	3.27
9	KAT & ANDY PTY LTD <FAHEY FAMILY 1 A/C>	6,273,240	2.62
10	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	6,160,586	2.57
11	PENN INTERACTIVE VENTURES LLC	6,127,451	2.56
12	UBS NOMINEES PTY LTD	5,409,538	2.26
13	ELMSLIE SUPERANNUATION COMPANY PTY LTD <ELMSLIE FAMILY S/F A/C>	5,332,656	2.23
14	JOHNJUDITH PTY LTD <BIG SWAN A/C>	2,309,767	0.96
15	ARKINDALE PTY LTD <B N SINGER(NO 2)FAMILY A/C>	2,266,346	0.95
16	TYARA PTY LIMITED <BRUCE WC WILSON PROPERTY A/C>	2,255,683	0.94
17	MR BRETT WILLIAM FISHER PATON	2,116,515	0.88
18	MRS MELISSAH JEAN MULLIN	1,981,846	0.83
19	MR RICHARD FISH	1,971,804	0.82
20	GREAT WHITE SHARK SERVICES PTY LTD <THE BRETT PATON FAMILY A/C>	1,963,592	0.82
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		154,108,925	64.33
Total Remaining Holders Balance		85,443,741	35.67

SHAREHOLDER INFORMATION

CONTINUED

SECURITIES SUBJECT TO VOLUNTARY ESCROW AS AT 16 AUGUST 2021

CLASS OF RESTRICTED SECURITIES	NUMBER OF SECURITIES	END DATE OF ESCROW PERIOD
Ordinary Shares	4,653	17/09/2021
Ordinary Shares	14,368	10/02/2022
Ordinary Shares	782,643	20/04/2022
Ordinary Shares	67,646	16/07/2022
Ordinary Shares	14,369	10/02/2023
Ordinary Shares	485,116	20/04/2023
Ordinary Shares	67,647	16/07/2023
Ordinary Shares	10,043,696	17/11/2023
Ordinary Shares	14,369	10/02/2024
Ordinary Shares	485,116	20/04/2024
Ordinary Shares	67,647	16/07/2024

UNQUOTED EQUITY SECURITIES AS AT 16 AUGUST 2021

The number of each class of unquoted equity securities on issue, and the number of holders in each such class, are as follows:

CLASS OF EQUITY SECURITIES	NUMBER OF UNQUOTED EQUITY SECURITIES	NUMBER OF HOLDERS
Performance Share Rights	709,027	52
Options to acquire Ordinary Shares	88,028,742	85

VOTING RIGHTS

At meetings of shareholders, each shareholder may vote in person or by proxy, attorney or (if the shareholder is a body corporate) corporate representative. On a poll every shareholder present in person or by proxy or attorney has one vote for each fully-paid ordinary share. Performance share right holders have no voting rights.

REGULATORY CONSIDERATIONS AFFECTING SHAREHOLDERS

PointsBet Holdings Limited and its subsidiaries could be subject to disciplinary action by wagering and gaming authorities in some jurisdictions if, after receiving notice that a person is unsuitable to be a shareholder, that person continues to be a shareholder. Because of the importance of licensing to the Company and its subsidiaries, the Constitution contains provisions that may require shareholders to provide information and also gives the Company powers to divest or require divestiture of shares, suspend voting rights and withhold payments of certain amounts to shareholders or other persons who may be unsuitable.

SHAREHOLDER ENQUIRIES

You can access information about PointsBet Holdings Limited and your holdings via the internet. PointsBet's investor website, www.pointsbet.com.au/investors, has the latest information on Company announcements, presentations and reports. In addition, there is a link to the Australian Securities Exchange to provide current share prices. The share registry manages all your shareholding details. Visit <https://www-au.computershare.com/investor/> and access a wide variety of holding information, make changes to your holding record and download forms. You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

DIVIDENDS

The payment of dividends by the Company is at the complete discretion of the Directors. Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend.

In determining whether to declare future dividends, the Directors will have regard to PointsBet's earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.

USE OF CASH

The Company's use of cash (and assets in a form readily convertible to cash) that it had at the time of admission to the Australian Securities Exchange is consistent with its business objectives as set out in the Review of Operations forming part of this Annual Report.

OTHER INFORMATION

The Company is not currently conducting an on-market buy-back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act that have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

CORPORATE DIRECTORY

DIRECTORS

BWF Paton

Non-Executive Chairman

SJ Swanell

Group Chief Executive Officer and Managing Director

PD McCluskey

Non-Executive Director

AP Symons

Non-Executive Director

BK Harris

Non-Executive Director

KM Gada

Non-Executive Director

MG Singh

President, Product and Technology and Executive Director

COMPANY SECRETARY

AJ Hensher

GLOBAL HEADQUARTERS

PointsBet Holdings Limited

Level 2,
165 Cremorne Street
Cremorne VIC 3121
Australia

United States

New Jersey

Suite 1710,
185 Hudson Street,
Jersey City, New Jersey, 07311
United States of America

Denver

Level 9,
1331 17th Street
Denver, Colorado, 80202
United States of America

INVESTOR CONTACTS

Share Registry

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford, Victoria, 3067
Australia

Telephone: 1300 555 159 (Australia) and
+61 3 9415 4062 (Overseas)

Website: www-au.computershare.com/investor/

Auditor

RSM Australia

Level 21
55 Collins Street
Melbourne VIC 3000

AUSTRALIA STOCK EXCHANGE LISTING

PointsBet Holdings Limited Ordinary shares are listed on the Australian Securities Exchange

CODE: PBH, PBHO

INTERNET SITE

investors.pointsbet.com.au

INVESTOR EMAIL ADDRESS

Investors may send email queries to: investors@pointsbet.com



***POINTS*BET**