

28 February 2023

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

Dear Sir / Madam

Results for announcement to the market – half year ended 31 December 2022

In accordance with ASX Listing Rule 4.2A, the following information in respect of PointsBet Holdings Limited's (PointsBet) results for the half year ended 31 December 2022 is transmitted for lodgement:

1. Appendix 4D;
2. Results Media Release; and
3. Interim Financial Report for the half year ended 31 December 2022.

The information contained in this announcement should be read in conjunction with PointsBet's most recent Annual Report, and the HY23 Investor Presentation released this morning.

This announcement was authorised for release by the PointsBet Board.

Yours faithfully



Andrew Hensher
Group General Counsel
and Company Secretary

POINTS BET

PointsBet Holdings Limited
A.B.N. 68 621 179 351

APPENDIX 4D

Report for the half-year ended 31 December 2022

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS IN ACCORDANCE WITH AUSTRALIAN ACCOUNTING STANDARDS

Reporting period: for the half-year ended 31 December 2022 ("2023 interim")

Previous period: for the half-year ended 31 December 2021 ("2022 interim")

| | 2023 INTERIM \$'000 | 2022 INTERIM \$'000 | | |
|--|------------------------|------------------------|----|-----|
| Revenue from ordinary activities | 178,072 | 139,110 | up | 28% |
| Net loss attributable to members after tax | (178,176) | (146,382) | up | 22% |

| | NORMALISED RESULT ¹ | | STATUTORY RESULT | |
|--|--------------------------------|------------|------------------|------------|
| | \$'000 | % MOVEMENT | \$'000 | % MOVEMENT |
| Revenue from ordinary activities | 178,072 | 28% | 178,072 | 28% |
| Loss before interest, tax, depreciation and amortisation | (149,129) | 17% | (163,151) | 25% |
| Net loss attributable to members after tax | (163,011) | 17% | (178,176) | 22% |

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 Half Year Report for details.

DIVIDENDS PAID AND PROPOSED

| | AMOUNT PER SECURITY | FRANKED AMOUNT PER SECURITY AT 30% OF TAX |
|--------------------------|------------------------|---|
| Ordinary Shares | | |
| 2022 Final (2021: NIL) | NIL | NIL |
| 2023 Interim (2022: NIL) | NIL | NIL |

DIVIDEND REINVESTMENT PLAN

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

LOSS PER SHARE

| | 31 DEC 22 '000s | 31 DEC 21 '000s |
|--|--------------------|--------------------|
| Weighted average number of ordinary shares | 305,544 | 248,225 |
| Basic and diluted loss per Share | (58.3) | (59.0) |

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

APPENDIX 4D continued

NET TANGIBLE ASSETS PER SHARE

| | 31 DEC 22 '000s | 31 DEC 21 '000s |
|-------------------------------|--------------------|--------------------|
| Number of shares | 305,679 | 263,078 |
| Net tangible assets per share | 1.16 | 2.11 |

Control gained or lost over entities in the year – Not applicable

Details of associates and joint venture entities – Not applicable

COMMENTARY ON THE RESULTS FOR THE HALF-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 Interim Financial Report

ATTACHMENTS:

The Interim Financial Report for PointsBet Holdings Limited for the year ended 31 December 2022 has been attached.

ABOUT POINTSBET

PointsBet is a corporate bookmaker with operations in Australia, the United States, Canada and Ireland. PointsBet has developed a scalable cloud based wagering Platform through which it offers its clients innovative sports and racing wagering products, advance deposit wagering on racing (ADW) and iGaming.

For further information please contact:

For investors

Stephen Forman

Investor Relations

stephen.forman@pointsbet.com

For media

Michael Salmon

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PointsBet Reports 28% Growth in Half Year Group Revenue Anchored by 81% Increase in US Net Win and Strong iGaming Performance

Melbourne, 28 February 2023

KEY HIGHLIGHTS

- Group Revenue was up 28%, anchored by a 81% increase in US Net Win, with 17% less marketing expense and strong iGaming performance
- iGaming represents 31% of North American Net Win
- Total turnover in Australia was \$1.55 billion, up 14%
- 548,236 Global Active Clients for the 12 months to 31 December 2022
- Forecast significant decrease in normalised EBITDA loss to between (\$77)m and (\$82)m for the second half of FY23

PointsBet Holdings Limited (ASX:PBH; OTCQX:PBTHF) (the Company or PointsBet) today announced its financial results for the six months ended 31 December 2022 (the Reporting Period).

The Company reported revenue from ordinary activities of \$178.1 million, a 28% increase compared to the six months ended 31 December 2021 and a normalised EBITDA (loss) of (\$149.1) million, a 17% increase compared to the PCP.

Managing Director and Group CEO Sam Swanell Said:

“These results show our North American strategy is delivering - revenue growth is up and costs are going down, and the Australian business is continuing to deliver. To put it simply the jaws at PointsBet are positive. Revenue is growing strongly, and costs are reducing. We held \$320.7 million in corporate cash as at 31 December 2022 and we have no corporate debt.

“The US business saw total Net Win increase by 81% to \$70.1 million, with 17% less marketing expense and strong iGaming performance. iGaming also represented 31% of total North American Net Win.

“In the United States – the largest and fastest growing online betting market in the world, we are the 7th largest online operator, out of a field of over 60 licensed online operators. On top of that, our app which is powered by our proprietary tech stack is independently ranked as top three in the US market.

“This has not gone unnoticed. The third-party strategic interest shown in our company demonstrates we have built a very valuable business. This gives us significant optionality around how we take the business forward to maximise value for our shareholders.

“In Australia, Total Turnover was \$1.55 billion, up 14% on the PCP and Total Net Win was \$105.3 million, down 2% on the PCP. As previously reported, our trend improved through the half with a 9% PCP increase in Net Win for Q2 almost offsetting a 13% PCP decline for Q1.

FINANCIAL SUMMARY

| A\$ million | 2023 Interim | 2022 Interim | Change % |
|--|--------------|--------------|----------|
| Normalised results¹ | | | |
| Revenue | 178.1 | 139.1 | 28% |
| EBITDA (loss) | (149.1) | (126.0) | (18%) |
| Net loss after tax | (163.0) | (136.6) | (19%) |
| Statutory results | | | |
| Revenue | 178.1 | 139.1 | 28% |
| EBITDA (loss) | (163.2) | (130.6) | (25%) |
| Net loss after tax | (178.2) | (146.4) | (22%) |
| Loss per share (cents) | (58.3) | (59.0) | 1% |
| Dividend proposed | NIL | NIL | |
| Balance sheet | | | |
| | 31 Dec 2022 | 30 June 2022 | Change % |
| Closing cash balance ² | 387.2 | 519.6 | (25%) |
| Net tangible assets per share (dollars) | 1.16 | 2.11 | (45%) |
| Cash Flow | | | |
| | 2023 Interim | 2022 Interim | Change % |
| Operating cash flow excluding movements in player cash | (123.2) | (94.1) | (31%) |

(1) Normalised results are statutory results, excluding the impact of certain significant items as referred to in our review of operations within our half year results.

(2) Closing cash balance at 31 December 2022 includes Client Cash of \$66.5m (30 June 2022: \$46.9m)

OUTLOOK

“We expect a normalised EBITDA loss of between (\$77)m and (\$82)m for the second half of FY23 - this a significant decrease to both the first half loss of (\$149.1)m and the H2 FY22 loss of (\$117.6)m.

“These results show our strategy, backed by world leading technology and a world leading team, is building a platform for future growth and profitability” Mr Swanell said.

- END -

About PointsBet

PointsBet is a corporate bookmaker listed on the Australian Stock Exchange with operations in Australia, the United States, Canada and Ireland. PointsBet has developed a scalable cloud-based wagering platform through which it offers its clients innovative sports and racing wagering products, advance deposit wagering on racing (ADW) and iGaming.

For further information please contact:

For investors

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Group Investor Relations

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POINTS BET

INTERIM REPORT

FOR THE HALF-YEAR 31 DECEMBER 2022

POINTS BET HOLDINGS LIMITED
ABN 68 621 179 351

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DIRECTORS' REPORT

31 December 2022

The directors present their report together with the financial statements of PointsBet Holdings Limited (the 'Company') and its controlled entities (the 'Consolidated Entity') for the six months ended 31 December 2022. The financial statements have been reviewed and approved by the directors on the recommendation of the Company's Audit, Risk and Compliance Committee.

This report should be read in conjunction with the 30 June 2022 Annual Financial Report of the Company and any public announcements made in the period by the Group in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the ASX Listing Rules.

This report is made on 28 February 2023.

DIRECTORS

The following persons were directors of PointsBet Holdings Limited during the whole of the half-year and up to the date of this report:

- BWF Paton (Non-Executive Chairman)
- AP Symons (Non-Executive Director)
- PD McClusky (Non-Executive Director)
- BK Harris (Non-Executive Director)
- K Gada (Non-Executive Director)
- SJ Swanell (Executive Director)
- MG Singh (Non-Executive Director)
- W Grounds (Non-Executive Director) appointed 13 December 2022

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were the offering of innovative sports, racing and iGaming betting products and services direct to clients via its scalable cloud-based technology platform. The Group also provides external business to business services to customers via its in-play and pre-game betting products.

REVIEW OF OPERATIONS

A review of the operations of the Consolidated Entity for the half-year ended 31 December 2022 is set out in the Review of Operations which forms part of this Directors' Report.

The loss from ordinary activities after income tax amounted to \$178 million (31 December 2021: \$146 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the period.

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of directors.



BWF Paton
Chairman

28 February 2023

REVIEW OF OPERATIONS

for the 6 months ending 31 December 2022

HY23 GROUP RESULTS

| A\$ MILLION | 2023 INTERIM | 2022 INTERIM | CHANGE % |
|--|--------------|--------------|----------|
| Normalised results¹ | | | |
| Revenue | 178.1 | 139.1 | 28% |
| EBITDA (loss) | (149.1) | (126.0) | (18%) |
| Net loss after tax | (163.0) | (136.6) | (19%) |
| Statutory results | | | |
| Revenue | 178.1 | 139.1 | 28% |
| EBITDA (loss) | (163.2) | (130.6) | (25%) |
| Net loss after tax | (178.2) | (146.4) | (22%) |
| Loss per share (cents) | (58.3) | (59.0) | 1% |
| Dividend proposed | NIL | NIL | |
| Balance sheet and cash flow | | | |
| Closing cash balance | 387.2 | 519.6 | (25%) |
| Operating cash flow excluding movements in player cash | (123.2) | (94.1) | (31%) |
| Net tangible assets per share (dollars) | 1.16 | 2.11 | (45%) |

1. Normalised results are statutory results, excluding the impact of certain significant items.

The HY23 results of the Group comprise the operations from the following segments:

- Australia
- United States
- Canada
- Technology
- Corporate

The comparison to the prior half year period relates to the results for the continuing businesses in respect of the six-month period to 31 December 2021 (PCP).

SIGNIFICANT ITEMS AND ADJUSTMENTS

| A\$M ¹ | NOTES | HY23 | VARIANCE HY22 |
|---|-------|-------------|---------------|
| Interest on financial liability | 1 | 3.4 | 0.5 |
| Fair value gain on financial liability | 2 | (1.7) | (3.3) |
| Share based payments (non-cash) – employee share option plan (ESOP) and Key Employee Equity Plan (KEEP) | 3 | 16.8 | 11.5 |
| Impact of AASB 16 Leases | | 0.3 | 0.1 |
| Net foreign exchange gain | | (3.6) | (2.0) |
| Start-up costs for Canadian operation | | – | (1.4) |
| Total significant items and adjustments | | 15.2 | 5.4 |

1. 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, bring 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.
2. Fair value gain on Financial Liability – The Group's normalised results include an adjustment related to the change in fair value of the Financial Liability component of the NBCUniversal consideration options. During the period the fair value of the Financial Liability decreased by \$1.7 million because of the Company's implied cost of debt decreasing from 8.39% to 9.15%.
3. Share based payments expense – Employee Share Option Plan (ESOP) 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.

DIRECTORS' REPORT continued

KEY PERFORMANCE INDICATORS

PointsBet reported strong growth across the following key metrics:

POINTSBET GROUP – HY23 SPORTS BETTING PERFORMANCE (A\$M)¹

| KEY METRICS – SPORTS BETTING | HY23 | HY22 | CHANGE VS PCP |
|------------------------------------|----------------|----------------|----------------|
| Turnover/Handle² | 3,225.5 | 2,305.9 | +40% |
| Australia | 1,550.5 | 1,358.4 | +14% |
| USA | 1,573.7 | 947.5 | +66% |
| Canada | 101.3 | – | n.m. |
| Gross Win Margin | 8.3% | 10.9% | (2.6pp) |
| Australia | 10.7% | 13.3% | (2.5pp) |
| USA | 6.1% | 7.5% | (1.4pp) |
| Canada | 5.0% | – | n.m. |
| Gross Win³ | 267.0 | 250.9 | +6% |
| Australia | 166.5 | 180.1 | (8%) |
| USA | 95.4 | 70.8 | +35% |
| Canada | 5.1 | – | n.m. |
| Net Win Margin | 4.9% | 6.0% | (1.1pp) |
| Australia | 6.8% | 7.9% | (1.2pp) |
| USA | 3.2% | 3.3% | (0.1pp) |
| Canada | 2.5% | – | n.m. |
| Net Win⁴ | 158.5 | 139.2 | +14% |
| Australia | 105.3 | 107.9 | (2%) |
| USA | 50.7 | 31.3 | +62% |
| Canada | 2.5 | – | n.m. |

POINTSBET GROUP – HY23 NET WIN SUMMARY (A\$M)

| | HY23 | HY22 | CHANGE VS PCP |
|--------------------------|--------------|--------------|---------------|
| Net Win – Sports Betting | 158.5 | 139.2 | +14% |
| Net Win – iGaming | 23.7 | 7.6 | +213% |
| Net Win – Total | 182.2 | 146.7 | +24% |

1. The AUD:USD and AUD:CAD foreign exchange rates used for the figures in the table are 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).

AUSTRALIA

Revenue¹: \$95.3 million – down 2.4% v PCP

EBITDA: (\$20.2 million) – down 25.4% v PCP

REVIEW OF PERFORMANCE

- Total Turnover was up 14% compared to the PCP, with Sports Singles and Sports Multis increasing by 95% compared to the PCP.
- H1FY23 saw a drop off in a racing activity compared to the PCP, as H1FY22 was positively impacted by lockdowns.
- Net win performance improved in Q2FY23, with a 9% PCP increase in Net Win for Q2 almost offsetting a 13% PCP decline for Q1FY23.
- The relatively stable overall Net Win result can be attributed to a shift towards lower margin sports products, which has led to a reduction in the overall Gross Win Margin to 10.7% compared to 13.3% in the PCP. This was offset by savings in Client Promotions enabled by Pointset's product initiatives introduced in H1FY23.
- EBITDA was down 25.4% compared to PCP. This can be attributed to:
 - Other expenses (predominately employee benefits expense) – increase compared to PCP relating to the decision to re-focus product and technology effort onto the Australian business.These were offset by:
 - Cost of goods sold – reduction as a result of overall Product Fee costs as turnover shifted to lower priced Sports products. However, this was offset by increases in Point of Consumption Taxes in NSW and Queensland.
 - Marketing expense – driven by the Shaq campaign, Marketing expenses were front loaded in H1FY23 at \$45.3 million, a slight increase of 1% on the PCP. The expectation is for this to be significantly reduced in H2FY23.

USA

Revenue²: \$75.0 million – up 86.3% v PCP

EBITDA: (\$92.9 million) – up 1.4% v PCP

REVIEW OF PERFORMANCE

- At the end of H1FY23, PointsBet was operational in 14 online sports betting states, 4 online casino states and had a retail sports betting footprint across 3 states.
- September saw the launch of PointsBet's online sports betting product into Kansas and Louisiana, with Maryland following in November. Maryland Retail Sportsbook also went live in September.
- Total sportsbook turnover was \$1.57 billion, up 66% compared to the PCP. All four major US professional sports were active during the half (NFL, NBA, MLB, NHL), with College Football also attracting significant betting interest.
- Customer engagement was pleasing as bets per monthly active increased and NPS sentiment was consistently positive. The mix of overall handle saw in-play betting and parlays grow due to the business's ever improving product suite; features such as Same Game Parlay, Live Same Game Parlay, Lightning Bets and Cash Out proved popular.
- Sportsbook Gross Win was \$95.4 million and Net Win came in at \$50.7 million. Sportsbook promotions represented a smaller proportion of gross win compared to the PCP.
- Casino delivered \$19.4 million in Net Win, up 157% compared to the PCP, driven by cross-sell and direct-to-casino acquisition.
- Consolidated net win was \$70.1 million while net revenue of \$75.0 million is inclusive of B2B revenues associated with powering Resorts World's New York mobile sports wagering services.
- Marketing spend was US\$47.3 million during H1FY23, down from US\$57.2 million from the PCP.
- Despite the moderation in marketing expense, cash actives in the 12 months to December 31, 2022 grew by 39% from the PCP to 292,470.
- Net Win Payback Ratio (relative to marketing) continues to improve driven by the combination of more targeted CPAs and higher expected customer lifetime values.
- EBITDA loss of (\$92.9 million) was slightly lower than the PCP result of (\$94.2 million).

1. Revenue in Australia is Net Win less GST and includes certain fair value adjustments.

2. Revenue in USA includes ADW Racing Commissions and B2B revenue.

DIRECTORS' REPORT **continued**

CANADA

Revenue: \$6.7 million

EBITDA: (\$19.4 million)

REVIEW OF PERFORMANCE

- Total sportsbook handle was \$101.3 million driven primarily by the NFL, NBA, NHL and FIFA World Cup.
- Customers continued to experience and enjoy in-play betting with in-play mix of overall handle growing throughout H1FY23.
- Sportsbook Gross Win was \$5.1 million and Net Win came in at \$2.5 million.
- Casino delivered \$4.2 million in Net Win.
- In total across the full offering, Canada delivered a Total Net Win of \$6.7 million.
- Cash actives in the 12 months to December 31, 2022 grew to 20,777 with average bets per customers and average bet size metrics exceeding expectations.
- Customer churn and NPS metrics have improved steadily over H1FY23 as customers get more familiar with our product and overall experience.
- While Marketing spend was C\$13.7 million in H1FY23, the Canadian Net Win Payback Ratio continues to improve driven by higher expected customer lifetime values. The H2FY23 marketing expense will be similar to the H1FY23 level as the business continues to build up its position in the market, while ensuring it optimises its Net Win Payback Ratio.

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 (\$18.6) million driven by share based payment expense recognised in relation to KEEP of key employees.

AUDITOR'S INDEPENDENCE DECLARATION



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of PointsBet Holdings Limited for the half year ended 31 December 2022, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to be 'RSM', written in a cursive style.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be 'B Y Chan', written in a cursive style.

B Y CHAN
Partner

Melbourne, VIC
Dated: 28 February 2023

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 Ltd by a scheme approved under Professional Standards Legislation



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year 31 December 2022

| | NOTES | 31 DECEMBER 2022 \$'000 | 31 DECEMBER 2021 \$'000 |
|--|-------|----------------------------|----------------------------|
| Revenue from continuing operations | | | |
| Revenue | 3 | 178,072 | 139,110 |
| Cost of sales | | (108,232) | (84,406) |
| Gross profit | | 69,840 | 54,704 |
| Other income | 4 (a) | 3,728 | 1,763 |
| Expenses | | | |
| Marketing expenses | | (131,343) | (124,087) |
| Occupancy expenses | | (1,034) | (597) |
| Administration expenses | | (5,463) | (5,415) |
| Other expenses | | (2,150) | (1,477) |
| Consulting expenses | | (1,521) | (1,188) |
| Information technology costs | | (15,479) | (7,917) |
| Employee benefits expenses | 5 | (74,955) | (44,163) |
| Travel and accommodation expenses | | (1,161) | (583) |
| Depreciation and amortisation | 5 | (22,570) | (12,908) |
| Total expenses | | (255,676) | (198,335) |
| Finance income | 4 (b) | 4,617 | 434 |
| Finance expenses | 4 (b) | (2,133) | (4,948) |
| Finance income/(costs) – net | | 2,484 | (4,514) |
| Loss before income tax | | (179,624) | (146,382) |
| Income tax benefit | | 1,448 | – |
| Loss for the period | | (178,176) | (146,382) |
| Other comprehensive income | | | |
| Exchange differences on translation of foreign operations | | 4,013 | 8,297 |
| Total comprehensive loss for the period | | (174,163) | (138,085) |
| Loss for the period attributable to: | | | |
| Owners of PointsBet Holdings Limited | | (178,176) | (146,382) |
| Total comprehensive loss for the period is attributable to: | | | |
| Owners of PointsBet Holdings Limited | | (174,163) | (138,085) |
| LOSS PER SHARE FOR LOSS ATTRIBUTABLE TO THE OWNERS OF POINTSBET HOLDINGS LIMITED: | | CENTS | CENTS |
| Basic and diluted loss per share | 16 | (58.31) | (58.97) |

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 31 December 2022

| | NOTES | 31 DECEMBER 2022 \$'000 | 30 JUNE 2022 \$'000 |
|--------------------------------------|--------|----------------------------|------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 387,220 | 519,596 |
| Trade and other receivables | | 7,680 | 3,514 |
| Other current assets | 8 | 60,216 | 79,729 |
| Total current assets | | 455,116 | 602,839 |
| Non-current assets | | | |
| Plant and equipment | | 9,743 | 9,430 |
| Intangible assets | 7 | 224,319 | 212,464 |
| Other non-current assets | 8 | 139,609 | 121,624 |
| Right-of-use assets | | 13,172 | 14,730 |
| Total non-current assets | | 386,843 | 358,248 |
| Total assets | | 841,959 | 961,087 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 67,725 | 46,177 |
| Employee benefit obligations | | 4,692 | 4,294 |
| Provisions | | 396 | 117 |
| Financial liabilities | 10 | 10,962 | 5,130 |
| Other current liabilities | 11 | 58,157 | 45,556 |
| Lease liabilities | | 4,632 | 4,508 |
| Contract liabilities | 12 | 1,296 | 1,282 |
| Total current liabilities | | 147,860 | 107,064 |
| Non-current liabilities | | | |
| Other non-current liabilities | | 5,868 | 5,807 |
| Employee benefit obligations | | 495 | 378 |
| Provisions | | 312 | 404 |
| Lease liabilities | | 11,849 | 13,192 |
| Financial liabilities | 10 | 81,350 | 79,708 |
| Deferred tax liabilities | | 6,004 | 7,198 |
| Contract liabilities | 12 | 10,448 | 10,981 |
| Total non-current liabilities | | 116,326 | 117,668 |
| Total liabilities | | 264,186 | 224,732 |
| Net assets | | 577,773 | 736,355 |
| EQUITY | | | |
| Share capital | 14 (a) | 1,201,266 | 1,197,010 |
| Other reserves | 14 (c) | 103,587 | 88,249 |
| Accumulated losses | | (727,080) | (548,904) |
| Total equity | | 577,773 | 736,355 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year 31 December 2022

| | NOTES | SHARE CAPITAL \$'000 | OTHER RESERVES \$'000 | ACCUMULATED LOSSES \$'000 | TOTAL EQUITY \$'000 |
|--|--------|-------------------------|--------------------------|------------------------------|------------------------|
| Balance at 1 July 2021 | | 666,130 | 62,632 | (280,639) | 448,123 |
| Loss for the period | | – | – | (146,382) | (146,382) |
| Other comprehensive income | | – | 8,297 | – | 8,297 |
| Total comprehensive income/(loss) for the period | | – | 8,297 | (146,382) | (138,085) |
| Transactions with owners in their capacity as owners: | | | | | |
| Exercise of options | | 39,279 | (4,294) | – | 34,985 |
| Issued capital – Ambassadors | | 2,945 | – | – | 2,945 |
| Capital raising | | 400,082 | – | – | 400,082 |
| Less: Share issue costs | | (10,548) | – | – | (10,548) |
| Share-based payments expense for the period | | – | 5,249 | – | 5,249 |
| Total for the half-year | | 431,758 | 955 | – | 432,713 |
| Balance at 31 December 2021 | | 1,097,888 | 71,884 | (427,021) | 742,751 |
| Balance at 1 July 2022 | | 1,197,010 | 88,249 | (548,904) | 736,355 |
| Loss for the period | | – | – | (178,176) | (178,176) |
| Other comprehensive income | 14 (c) | – | 4,013 | – | 4,013 |
| Total comprehensive income/(loss) for the period | | – | 4,013 | (178,176) | (174,163) |
| Transactions with owners in their capacity as owners: | | | | | |
| Exercise of options | 14 | 2,390 | (1,956) | – | 434 |
| Issued capital | 14 | 144 | – | – | 144 |
| Vested performance rights | 14 | 1,831 | (1,831) | – | – |
| Less: Share issue costs | 14 | (109) | – | – | (109) |
| Share-based payments expense for the period | 14 | – | 15,112 | – | 15,112 |
| Total for the half-year | | 4,256 | 11,325 | – | 15,581 |
| Balance at 31 December 2022 | | 1,201,266 | 103,587 | (727,080) | 577,773 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year 31 December 2022

| | NOTES | 31 DECEMBER 2022 \$'000 | 31 DECEMBER 2021 \$'000 |
|--|-------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 187,394 | 162,795 |
| Payments to suppliers and employees (inclusive of GST) | | (313,888) | (256,803) |
| | | (126,494) | (94,008) |
| Interest received | | 3,840 | 312 |
| Interest paid | | (491) | (415) |
| Net increase in player cash accounts | | 19,550 | 15,806 |
| Net cash outflow from operating activities | | (103,595) | (78,305) |
| Cash flows from investing activities | | | |
| Payments for plant and equipment | | (1,603) | (1,525) |
| Payments for capitalised software development | | (21,544) | (13,380) |
| Payments for market access intangible | | (6,040) | (36,288) |
| Rental bonds and other deposits | | (1,686) | (159) |
| Payments for funds held in escrow | | – | (3,764) |
| Payments to acquire businesses (net of cash acquired) | | – | (138) |
| Net cash outflow from investing activities | | (30,873) | (55,254) |
| Cash flows from financing activities | | | |
| Proceeds from issues of shares (net of share issue cost) | | (109) | 389,534 |
| Option exercises | | 434 | 35,004 |
| Repayment of leases | | (2,333) | (1,657) |
| Net cash inflow/(outflow) from financing activities | | (2,008) | 422,881 |
| Net increase/(decrease) in cash and cash equivalents | | (136,476) | 289,322 |
| Cash and cash equivalents at the beginning of the financial year | | 519,596 | 276,158 |
| Effects of exchange rate changes on cash and cash equivalents | | 4,100 | 3,521 |
| Cash and cash equivalents at end of year | 6 | 387,220 | 569,001 |

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

Notes to the Consolidated Financial Statements

31 December 2022

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1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by PointsBet Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. The accounting policies used are consistent with those applied in the 30 June 2022 annual financial report, unless otherwise stated.

2. SEGMENT INFORMATION

A) DESCRIPTION OF SEGMENTS

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

- Australian Trading;
- United States Trading;
- Canadian Trading; and
- Technology.

This is based on the internal management reports that are 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.

Australian Trading includes revenue from online sports and online fixed odds racing 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 United States Trading segment derives revenue from sports betting (retail and online), iGaming and advance deposit wagering (ADW) services provided to United States customers.

The Canadian Trading segment derives revenue from online sports betting and iGaming.

The Technology segment derives its external revenue from B2B services provided to customer and its internal revenue from licensing fees charged to the Australian Trading, Canadian Trading and United States Trading segments.

Corporate administrative costs (Board, Finance, Legal, Internal Audit, Human Resources, Property and other central functions) 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.

Intersegment transactions

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

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 reports provided to the CODM. The CODM is responsible for the allocation of resources to the operating segments and assessing their performance.

Major customers

There are no major customers that represented more than 10% of the segment revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

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 on a monthly basis. Assets and liabilities information is reported internally in total and not by reportable segment and, accordingly, no information is provided in this note on assets and liabilities split by reportable segment.

| | AUSTRALIAN TRADING \$'000 | USA TRADING \$'000 | CANADA TRADING \$'000 | TECHNOLOGY \$'000 | CORPORATE \$'000 | TOTAL \$'000 |
|--|------------------------------|-----------------------|--------------------------|----------------------|---------------------|------------------|
| 31 December 2022 | | | | | | |
| Segment revenue | 95,269 | 75,007 | 6,663 | 1,133 | – | 178,072 |
| Inter-segment revenue | – | – | – | 16,466 | – | 16,466 |
| Elimination of inter-segment sales | – | – | – | (16,466) | – | (16,466) |
| Revenue from external customers | 95,269 | 75,007 | 6,663 | 1,133 | – | 178,072 |
| SEGMENT EBITDA | (20,214) | (92,937) | (19,430) | (11,956) | (18,613) | (163,151) |
| Finance costs | – | – | – | – | – | (2,133) |
| Interest income | – | – | – | – | – | 4,617 |
| Depreciation and amortisation | – | – | – | – | – | (22,570) |
| Net foreign exchange | – | – | – | – | – | 3,613 |
| Income tax benefit | – | – | – | – | – | 1,448 |
| Total loss for the period | – | – | – | – | – | (178,176) |

| | AUSTRALIAN TRADING \$'000 | USA TRADING \$'000 | TECHNOLOGY \$'000 | CORPORATE \$'000 | TOTAL \$'000 | |
|--|------------------------------|-----------------------|----------------------|---------------------|-----------------|------------------|
| 31 December 2021 | | | | | | |
| Segment revenue | | 97,643 | 40,260 | 1,207 | – | 139,110 |
| Inter-segment revenue | | – | – | 12,201 | – | 12,201 |
| Elimination of inter-segment sales | | – | – | (12,201) | – | (12,201) |
| Revenue from external customers | | 97,643 | 40,260 | 1,207 | – | 139,110 |
| SEGMENT EBITDA | | (16,121) | (94,214) | (6,746) | (13,524) | (130,605) |
| Finance costs | | – | – | – | – | (4,948) |
| Interest income | | – | – | – | – | 434 |
| Depreciation and amortisation | | – | – | – | – | (12,908) |
| Net foreign exchange | | – | – | – | – | 1,645 |
| Total loss for the period | | – | – | – | – | (146,382) |

3. REVENUE

| | 2022 \$'000 | 2021 \$'000 |
|---|----------------|----------------|
| Revenue received from customers (net of GST) | 285,915 | 245,821 |
| Less client promotion expenses (net of GST) | (107,843) | (106,711) |
| Total revenue from continuing operations | 178,072 | 139,110 |

Revenue disaggregated by geographic region and revenue type.

| 31 DECEMBER 2022 | AUSTRALIA | UNITED STATES | CANADA | IRELAND | TOTAL |
|---|---------------|---------------|--------------|--------------|----------------|
| Sportsbetting | 95,269 | 50,370 | 2,437 | – | 148,076 |
| Gaming revenue | – | 19,448 | 4,226 | – | 23,674 |
| Other | – | 5,189 | – | 1,133 | 6,322 |
| Total revenue from continuing operations | 95,269 | 75,007 | 6,663 | 1,133 | 178,072 |

| 31 DECEMBER 2021 | AUSTRALIA | UNITED STATES | CANADA | IRELAND | TOTAL |
|---|---------------|---------------|----------|--------------|----------------|
| Sportsbetting | 97,643 | 29,967 | – | – | 127,610 |
| Gaming revenue | – | 7,557 | – | – | 7,557 |
| Other | – | 2,736 | – | 1,207 | 3,943 |
| Total revenue from continuing operations | 97,643 | 40,260 | – | 1,207 | 139,110 |

4. OTHER INCOME AND EXPENSE ITEMS

A) OTHER INCOME

| | 2022 \$'000 | 2021 \$'000 |
|---------------------------------|----------------|----------------|
| Net foreign exchange gains | 3,613 | 1,645 |
| Research and development income | 115 | 118 |
| Total other income | 3,728 | 1,763 |

B) FINANCE INCOME AND COSTS

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
| Interest income | 4,617 | 434 |
| Finance income | 4,617 | 434 |
| Interest expense on financial liability | (3,371) | (2,897) |
| Interest expense leases | (491) | (411) |
| Fair value gains/(losses) on financial liability | 1,729 | (1,640) |
| Finance costs | (2,133) | (4,948) |

5. EXPENSES

| | 2022 \$'000 | 2021 \$'000 |
|--|----------------|----------------|
|--|----------------|----------------|

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

| | | |
|---|---------------|--------|
| <i>Employee benefits expenses</i> | | |
| Salaries | 45,389 | 29,406 |
| Superannuation and 401k | 3,001 | 2,220 |
| Payroll tax | 2,345 | 1,476 |
| Share-based payments expense | 16,762 | 5,249 |
| Other employee costs | 7,458 | 5,812 |
| Total employee benefits expenses | 74,955 | 44,163 |
| <i>Depreciation and amortisation</i> | | |
| Depreciation | 1,800 | 1,344 |
| Amortisation | 20,770 | 11,564 |
| Total depreciation and amortisation | 22,570 | 12,908 |

6. CASH AND CASH EQUIVALENTS

| | 31 DECEMBER 2022 \$'000 | 30 JUNE 2022 \$'000 |
|--|----------------------------|------------------------|
| Current assets | | |
| Cash at bank and in hand | 141,222 | 168,363 |
| Player cash accounts | 66,708 | 46,892 |
| Term deposits | 179,290 | 304,341 |
| Total cash and cash equivalents | 387,220 | 519,596 |

Player cash accounts represent cash deposited by a customer to be used on betting activities and the Company maintains separate bank accounts to segregate players funds held from the Group bank accounts and Group funds. The Group funds are unrestricted and available for use by the Group. The balance of the player cash accounts held is sufficient to settle the player cash liability disclosed in Note 11.

7. INTANGIBLE ASSETS

| | LICENCES AND MARKET ACCESS \$'000 | BETTING PLATFORM DEVELOPMENT \$'000 | GOODWILL \$'000 | CUSTOMER CONTRACTS \$'000 | NON-COMPETE AGREEMENTS \$'000 | TOTAL \$'000 |
|------------------------------------|---|---|--------------------|---------------------------------|-------------------------------------|-----------------|
| At 30 June 2022 | | | | | | |
| Cost | 124,376 | 70,727 | 35,066 | 5,302 | 14,182 | 249,653 |
| Accumulated amortisation | (13,288) | (16,143) | – | (2,111) | (5,647) | (37,189) |
| Net book amount | 111,088 | 54,584 | 35,066 | 3,191 | 8,535 | 212,464 |
| Half-year ended 31 Dec 2022 | | | | | | |
| Opening net book amount | 111,088 | 54,584 | 35,066 | 3,191 | 8,535 | 212,464 |
| Exchange differences | 1,083 | 438 | 1,197 | 85 | 227 | 3,030 |
| Additions | 4,187 | 22,845 | – | – | – | 27,032 |
| Amortisation charge | (6,209) | (8,752) | – | (883) | (2,363) | (18,207) |
| Closing net book amount | 110,149 | 69,115 | 36,263 | 2,393 | 6,399 | 224,319 |
| Half-year ended 31 Dec 2022 | | | | | | |
| Cost | 128,456 | 94,144 | 36,263 | 5,498 | 14,706 | 279,067 |
| Accumulated amortisation | (18,307) | (25,029) | – | (3,105) | (8,307) | (54,748) |
| Net book amount | 110,149 | 69,115 | 36,263 | 2,393 | 6,399 | 224,319 |

8. OTHER ASSETS

| | 31 DECEMBER 2022 \$'000 | 30 JUNE 2022 \$'000 |
|-----------------------------------|----------------------------|------------------------|
| Current assets | | |
| Prepayments | 60,216 | 79,729 |
| Total other current assets | 60,216 | 79,729 |

| | 31 DECEMBER 2022 \$'000 | 30 JUNE 2022 \$'000 |
|---------------------------------------|----------------------------|------------------------|
| Non-current assets | | |
| Rental bonds and deposits | 4,045 | 2,413 |
| Receivables | 128 | 1,188 |
| Prepayments | 119,051 | 101,818 |
| Deposits held in escrow | 16,385 | 16,205 |
| Total other non-current assets | 139,609 | 121,624 |

Prepayments include the prepayment with NBCUniversal for future marketing spend of \$164.8 million (Current: \$46 million (30 June 2022: \$60.4 million), Non-current: \$119 million (30 June 2022: \$100.8 million), representing an offset to the total cash marketing commitment across the five years under the NBCUniversal Media Partnership which was announced in August 2020. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

five years. Refer to the 30 June 2022 Annual Report for further information. Subsequent to balance date the agreement was amended, refer to note 18 for further details

9. TRADE AND OTHER PAYABLES

| | 31 DECEMBER 2022 \$'000 | 30 JUNE 2022 \$'000 |
|---------------------------------|----------------------------|------------------------|
| Trade payables | 9,494 | 7,041 |
| Accrued expenses | 54,577 | 36,640 |
| Other payables | 3,654 | 2,496 |
| Trade and other payables | 67,725 | 46,177 |

10. FINANCIAL LIABILITIES

| | 31 DECEMBER 2022 \$'000 | | | 30 JUNE 2022 \$'000 | | |
|------------------------------------|----------------------------|-------------------|---------------|------------------------|-------------------|---------------|
| | CURRENT \$ | NON-CURRENT \$ | TOTAL \$ | CURRENT \$ | NON-CURRENT \$ | TOTAL \$ |
| Pending bets – at fair value | 10,962 | – | 10,962 | 5,130 | – | 5,130 |
| Financial liability | – | 81,350 | 81,350 | – | 79,708 | 79,708 |
| Other financial liabilities | 10,962 | 81,350 | 92,312 | 5,130 | 79,708 | 84,838 |

The Financial liability represents the fair value of the options granted to NBCUniversal Media LLC on 28 August 2020. For further details on the transaction refer to the 30 June 2022 Annual Report. During the period the fair value of the Financial Liability increased by \$1.6 million as a result of the notional interest expense on the financial liability for the period being \$3.4 million offset by the Company's implied cost of debt increasing from 8.39% to 9.15% resulting in a fair value gain on \$1.7 million.

11. OTHER CURRENT LIABILITIES

| | 31 DECEMBER 2022 \$'000 | 30 JUNE 2022 \$'000 |
|----------------------------------|----------------------------|------------------------|
| Player cash accounts | 58,157 | 43,741 |
| Market access liability | – | 1,815 |
| Other current liabilities | 58,157 | 45,556 |

12. CONTRACT LIABILITIES

| | 31 DECEMBER 2022 \$'000 | | | 30 JUNE 2022 \$'000 | | |
|---------------------------------|----------------------------|-------------------|---------------|------------------------|-------------------|---------------|
| | CURRENT \$ | NON-CURRENT \$ | TOTAL \$ | CURRENT \$ | NON-CURRENT \$ | TOTAL \$ |
| Contract liability | 1,296 | 10,448 | 11,744 | 1,282 | 10,981 | 12,263 |
| Total contract liability | 1,296 | 10,448 | 11,744 | 1,282 | 10,981 | 12,263 |

Contract liabilities include payments received from Business to Business customers for which services have not yet been performed by the Group.

13. FAIR VALUE MEASUREMENT

The following table provides the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

| RECURRING FAIR VALUE MEASUREMENTS | LEVEL 1 \$ | LEVEL 2 \$ | LEVEL 3 \$ | TOTAL \$ |
|------------------------------------|---------------|---------------|---------------|-------------|
| At 31 December 2022 | | | | |
| Financial liabilities | | | | |
| Pending bets | – | – | 10,962 | 10,962 |
| Financial liabilities | – | 81,350 | – | 81,350 |
| Total financial liabilities | – | 81,350 | 10,962 | 92,312 |
| At 30 June 2022 | | | | |
| Financial liabilities | | | | |
| Pending bets | – | – | 5,130 | 5,130 |
| Financial liabilities | – | 79,708 | – | 79,708 |
| Total financial liabilities | – | 79,708 | 5,130 | 84,838 |

DISCLOSED FAIR VALUES

There were no transfers between levels during the year. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

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.

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

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The following table presents the changes in level 3 items for the half-year ended 31 December 2022:

| | PENDING BETS \$'000 |
|--|------------------------|
| Balance at 1 July 2022 | 5,130 |
| Bets placed | 148,752 |
| Bets settled | (142,719) |
| Fair value gains recognised in revenue | (201) |
| Balance at 31 December 2022 | 10,962 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

14. EQUITY

A) SHARE CAPITAL

| | 31 DECEMBER 2022 SHARES | 30 JUNE 2022 SHARES | 31 DECEMBER 2022 \$'000 | 30 JUNE 2022 \$'000 |
|-----------------|----------------------------|------------------------|----------------------------|------------------------|
| Ordinary shares | | | | |
| Fully paid | 305,679,187 | 303,618,162 | 1,201,266 | 1,197,010 |

B) MOVEMENTS IN ORDINARY SHARES

| DETAILS | SHARE PRICE \$ | NUMBER OF SHARES | TOTAL \$'000 |
|---------------------------------|-------------------|---------------------|------------------|
| Balance 30 June 2022 | | 303,618,162 | 1,197,010 |
| Exercise of options – ESOP | 1.4 | 1,731,664 | 2,390 |
| Vested KEEP rights | 6.4 | 285,747 | 1,831 |
| Issued capital – Tenth Man | 3.3 | 43,614 | 144 |
| Less: Share issue costs | | – | (109) |
| Balance 31 December 2022 | | 305,679,187 | 1,201,266 |

C) 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 period. A description of the nature and purpose of each reserve is provided below the table.

| | SHARE-BASED PAYMENTS \$'000 | FOREIGN CURRENCY TRANSLATION \$'000 | TOTAL OTHER RESERVES \$'000 |
|---|-----------------------------------|---|-----------------------------------|
| At 30 June 2022 | 78,768 | 9,481 | 88,249 |
| Exchange differences on translation of foreign operations | – | 4,013 | 4,013 |
| Transactions with owners in their capacity as owners: | | | |
| Share-based payment expense | 15,112 | – | 15,112 |
| Option exercises | (1,956) | – | (1,956) |
| Vested performance rights | (1,831) | – | (1,831) |
| At 31 December 2022 | 90,093 | 13,494 | 103,587 |

Nature and purpose of other reserves

1. 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 performance share rights issued to employees but not yet vested.
- the grant date fair value of listed options and traded on the ASX not exercised.

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

15. SHARE-BASED PAYMENTS

A) EMPLOYEE OPTION PLAN

Employee Share Option Plan (ESOP) – The terms of the ESOP were 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:

| | WEIGHTED AVERAGE EXERCISE PRICE | NUMBER OF OPTIONS |
|--|---------------------------------|-------------------|
| At 1 July 2022 | 1.27 | 9,361,613 |
| Exercised during the half-year | 0.25 | (1,731,665) |
| Forfeited during the half-year | 3.71 | (175,000) |
| At 31 December 2022 | 1.46 | 7,454,948 |
| Vested and exercisable at 31 December 2021 | 1.33 | 1,701,046 |

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| GRANT DATE | EXPIRY DATE | WEIGHTED AVERAGE EXERCISE PRICE | 31 DECEMBER 2022 | 30 JUNE 2022 |
|------------|-------------|---------------------------------|------------------|--------------|
| FY19 | FY24 | 0.23 | 62,879 | 1,760,619 |
| FY19 | FY25 | 0.41 | 1,840,998 | 1,874,923 |
| FY19 | FY26 | 0.41 | 2,532,619 | 2,532,619 |
| FY20 | FY23 | 1.67 | 583,750 | 583,750 |
| FY20 | FY24 | 1.67 | 423,125 | 423,125 |
| FY20 | FY25 | 3.34 | 1,149,077 | 1,236,577 |
| FY20 | FY26 | 4.08 | 762,500 | 850,000 |
| FY21 | FY26 | 3.44 | 50,000 | 50,000 |
| FY21 | FY27 | 3.44 | 50,000 | 50,000 |
| | | | 7,454,948 | 9,361,613 |

Weighted average remaining contractual life of options at end of period **1.72 years** **1.94 years**

The total share-based payment expense recognised from the amortisation of employee option plans was \$1.4 million.

B) 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. Fair value has been measured using the volume weighted average price share price at grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

Set out below are summaries of rights granted under the plan:

| | NUMBER OF RIGHTS | FAIR VALUE | AVERAGE SHARE PRICE AT FAIR VALUE |
|--------------------------------|------------------|-------------------|-----------------------------------|
| At 1 July 2022 | 1,777,615 | 15,839,117 | 8.91 |
| Granted during the half-year | 5,894,690 | 16,976,707 | 2.61 |
| Vested during the half-year | (285,736) | (1,831,016) | 6.41 |
| Forfeited during the half-year | (465,521) | (1,875,456) | 4.03 |
| At 31 December 2022 | 6,921,048 | 29,109,352 | 4.21 |

The total share-based payment expense recognised from the amortisation of performance rights was \$7.1 million.

Executives KEEP

The Group has established a new-long term incentive program (LTI) structure utilising the existing Key Employee Equity Plan (KEEP) Rules, effective 1 July 2022, for the CEO and his direct reports (Executives) and includes two performance based vesting conditions which are described below. The rights granted in HY23 were allocated at 300% of the Executives LTI opportunity, effectively bringing forward the FY24 and FY25 grants (noting there will not be any LTI grants to Executives in FY24 and FY25).

Three vesting conditions apply to LTI grants made during the period:

- Condition 1 – Relative Shareholder Return (RSR)
- Condition 2 – Path to Profitability (P2P)
- Condition 3 – Service Based

Year 1

1 July 2023 - one third (1/3rd) of total PSRs are capable of vesting as follows:

- 50% based on Performance Condition 1
- 50% based on Performance Condition 2

Year 2

1 July 2024 - one third (1/3rd) of total PSRs are capable of vesting as follows:

- 33.33% based on Performance Condition 1
- 33.33% based on Performance Condition 2
- 33.33% based on Performance Condition 3

Year 3

1 July 2025 - one third (1/3rd) of total PSRs are capable of vesting as follows:

- 25% based on Performance Condition 1
- 25% based on Performance Condition 2
- 50% based on Performance Condition 3

PERFORMANCE CONDITION 1 – RELATIVE SHAREHOLDER RETURN (RSR)

RSR performance is assessed at the end of each year of the three-year period which will commence at the start of the financial year during which the PSRs are granted. For PSRs to vest pursuant to the RSR vesting condition, the Group's compound shareholder return measured based on the movement in share price at the end of each year of the performance period must be equal to or greater than the median ranking of constituents of the Peer Comparator Group. The percentage of PSRs that may vest is determined based on the following vesting schedule:

| PBH SHAREHOLDER RETURN RANKING RELATIVE TO PEER COMPARATOR GROUP | PSRS SUBJECT TO RELATIVE SHAREHOLDER RETURN VESTING CONDITION THAT VESTS (%) |
|--|--|
| Below the median ranking | 0% |
| At the median ranking | 50% |
| Above the median ranking but below the 75th percentile | Between 50% and 100% increasing on a straight-line basis |
| At or above the 75th percentile | 100% |

Where a the RSR vesting condition is not met or is partially met at the end of year one (i.e. PBH Shareholder Return is below the 75th percentile after 12 months) or year two (i.e. the compound PBH Shareholder Return is below the 75th percentile after 24 months) of the performance period, those PSRs which have not vested will remain on foot and will be capable of vesting based on the three year compound Shareholder Return at the end of year three performance period.

PERFORMANCE CONDITION 2 – PATH TO PROFITABILITY (P2P)

The P2P condition focuses on the path to profitability in the United States. As a growth company, it is accepted that the Group will need to invest in the present for success in the future. However, the path (or speed) to profitability in the United States is a key focus for management.

One of the key drivers for profitability, and an area which investors and analysts focus, is US marketing expense as a percentage of US revenue. The P2P condition measures the reduction in US marketing expense as a percentage of US revenue compared to FY22, based on those states which were live for more than 12 months during the relevant vesting period.

P2P performance is assessed at the end of each year of the three-year period which will commence at the start of the financial year during which the PSRs are granted. For PSRs to vest pursuant to the P2P vesting condition, the reduction in the Group's US marketing expense as a percentage of US revenue compared to FY22 must be equal to or greater than the following:

Where a the P2P vesting condition is not met or is partially met at the end of year one (i.e. percentage point decrease is less than the set target after 12 months) or year two (i.e. percentage point decrease is less than 35 points after 24 months) of the performance period, those PSRs which have not vested will remain on foot and will be capable of vesting based on the three year percentage point reduction at the end of year three performance period.

The fair value of the PSR's is estimated at the grant date using a Monte-Carlo simulation model, taking into account the terms and conditions on which the share rights were granted. The model simulates the RSR and compares it against the peer competitor group and takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance. The P2P performance condition is only considered in determining the number of instruments that will ultimately vest.

The following lists the inputs to the models used for the valuation of the plan:

| WEIGHTED AVERAGE FAIR VALUE AT GRANT DATE | DIVIDEND YIELD % | EXPECTED VOLATILITY % | RISK-FREE VOLATILITY % |
|---|------------------|-----------------------|------------------------|
| \$2.46 | 0% | 95% | 3.01% |

Set out below are summaries of rights granted under the plan:

| | NUMBER OF RIGHTS | FAIR VALUE | AVERAGE SHARE PRICE AT FAIR VALUE |
|------------------------------|-------------------|-------------------|-----------------------------------|
| At 1 July 2022 | – | – | – |
| Granted during the half-year | 10,254,218 | 25,187,863 | 2.46 |
| At 31 December 2022 | 10,254,218 | 25,187,863 | 2.46 |

The total share-based payment expense recognised from the amortisation of Executives performance rights was \$6.6 million.

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 are exercisable at \$12.61 and expired on 30 September 2022.

| | NUMBER OF OPTIONS |
|--|-------------------|
| At 1 July 2022 | 11,780,241 |
| Exercised in the period | (33) |
| Expired during the half-year | (11,780,208) |
| At 31 December 2022 | – |
| Vested and exercisable at 31 December 2021 | – |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

16. LOSS PER SHARE

A) BASIC AND DILUTED LOSS PER SHARE

| | 31 DECEMBER 2022 CENTS | 31 DECEMBER 2021 CENTS |
|---|---------------------------|---------------------------|
| From continuing operations attributable to the ordinary equity holders of the company | (58.31) | (58.97) |
| Total basic and diluted earnings per share attributable to the ordinary equity holders of the company | (58.31) | (58.97) |

B) RECONCILIATIONS OF LOSSES USED IN CALCULATING EARNINGS/(LOSS) PER SHARE

| | 31 DECEMBER 2022 \$'000 | 31 DECEMBER 2021 \$'000 |
|---|----------------------------|----------------------------|
| <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 | (178,176) | (146,382) |
| | (178,176) | (146,382) |

C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

| | 31 DECEMBER 2022 NUMBER OF SHARES | 31 DECEMBER 2021 NUMBER OF SHARES |
|---|--------------------------------------|--------------------------------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share ¹ | 305,543,951 | 248,225,104 |
| Effect of dilutive share options and rights | – | – |
| Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share | 305,543,951 | 248,225,104 |

1. As the Group is loss making the effect of share options and rights is anti-dilutive and therefore they have not been included in the calculation of diluted earnings per share.

The weighted average number of options and share rights that have not been included in the calculation of diluted earnings per share:

| | 31 DECEMBER 2022 | 31 DECEMBER 2021 |
|-----------------------------------|-------------------|-------------------|
| Options | 74,530,446 | 89,386,467 |
| Employee Performance Share Rights | 17,237,464 | 1,390,891 |
| Total | 91,767,910 | 90,777,358 |

17. RECONCILIATION OF LOSS FOR THE HALF-YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | NOTES | 31 DECEMBER 2022 \$'000 | 31 DECEMBER 2021 \$'000 |
|--|--------|----------------------------|----------------------------|
| Loss for the half-year | | (178,176) | (146,382) |
| Adjustments for: | | | |
| Depreciation and amortisation | 5 | 22,570 | 12,908 |
| Share-based payment expense | 5 | 16,762 | 5,249 |
| Shares issued | 14 (b) | – | 2,945 |
| Net foreign exchange differences | 4 | (3,613) | (1,645) |
| Impairment loss | 7 | – | 151 |
| Research and development income | 4 | (115) | (118) |
| Interest on financial liability | 4 | 3,371 | 2,897 |
| Fair value losses/(gain) on financial liability | 4 | (1,729) | 1,640 |
| Income tax benefit | | (1,448) | – |
| <i>Change in operating assets and liabilities</i> | | | |
| (Increase)/decrease in trade and other receivables | | (4,166) | 2,272 |
| (Increase)/decrease in other assets | 8 | 1,485 | (5,162) |
| Increase in trade and other payables | 9 | 21,548 | 13,042 |
| Increase in other financial liabilities | 10 | 5,832 | 6,357 |
| Increase in player cash accounts | 11 | 14,416 | 14,647 |
| Increase/(decrease) in contract liabilities | 12 | (519) | 12,164 |
| Increase in provisions | | 187 | 730 |
| Net cash outflow from operating activities | | (103,595) | (78,305) |

18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 31 January 2023 the Company and NBCUniversal Media LLC agreed to amend the Media Services Agreement. Under the amended agreement, the remaining committed marketing spend for Years 3 to 5 of the Original Agreement will be invested over an additional two years, now representing Years 3 to 7, thus significantly reducing the average annual marketing spend. For further details refer to the Company's ASX announcement.

No other matter or circumstance has arisen since 31 December 2022 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

31 December 2022

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 25 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the PointsBet Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



BWF Paton
Chairman

28 February 2023

INDEPENDENT AUDITOR'S REPORT

Independent auditor's review report to the members of PointsBet Holdings Limited



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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of PointsBet Holdings Limited

Conclusion

We have reviewed the accompanying half-year financial report of PointsBet Holdings Limited which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of PointsBet Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards) (the Code) that are relevant to our audit of the annual 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 PointsBet Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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





Responsibility of the Directors for the Financial Report

The directors of the PointsBet Holdings Limited are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink, appearing to be 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to be 'BY Chan'.

B Y CHAN
Partner

Dated: 28 February 2023
Melbourne, Victoria

CORPORATE DIRECTORY

DIRECTORS

BWF Paton

Non-Executive Chairman

S 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

M Gombra-Singh

Non-Executive Director

W Grounds

Non-Executive Director

AJ Hensher

Company Secretary

INVESTOR CONTACTS

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Website: <https://www-au.computershare.com/investor/>

AUDITOR

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AUSTRALIA STOCK EXCHANGE LISTING

PointsBet Holdings Limited Ordinary shares are listed on the Australian Securities Exchange

CODE: PBH (OTCQX: PBTHF)

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