

PointsBet Announces Acquisition of Banach Technology

Melbourne, Australia, 16 March 2021 – PointsBet Holdings Limited (ASX:PBH) (the “Company”) is pleased to announce today that its wholly owned Irish subsidiary, Lockspell Limited (“PointsBet”), has entered into a binding share purchase agreement (“SPA”) to acquire Banach Technology Limited (“Banach”). The transaction is subject to customary completion conditions and is expected to close in April 2021.

TRANSACTION HIGHLIGHTS

- PointsBet will acquire Banach for US\$43m on a cash and debt free basis. The purchase price 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 shares will be issued under the Company’s Listing Rule 7.1 placement capacity.
- The Company will also provide Banach US\$4.0m in funding to assist in the conversion process of existing equity options. This amount will be retained by the PointsBet Group post completion of the transaction.
- Banach is 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.
- The Banach team is deeply experienced, particularly in leading pre-game and in-play sports wagering markets, having previously established the Quants division of Paddy Power Plc (now Flutter Entertainment Plc).

ACQUISITION OF BANACH TECHNOLOGY

Banach was founded by Rob Reck, Mark Hughes, Alex Zevenbergen and Hadrien Lepretre, all of whom played a leading role in establishing the Quants department at Paddy Power. Banach has a team of 40 technology and product staff with deep experience creating products for use in mature and sophisticated sports wagering markets.

This acquisition will position PointsBet as a leader of in-play sports wagering in the United States, just as in-play wagering is expected to grow exponentially. Within the next 3 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, Banach’s technology will allow Pointsbet to optimise achieved margin and offer superior value to their customers.

Banach currently provides services to several of the world’s premium sports book operators. PointsBet will continue to honour these existing contracts, with the revenues generated assisting in covering the overheads of the Banach business (the majority of which are staffing costs).

POINTS BET

EVERY POINT MATTERS

Commenting on the transaction, PointsBet's Group CEO and Managing Director Sam Swanell said: *"We are delighted with the acquisition of Banach and that its well credentialed team have agreed to join PointsBet. As legalisation to approve US sport betting accelerates across the US, it has become clear that the in-play opportunity will be very significant and those with the best depth and breadth of product will win. Technology is at the forefront of everything we do at PointsBet and we have undertaken an in-house approach to proprietary technology as the key priority. In Banach we have found a like-minded team of technologists and the acquisition is a preferable approach to developing our in-play capabilities organically, given it allows us to dramatically ramp up our speed to market while still allowing us to own market leading technology and continue to control our destiny".*

Mark Hughes, Banach CEO said: *"I am extremely proud of the business and team we have built over the last few years. We could not be more excited about the burgeoning US opportunity and the role that the Banach team will play in accelerating and strengthening PointsBet's pre-game, in-play and free-to-play offering in the United States. It is great to be part of such a forward-thinking global organisation."*

NEW ROLES AND ISSUE OF SHARES

As part of the transaction, senior members of the Banach team will be given new roles within the PointsBet Group, including:

- Mark Hughes – PointsBet Group Chief Operating Officer
- Alex Zevenbergen – Vice President of Engineering, Trading Platform
- Hadrien Lepretre – Vice President of Quantitative Analytics
- Rob Reck – Product and Technology Adviser to PointsBet

The individuals listed above will each receive 65% of their transaction consideration as newly issued PointsBet shares. The shares will be subject to lock-ups for periods of 12 / 24 / 36 months (see **Appendix A**).

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FOR FURTHER INFORMATION

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APPENDIX A – BANACH TECHNOLOGY EMPLOYEE EQUITY PROTECTIONS

The shares to be issued by the Company to the Banach Technology team members shall be subject to customary lock-up periods as set out below:

- i. Mark Hughes, Alex Zevenbergen and Hadrien Lepretre are subject to a:
 - 12-month lock-up period in respect of 15.40% of their PBH shares;
 - 24-month lock-up period in respect of 42.30% of their PBH shares; and
 - 36-month lock-up period in respect of 42.30% of their PBH shares.
- ii. Rob Reck and the employee shareholders shall be subject to a 12-month lock-up period in respect of 100% of their PBH shares.

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, and PointsBetting.

ABOUT BANACH TECHNOLOGY

Banach Technology is a Dublin-based B2B provider of proprietary risk management platforms and trading models that support complex betting products. The team consists of c. 40 FTEs with deep experience creating products in a mature and sophisticated sports wagering market.