

POINTS BET

PointsBet Holdings Limited
(ACN 68 621 179 351)

APPENDIX 4D

REPORT FOR THE HALF-YEAR 31 DECEMBER 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results in accordance with Australian Accounting Standards

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

Previous period: for the half-year ended 31 December 2020 ("2021 interim")

	2022 INTERIM \$'000	2021 INTERIM \$'000		
Revenue from ordinary activities	139,110	75,134	up	85%
Net loss attributable to members	(146,382)	(85,591)	up	71%

	NORMALISED RESULT ¹		STATUTORY RESULT	
	\$'000	% MOVEMENT	\$'000	% MOVEMENT
Revenue from ordinary activities	139,110	85%	139,110	85%
(Loss) before interest, tax, depreciation and amortisation	(125,950)	82%	(130,605)	83%
Net loss attributable to members	(136,628)	90%	(146,382)	71%

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 the Interim Report for details.

DIVIDENDS PAID AND PROPOSED

	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY AT 30% OF TAX
Ordinary Shares		
2022 Interim (2021: NIL)	NIL	NIL
2021 Final (2020: NIL)	NIL	NIL

DIVIDEND REINVESTMENT PLAN

There was no dividend reinvestment plan in operation during the half-year period.

LOSS PER SHARE

	31 DEC 21	31 DEC 20
Weighted average number of ordinary shares	248,225,104	179,781,185
Basic and Diluted (Loss) Per Share	(59.0)	(47.6)

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

APPENDIX 4D

REPORT FOR THE HALF-YEAR 31 DECEMBER 2021 CONTINUED

NET TANGIBLE ASSETS PER SHARE

	31 DEC 21	31 DEC 20
Number of shares	263,078,104	205,522,036
Net tangible assets per share	2.11	2.16

Control Gained or Lost Over Entities in the Period – 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 half-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 Report

ATTACHMENTS

The Interim Financial Report for PointsBet Holdings Limited for the half-year ended 31 December 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:

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POINTS BET

INTERIM REPORT

FOR THE HALF-YEAR
31 DECEMBER 2021

DREW BREES
GLOBAL BRAND AMBASSADOR

PointsBet Holdings Limited
(ACN 68 621 179 351)

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**BRINGING
YOU THE
FASTEST
BETTING
EXPERIENCE
IN THE
WORLD.**

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR 31 DECEMBER 2021

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DIRECTORS' REPORT

31 DECEMBER 2021

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 2021. 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 2021 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 25 February 2022.

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) (from 21 September 2021)
 SJ Swanell (Executive Director)
 MG Singh (Executive Director)

PRINCIPAL ACTIVITIES

During the period the principal continuing activities of the Group was 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 2021 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 \$146 million (31 December 2020: \$86 million).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In August 2021, the Group raised approximately \$400 million through an underwritten capital raise comprising an institutional placement to raise \$215 million and a 1 for 9 accelerated pro rata renounceable entitlement offer with retail entitlements trading to raise \$185 million.

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

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in future periods.

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 18.

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



BWF PATON, Chairman

25 February 2022

REVIEW OF OPERATIONS

FOR THE 6 MONTHS ENDING 31 DECEMBER 2021

GROUP PERFORMANCE

EARNINGS SUMMARY FOR THE 6 MONTHS ENDING 31 DECEMBER 2021 (HY22 OR REPORTING PERIOD)

The information presented in this Review of Operations has not been reviewed 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

	HY22 \$'000	HY21 \$'000	VARIANCE %
Normalised Results			
Revenue	139,110	75,134	85%
EBITDA loss	(125,950)	(69,024)	82%
Loss for the period	(136,628)	(71,760)	90%
Weighted average number of ordinary shares	248,225,104	179,781,185	
Basic and diluted earnings per share (cents)	(55.0)	(39.9)	

Statutory Results

	HY22 \$'000	HY21 \$'000	VARIANCE %
Statutory Results			
Revenue	139,110	75,134	85%
EBITDA loss	(130,605)	(71,256)	83%
Loss for the period	(146,382)	(85,591)	71%
Weighted average number of ordinary shares	248,225,104	179,781,185	
Basic and diluted earnings per share (cents)	(59.0)	(47.6)	

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 & Adjustments'.

Significant Items and Adjustments

	NOTES	HY22 \$'000	VARIANCE VS HY21 \$'000
Interest on Financial Liability	2	2,889	2,244
Fair value loss on Financial Liability	3	1,640	1,640
Share based payments (non-cash) - employee share option plan (ESOP) and key employee equity plan (KEEP)	4	5,249	1,825
Impact of AASB 16 Leases	5	218	36
Unrealised foreign exchange (gains)	6	(1,645)	(11,225)
Start- up costs for Canadian operation	7	1,404	1,404
Total significant items & adjustments		9,755	(4,076)

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.
3. Fair value loss 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 increased by \$1.64 million as a result of the Company's implied cost of debt decreasing from 7.44% to 7.00%.
4. 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.
5. 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".
6. Unrealised FX (gains)/losses - The Group's normalised results include an adjustment for unrealised FX gains/(losses) on USD exposures that have yet to be realised.
7. Start-up costs for Canadian operations - The Group's normalised results include an adjustment for start-up costs incurred in setting up the PointsBet Canada operations. Costs include employee costs, technology set-up costs, consultants and other costs to begin the business prior to trading.

REVIEW OF OPERATIONS

FOR THE 6 MONTHS ENDING 31 DECEMBER 2021

CONTINUED

KEY PERFORMANCE INDICATORS

PointsBet reported strong growth across the following key metrics:

POINTSBET GROUP – HY22 SPORTS BETTING PERFORMANCE (A\$M)⁸

KEY METRICS – SPORTS BETTING	HY22	HY21	CHANGE VS PCP
Turnover/Handle⁹	2,305.9	1,890.0	+22%
Aus	1,358.4	1,071.0	+27%
US	947.5	819.1	+16%
Gross Win Margin	10.9%	8.1%	+2.7pp
Aus	13.3%	12.7%	+0.6pp
US	7.5%	2.2%	+5.3pp
Gross Win¹⁰	250.9	153.8	+63%
Aus	180.1	136.1	+32%
US	70.8	17.7	+299%
Net Win Margin	6.0%	4.4%	+1.7pp
Aus	7.9%	7.9%	+0.0pp
US	3.3%	(0.2%)	+3.5pp
Net Win¹¹	139.2	82.8	+68%
Aus	107.9	84.8	+27%
US	31.3	(2.0)	n.m.

POINTSBET GROUP – HY22 NET WIN SUMMARY (\$M)

	HY22	HY21	CHANGE VS PCP
Net Win – Sports Betting	139.2	82.8	+68%
Net Win – iGaming	7.6	–	–
Net Win – Total	146.7	82.8	+77%

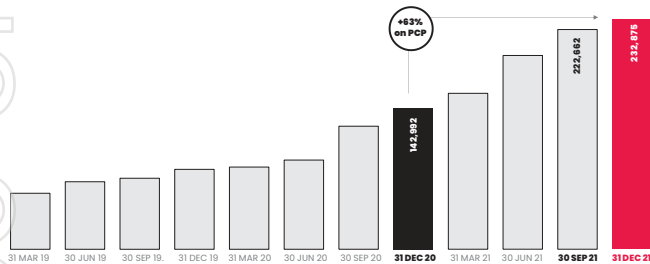
8. The AUD:USD foreign exchange rate used for the figures in the table was the average rate for the specified period.

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

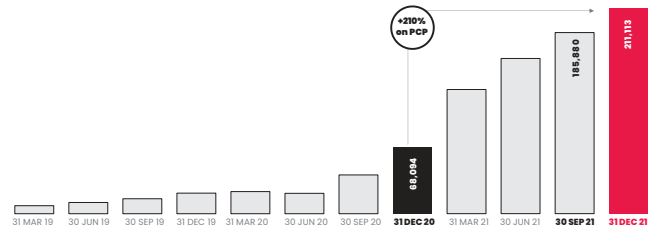
10. Gross Win is the dollar amount received from clients who placed losing bets less the dollar amount paid to clients who placed winning bets, excluding the cost of pricing promotions.

11. 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).

CASH ACTIVE CLIENTS – AUSTRALIA



CASH ACTIVE CLIENTS – US



HIGHLIGHTS

Key highlights for the Reporting Period are set out below:

STRONG PERFORMANCE METRICS

- For the 12 months to 31 December 2021, the Australian Trading business had 232,875 Cash Active Clients, a 63% increase compared to Cash Active Clients for the 12 months to 31 December 2020¹².
- For the 12 months to 31 December 2021, the US business had 211,113 Cash Active Clients, a 210% increase compared to Cash Active Clients for the 12 months to 31 December 2020.
- Group Net Win of \$146.7 million during the Reporting Period, representing a 77% growth on the 6 months to 31 December 2020.
- The Australian Trading business recorded a Net Win of \$107.9 million during the Reporting Period, representing a 27% growth on the 6 months to 31 December 2020.
- The US business recorded a sports betting Net Win of \$31.3 million during the Reporting Period compared to a (\$2.0 million) Net Win loss on the 6 months to 31 December 2020. Additionally, the US business recorded an iGaming Net Win of \$7.6 million for the Reporting Period.
- Blended US online handle sports betting market share for Q2FY22 was 4.2%¹³.

NORTH AMERICAN MARKET ACCESS AND JURISDICTION LAUNCHES

- On 23 July 2021, PointsBet launched iGaming in New Jersey.
- 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 agreements will run until 31 December 2030.
- On 16 September 2021, PointsBet announced that it had entered into an exclusive agreement with Austin FC (AFC) of Major League Soccer (MLS), appointing PointsBet as AFC's Exclusive Sportsbook Partner. PointsBet has also executed a market access agreement with AFC's home stadium (which is operated by Austin StadCo. LLC, an affiliate of AFC). Under the market access agreement, contingent on enabling legislation, PointsBet is appointed the venue's exclusive partner for sports betting operations in Texas.
- On 16 December 2021, PointsBet announced the launch of online and mobile sports betting operations in Virginia through its exclusive partnership agreement with Colonial Downs Group.
- On 20 January 2022, PointsBet was awarded sports wagering and interactive gaming operator licenses by the Pennsylvania Gaming Control Board to offer online sports betting and online casino products in Pennsylvania through its exclusive partnership agreement with Penn National Gaming.
- On 25 January 2022, PointsBet successfully launched online and mobile sports betting operations in New York.
- On 27 January 2022, PointsBet launched in iGaming operations in West Virginia. This marked the third US state where PointsBet has iGaming operations, following successful launches in Michigan and New Jersey.
- On 3 February 2022, PointsBet Canada received approval by the Alcohol and Gaming Commission of Ontario to be a licensed sportsbook in Ontario, effective 4 April 2022.
- On 4 February 2022, PointsBet was approved as an Online Sports Wagering Operator in Wyoming.
- On 8 February 2022, PointsBet took its first sportsbook bet in Pennsylvania, representing its 10th online sportsbook operation in the United States.

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

13. Blended online handle market share is the sum of PBH online handle divided by sum of active states online handle for Q2FY22 as per New Jersey Division of Gaming Enforcement, Illinois Gaming Board, Michigan Gaming Control Board, Indiana Gaming Commission, Colorado Department of Revenue - Division of Gaming, Iowa Racing and Gaming Commission and West Virginia Lottery. Excludes Virginia which launched on 15 December 2021.

REVIEW OF OPERATIONS

FOR THE 6 MONTHS ENDING 31 DECEMBER 2021

CONTINUED

BRAND, MARKETING AND PARTNERSHIPS

- 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 it had been selected by the National Football League (NFL) as an Approved Sportsbook Operator beginning with the 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
- On 16 September 2021, PointsBet announced that it had entered into an exclusive agreement with Austin FC (AFC) of Major League Soccer (MLS), appointing PointsBet as AFC's Exclusive Sportsbook Partner. PointsBet has also executed a market access agreement with AFC's home stadium (which is operated by Austin StadCo. LLC, an affiliate of AFC). Under the market access agreement, contingent on enabling legislation, PointsBet is appointed the venue's exclusive partner for sports betting operations in Texas.
- In September 2021, PointsBet Canada entered into a multi-year deal to serve as the Official and Exclusive Sports Betting Partner of DailyFaceoff.com and The Nation Network. DailyFaceOff is a world class source of professional insights, opinion pieces, breaking news and statistical analysis with 1.5 million monthly users. Nation Network is a 12 website and multi-podcast network of 5 million passionate sports fans. Both assets will help PointsBet establish a genuine connection with our target market in Canada.
- In September 2021, PointsBet became the new Major Partner of the Manly Sea Eagles National Rugby League (NRL) team. The new exclusive multi-year sponsorship deal will see PointsBet take over the main front position on the Sea Eagles NRL jerseys for at least the next four years.
- On 13 October 2021, PointsBet Canada entered into an agreement to become the Official and Exclusive Sports Betting Partner of Curling Canada. The long-term partnership will allow PointsBet to offer exciting and innovative ways for fans to engage with Curling Canada events. As part of the agreement, PointsBet will also become a title sponsor of a Curling Canada Season of Champions event, beginning in the 2022- 23 season.
- On 8 December 2021, PointsBet announced a multi-year partnership with Maryland Sports Properties, a Playfly Sports property. The agreement is the first sports betting partnership within the Big Ten Conference and will feature fan-facing in-game and campus activations in and around Maryland's XFINITY Center and Capital One Field at Maryland Stadium, in addition to strategic responsible and problem gambling education to Maryland staff, students, and fans.
- On 11 January 2022, PointsBet announced that PointsBet Canada had joined the NHL Alumni Association (NHLAA) as their Exclusive Sports Betting Partner in Canada and Official Partner in the United States. The multi-year deal grants PointsBet Canada with the marketing and licensing rights to the NHLAA and the many iconic NHL Alumni across North America.
- On 14 January 2022, PointsBet Canada and the Trailer Park Boys announced an exclusive multi-year partnership that will include authentic content collaboration appearing on the Trailer Park Boys and PointsBet Canada owned channels. The Trailer Park Boys will also be appearing in PointsBet's advertising campaigns, activations, and special VIP-style events.
- On 2 February 2022, PointsBet Canada and Alpine Canada Alpin (ACA) announced a new partnership that sees PointsBet join the ACA sponsorship family as the official sportsbook. The multi-year agreement commenced with the current 2021-2022 season.

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:

- On January 27 2022, PointsBet became the first sportsbook to offer live, in-game, same game parlay options for NFL and NBA contests as a part of its OddsFactory proprietary technology integration. This provided clients with the ability to instantly build their perfect PointsBet "Live Same Game Parlay" while tracking odds, player performance, and team stats.
- Live Dealer iGaming successful launched in Michigan and New Jersey.

Additional product enhancements and developments include:

- Increased availability of 'Live Cash Out' options as a result of reduced suspension times.
- Navigational enhancements to search bar for the A-Z sports menu.
- Introduction of 'flash betting' on NFL.
- The launch of live streaming and visualisation options along with in-game statistics.
- Parlay Boost UX enhancements.
- Addition of 'Auto Accept Price' changes into bet settings.
- The addition of a "To Win" option into the bet slip for customers to choose the winning amount instead of the stake of a bet.

Key performance achievements include:

- On Melbourne Cup Day 2021, PointsBet Australia successfully processed 683,000 bets, a significant increase on 2020.
- At its peak, on Caulfield Cup and Everest Day PointsBet Australia processed over 4,000 bets-per-minute up 2.5 times on last year.
- During NBC's Saturday Playoff game on January 15th, PointsBet customers experienced 100% uptime and no suspensions on in-game spread and moneyline bets, which the company believes to be the first ever of its kind in the United States.

ONE GLOBAL PLATFORM

- One Global Team and Platform delivering maximum synergies

SINGLE CODEBASE

- Loosely couple architecture
- No Monoliths
- Single Code Base
- 100% cloud native
- Microservices
- Extensible

SCALABLE & SECURE

- Proven during peak days
- Melbourne Cup
- Superbowl

OUTSTANDING UX AND UI

- Fast, easy to use
- Maximum efficiency
 - Registration
 - KYC
 - Depositing
 - Withdrawal

PROPRIETARY ALGORITHMS

- 99%+ of bets automatically accepted
- Auto resulting and promotional
- Fulfillment

Delivering in-play excellence and key product features

Same Game Parlay, Name-A-Bet, PointsBetting, Vision, Personalisation and iGaming

CORPORATE HIGHLIGHTS

- In August 2021, PointsBet completed a \$400.0 million capital raise comprising:
 - \$215 million at \$10.00 per share under the Institutional entitlement offer; and
 - \$185 million at \$8.00 per share under a 1 for 9 pro rata accelerated renounceable entitlement offer with retail rights trading.

REVIEW OF OPERATIONS

FOR THE 6 MONTHS ENDING 31 DECEMBER 2021

CONTINUED

PERFORMANCE SUMMARY

GROUP PROFIT AND LOSS

	STATUTORY	
	HY22	HY21
Net revenue ¹⁴	139.1	75.1
Cost of sales	(84.4)	(49.5)
Gross profit	54.7	25.6
Other income	0.1	0.4
Sales and marketing expense	(124.1)	(62.9)
Employee benefits expense	(44.2)	(22.6)
Product and technology expense	(7.9)	(5.9)
Administration and other expenses	(9.3)	(5.9)
Total operating expenses	(185.4)	(97.3)
EBITDA	(130.6)	(71.3)
Net finance costs	(4.5)	(0.4)
Foreign exchange	1.6	(9.6)
Depreciation and amortisation expense	(12.9)	(4.4)
Loss for the period	(146.4)	(85.6)

During the Reporting Period, the Group recorded a Net Revenue¹⁵ increase of 85% to \$139.1 million compared to the PCP.

In Australia, the Company recorded Net Revenue for the Reporting Period of \$97.6 million, delivering strong period-on-period Net Revenue growth of 27%.

In the United States, the Company recorded Net Revenue for the Reporting Period of \$40.3 million, compared to a negative Net Win of \$(2.0) million for the PCP. As communicated in January 2021, the December 2020 Net Win result was impacted by short term trading variances which reversed in January 2021, and as such, the PCP comparison growth rate was impacted by these short term trading variances.

In the United States, the Company recorded a sports betting Net Win of \$31.3 million for the Reporting Period, compared to a negative Net Win of \$(2.0) million for the PCP. In addition, the Company recorded an iGaming Net Win of \$7.6 million. In the United States, the Company also recorded revenue from its Advanced deposit wagering (ADW) operations.

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 and iGaming operations in to new states as well as preparing for future sports betting and iGaming operation launches.

14. 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.

15. 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.

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

- **Australia marketing** – Australian marketing expenses were \$44.7 million for the Reporting Period, which increased versus the PCP. This was driven by the very successful Shaq campaign, which drove cash active clients to increase by 63% against the PCP. Marketing expense in H2 will be substantially lower than in H1 as PointsBet executes its strategy to front-end the marketing expense in FY22.
- **USA marketing** – US marketing expenses were \$78.2 million, an increase versus the PCP due to an increased number of operating jurisdictions quarterbacked by NBC Sports
 - Strategy consistent with new market entries, upfront investments to establish market share and drive revenue growth
 - US marketing expense expected to increase as footprint expands consistent with the Company's US expansion strategy.
- **Employee benefits** – expenses have increased as the Group continues to build a world class team across all areas of the business. Headcount as at 31 December 2021 had grown 65% since 31 December 2020 to 539 employees across Australia, United States, Europe and Canada. In addition, PointsBet has also continued to utilise support staff which are engaged via third party service companies.
- **Product and technology** – during HY22, the Company was operational in Australia and 8 US states leading to an increase in betting volumes and costs associated with developing, hosting, operating and securing technology and data platforms. As a result, Product and Technology costs increased for the Reporting Period versus the PCP.
- **Administration expenses** – Administration 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 HY22 and;
 - Increase in external consultant and legal costs from capital raising and corporate transactions.

As a result of the significant investment into the US business, the Group recorded a statutory EBITDA loss of (\$130.6) million for the Reporting Period, compared to a statutory EBITDA loss of (\$71.3) million in the PCP.



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REVIEW OF OPERATIONS

FOR THE 6 MONTHS ENDING 31 DECEMBER 2021
CONTINUED

REGIONAL OPERATIONS

AUSTRALIAN TRADING BUSINESS

PointsBet Australia – PCP Performance (A\$M)

KEY METRICS – SPORTS BETTING	HY22	HY21	CHANGE VS PCP
Turnover/Handle ¹⁶	1,358.4	1,071.0	+27%
Gross Win Margin	13.3%	12.7%	+0.6pp
Gross Win ¹⁷	180.1	136.1	+32%
Net Win Margin	7.9%	7.9%	0.0pp
Net Win ¹⁸	107.9	84.8	+27%
Net Revenue ¹⁹	97.6	77.2	+27%

During the Reporting Period, Net Revenue for the Australian Trading business increased to \$97.6 million from \$77.2 million in the PCP, representing a 27% increase as the business continued to increase its client base, focused on client retention and rolling out improved and innovative product and technology enhancements. This strong performance demonstrates PointsBet's capability to disrupt and grow market share in a highly competitive environment.

HY22 saw an increase in the percentage of Turnover that was bet on the higher margin multi-bet product compared to the PCP.

For Q2FY22, app download volumes grew by 121% versus Q2FY21.

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's FY22 marketing strategy was to front-end the marketing expense significantly in to H1FY22 to take advantage of the Shaq campaign through the Spring Racing Carnival. As a result, the H1FY22 marketing expense was \$44.7 million which contributed to an EBITDA loss of (\$16.1) million for the Reporting Period. The positive momentum created off the back of H1FY22 spend, allows the marketing expense to be reduced to circa \$16 million for H2FY22. Therefore, the company expects the Australian Trading Business to be EBITDA positive for FY22.

The Company continued its national broadcast role as the exclusive Channel 7 Victoria odds integration partner for the Spring and Autumn Racing Carnival coverage.

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.

In September 2021, PointsBet became the new Major Partner of the Manly Sea Eagles National Rugby League (NRL) team. The new exclusive multi-year sponsorship deal will see PointsBet take over the main front position on the Sea Eagles NRL jerseys for at least the next four years.

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

17. 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.

18. 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).

19. 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.

UNITED STATES

POINTS BET UNITED STATES – HY22 PERFORMANCE (A\$M)²⁰

KEY METRICS	NEW JERSEY	ILLINOIS	MICHIGAN	INDIANA	COLORADO	IOWA	WEST VIRGINIA	VIRGINIA	HY22	HY21	CHANGE VS PCP
Sports Betting Turnover/Handle ²¹	240.4	357.6	125.4	73.3	106.5	36.7	4.0	3.7	947.5	819.1	+16%
Sports Betting Gross Win Margin	10.9%	7.2%	4.9%	6.2%	5.4%	5.6%	3.7%	4.7%	7.5%	2.2%	+5.3pp
Sports Betting Gross Win ²²	26.3	25.7	6.2	4.5	5.8	2.1	0.2	0.2	70.8	17.7	+299%
Sports Betting Net Win Margin	7.1%	4.2%	(1.1%)	0.7%	0.9%	(0.4%)	(8.0%)	(15.6%)	3.3%	(0.2%)	+3.5pp
Sports Betting Net Win	17.1	15.1	(1.4)	0.5	1.0	(0.1)	(0.3)	(0.6)	31.3	(2.0)	n.m.
iGaming Net Win	2.3	-	5.3	-	-	-	-	-	7.6	-	-
Total Net Win²³	19.4	15.1	3.8	0.5	1.0	(0.1)	(0.3)	(0.6)	38.8	(2.0)	n.m.

SPORTS BETTING ONLINE HANDLE MARKET SHARE

BLENDED ONLINE HANDLE MARKET SHARE	ILLINOIS	MICHIGAN	COLORADO	NEW JERSEY	INDIANA	IOWA	WEST VIRGINIA
4.2% ¹	7.1% ²	5.1% ³	3.8% ⁴	3.1% ⁵	2.8% ⁶	2.3% ⁷	1.4% ⁸

Note:

1. Blended online handle market share is the sum of PBH online handle divided by sum of active states online handle for Q2FY22. Excludes Virginia which launched on 15 December 2021. 2. Based on total Illinois online sports betting handle for Q2FY22 as reported by the Illinois Gaming Board. 3. Based on total Michigan online sports betting handle for Q2FY22, as reported by the Michigan Gaming Control Board. 4. Based on total Colorado online sports betting handle for Q2FY22, as reported by the Colorado Department of Revenue – Division of Gaming. 5. Based on total New Jersey online sports betting handle for Q2FY22, as reported by the New Jersey Division of Gaming Enforcement. 6. Based on total Indiana online sports betting for Q2FY22, as reported by the Indiana Gaming Commission. 7. Based on total Iowa online sports betting handle for Q2FY22, as reported by the Iowa Racing and Gaming Commission. 8. Based on total West Virginia online sports betting handle for Q2FY22, as reported by the West Virginia Lottery.

The US business achieved a sports betting Gross Win of \$70.8 million during the Reporting Period, compared to Gross Win of \$17.7 million for the PCP, with a sports betting Net Win of \$31.3 million, compared to Net Win loss of (\$2.0) million for the PCP. During the Reporting Period, PointsBet achieved an iGaming Net Win of \$7.6 million.

Given PointsBet's increased investment in marketing (compared to the PCP) during the Reporting Period to US\$57.2 million, the US business saw Cash Active Clients during the 12 months to 31 December 2021 increase to 211,113, a 210% increase compared to the 12 months to 31 December 2020.

As a result of the increased investment in marketing and increased employee head count, the US business recorded a statutory EBITDA loss of (\$94.2) million for the Reporting Period, compared to a statutory EBITDA loss of (\$69.2) million in the PCP.

The US business's focus is aimed at ensuring every client acquired is capable of being revenue-generating. PointsBet's experienced customer intelligence and trading analytics teams are intensely focused on calculating the lifetime value of clients.

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

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

22. 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.

23. 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).

REVIEW OF OPERATIONS

FOR THE 6 MONTHS ENDING 31 DECEMBER 2021
CONTINUED

A number of optimisations were made during Q2FY22, refining PointsBet's approach to tactical promotions with a focus on rewarding a higher value, engaged client cohort and gaining an improved share of wallet from this cohort.

On 13 August 2021, it was announced that PointsBet agreed to provide Resorts World, a wholly owned subsidiary of Genting Group, with B2B mobile sports wagering services in the State of New York. This strategic B2B agreement should be viewed as an accretive and valuable partnership for the Company, but not indicative of a larger B2B strategy for PointsBet.

At present, PointsBet has live sports betting operations in the states of New Jersey, Iowa, Indiana, Illinois, Colorado, Michigan, West Virginia, Virginia, New York and Pennsylvania.

PointsBet has iGaming operations in Michigan, New Jersey and West Virginia, with launches expected in Pennsylvania and Ontario in H2FY22.

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. PointsBet successfully launched live dealer in Michigan in November and New Jersey in December.

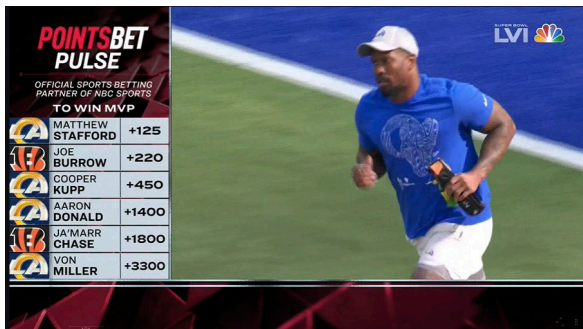
NBC PARTNERSHIP UPDATE

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.

Leading integrations

BUCCANEERS-PATRIOTS SUNDAY NIGHT FOOTBALL (3 OCTOBER)
GAME AVERAGED 28.5M VIEWS INCLUDING STREAMING

POINTSBET PULSE



TO WIN MVP	
MATTHEW STAFFORD	+125
JOE BURROW	+220
COOPER KUPP	+450
AARON DONALD	+1400
JAMARR CHASE	+1800
VON MILLER	+3300

FOOTBALL NIGHT IN AMERICA ON SUNDAY NIGHT FOOTBALL



KEY HIGHLIGHTS FOR HY22 INCLUDE:

Key Partnership

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.

Brand Metrics

In the recent NBC partnership brand analysis²⁴ received in December, survey respondents who were part of the Exposed Group (i.e. respondents who were exposed to PointsBet advertising throughout the NBC campaign) outscored respondents from the Control Group (i.e. respondents who were not exposed to PointsBet advertising throughout the NBC campaign) against all key brand metrics:

- 30% increase in Brand Favourability.
- 29% increase in Consideration Intent.
- 30% increase in Recommendation Intent.
- 41% increase in Target Brand Attributes (e.g. PointsBet utilizes innovative technology).
- 28% increase in Target Partnership Attributes (e.g. Visit the PointsBet app/website to learn more).

Self-identified PointsBet clients, who were also exposed to the NBC partnership, agree that PointsBet delivers on key elements that they are searching for from their sportsbook:

- 90% said PointsBet builds authenticity and trust with their users.
- 89% said PointsBet is redefining sports betting.
- 90% said PointsBet is becoming a more common sportsbook that is used or talked about.

Integrations

NFL

- PointsBet and NBC developed the first ever sports betting integration inside Football Night in America (FNIA), a top rated TV program with an average of ~17 million viewers. The "PointsBet Pulse" segment was led by ambassadors Drew Brees and Chris Simms throughout the season, and featured PointsBet betting markets with analysis from Drew and Chris. The segment finishes by driving viewers to PointsBet's app, promoting immediacy ahead of game-time.
- This activation was further enhanced with a PointsBet branded ticker that ran throughout FNIA, informing viewers of the latest odds in real time for a number of markets for that night's game.
- PointsBet also had a weekly betting integration into Peacock's Sunday Night Football Final, a new postgame show that was developed for this season.

Golf

- In-round integrations have been featured across the Golf Channel since September 2021 and include live odds inside NBC Sports-built graphic packages throughout the entire tournament. This marked the first time an integration of this kind has been seen across the Golf Channel.
- PointsBet also became the title sponsor of 'Golf Today', Golf Channel's premier studio show that airs multiple times per week.

English Premier League (EPL)

- Live odds displayed at the start of the second half of select EPL games.
- 'Goal Summary' feature allowed for additional PointsBet branding to appear on screen when a goal was scored in select EPL games.
- Studio show activations such as displaying EPL futures (e.g. to win the league, to finish top four, Golden Boot) and a PointsBet branded ticker that featured live odds.

Predictor

Leads acquired directly from the free-to-play app, NBC Sports Predictor, exceeded 610,000 at the end of H1FY22. These are leads across all fifty states, providing PointsBet with both the opportunity to reach users in live states with sign up messaging and the chance to grow its leads base when launching in to future states.

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 (\$13.5) million. For HY22, the Corporate Segment includes all costs associated with PointsBet Canada.

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 HY22
- 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 31 December 2021, PointsBet had A\$523.3 million of corporate cash, part of which is held in US Dollars.

24. Study conducted by Kantar Millward Brown, a leading company in the media research space.

REVIEW OF OPERATIONS

FOR THE 6 MONTHS ENDING 31 DECEMBER 2021

CONTINUED

GROUP BALANCE SHEET

A\$M	STATUTORY AS AT 31 DEC 2021	STATUTORY AS AT 30 JUN 2021
Cash and cash equivalents	569.0	276.2
Intangible assets	188.8	142.5
Right-of-use assets	9.4	9.1
Prepayments ²⁵	177.4	173.6
Deposits held in escrow ²⁶	15.4	11.2
Other assets	11.3	11.7
Total assets	971.3	624.4
Lease liabilities	12.1	11.6
Trade and other payables	51.5	39.4
Player cash accounts ²⁷	41.1	26.5
Financial liability ²⁸	80.6	76.1
Other liabilities	43.2	22.7
Total liabilities	228.5	176.3
Net assets	742.8	448.1
Total equity	742.8	448.1

Cash and cash equivalents includes Client cash of \$45.7 million (30 June 2021: \$30.6 million).

At 31 December 2021, the Group had net assets of \$742.8 million, representing a 66% increase on the 30 June 2021 net assets of \$448.1 million.

Net asset movements are driven primarily by:

- Cash received upon completion of the \$400 million capital raise in August 2021.
- Intangible Assets increased as a result of:
 - investment in US licenses and market access fees, in particular a US\$25 million payment to the New York Gaming Commission for market access to the State of New York.
 - continued investment in the betting platform through the capitalisation of product and technology employee costs and other related development costs.
- Other liabilities also includes an amount received as a partial New York licence fee reimbursement from Resorts World Bet, a subsidiary of Genting Group, during the half, as part of our B2B Platform Provider agreement to power the Resorts World Bet online sportsbook operation in New York state. This amount will be recorded as revenue on a straight-line basis over the life of the agreement.

25. Prepayments, includes prepayments for future marketing spend of \$162 million. The significant majority representing an offset to the total cash marketing commitment across the five years under the NBCUniversal Media Partnership.

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

27. Player cash accounts includes \$6.0 million of other financial liabilities.

28. 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 \$80.6 million includes the notional interest charged and fair value loss on the financial liability for the half-year period.

GROUP STATEMENT OF CASH FLOWS

A\$M	STATUTORY HY22	STATUTORY HY21
Receipts from customers (including GST)	162.8	82.7
Payments to suppliers and employees (including GST)	(256.8)	(152.0)
Net interest	(0.1)	0.3
Net increase/(decrease) in client cash	15.8	20.3
Net cash outflow from operating activities	(78.3)	(48.8)
Net cash outflow from investing activities	(55.3)	(35.4)
Net cash inflow from financing activities	422.9	341.2
Net cash flows	289.3	257.0

At 31 December 2021, the Group had a cash balance of \$569 million, including \$45.7 million of client cash and \$523.3 million of corporate cash.

- Net operating outflows excluding movement in player cash accounts was (\$94.1 million), whilst revenue grew in H1 FY22 vs the PCP, cash outflows increased as a result of an increased number of US operating jurisdictions across both US marketing and technology, as well as continued to scale operational capabilities increasing employees by 65% since 31 December 2020. Total cash receipts from customer were \$162.8 million, which included \$146.7 million from Sportsbook and iGaming. The balance of \$16.1 million includes cash receipts from PointsBet European B2B operations, US Advance Deposit Wagering (horseracing ADW) business, and a partial New York licence fee reimbursement as part of the B2B Platform Provider agreement to power the Resorts World Bet (subsidiary of Genting Group) online sportsbook operation in New York.
- Net investing outflows were (\$55.3) million driven by continued investment in US licences and market access which was largely represented by a US\$25 million payment for New York market access to NY Gaming Commission, as well as PointsBet's betting platform as well as on our continued investment in the development of the betting platform.
- Net financing inflows were \$422.9 million in line with the capital raising in August 2021.

CONCLUSION

PointsBet have put together all the building blocks 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 Technologies, now PointsBet Europe strengthens our capabilities further, in-particular in the area of in-play, micro and player prop offerings.
- PointsBet's App was ranked second out of 34 in the latest Eilers & Krejcik App-by-App Testing, ahead of all US operators and just behind FanDuel.
- PointsBet has built a material Australian Trading business in a highly competitive and advanced market, and it is expected the Australian Trading business to again be EBITDA positive for the full year.
- Since July 2021, PointsBet has increased the number of live sports wagering states from 6 to 10, with the addition of West Virginia, Virginia and recently New York and Pennsylvania.
- The launch of PointsBet's inaugural iGaming product in Michigan, including live dealer games and PointsBet branded VIP tables. This was quickly followed by iGaming launches in New Jersey and West Virginia.
- PointsBet continues to leverage its transformational US media partnership with NBC Sports providing access to leading national, regional and local television as well as comprehensive digital assets.
- PointsBet have established a market leading team in all key areas.
- PointsBet attracted outstanding brand ambassadors, including Paige Spiranac, Drew Brees, Shaquille O'Neal, Allen Iverson, Rip Hamilton, Notah Begay III and Devin Hester.
- PointsBet have entered into strategic partnerships with a host of sports teams across the US, as well as the major sports leagues, including being one of only 7 NFL Approved Sportsbook Operators. PointsBet also gained use of official NFL data, ultimately enhancing the customer experience.

AUDITOR'S INDEPENDENCE DECLARATION

For personal use only



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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 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 25 February 2022
Melbourne, Victoria

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AUDIT | TAX | CONSULTING

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR 31 DECEMBER 2021

	NOTES	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Revenue from continuing operations			
Revenue	3	139,110	75,134
Cost of sales		(84,406)	(49,521)
Gross profit		54,704	25,613
Other income/(expenses)	4 (a)	1,763	(9,156)
Expenses			
Marketing expenses		(124,087)	(62,874)
Occupancy expenses		(597)	(326)
Administration expenses		(5,415)	(4,141)
Other expenses		(1,477)	(838)
Consulting expenses		(1,188)	(405)
Information technology costs		(7,917)	(5,992)
Employee benefits expenses	5	(44,163)	(22,582)
Travel and accommodation expenses		(583)	(135)
Depreciation and amortisation	5	(12,908)	(4,370)
Total Expenses		(198,335)	(101,663)
Finance income	4 (b)	434	574
Finance expenses	4 (b)	(4,948)	(959)
Finance (costs) – net		(4,514)	(385)
Loss before income tax		(146,382)	(85,591)
Income tax expense		–	–
Loss for the period		(146,382)	(85,591)
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations	14 (c)	8,297	(21,020)
Total comprehensive loss for the period		(138,085)	(106,611)
Loss for the period attributable to:			
Owners of PointsBet Holdings Limited		(146,382)	(85,591)
Total comprehensive loss for the period is attributable to:			
Owners of PointsBet Holdings Limited		(138,085)	(106,611)
Loss per share for loss attributable to the owners of PointsBet Holdings Limited:			
Basic and Diluted loss per share	16	(58.97)	(47.61)

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 2021

	NOTES	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	569,001	276,158
Trade and other receivables		567	1,874
Other current assets	8	56,819	37,212
Total current assets		626,387	315,244
Non-current assets			
Plant and equipment		8,136	7,721
Intangible assets	7	188,779	142,528
Other non-current assets	8	138,579	149,779
Right-of-use assets		9,353	9,139
Total non-current assets		344,847	309,167
Total assets		971,234	624,411
LIABILITIES			
Current liabilities			
Trade and other payables	9	51,460	39,404
Employee benefit obligations		3,505	2,602
Provisions		535	396
Financial liabilities	10	5,972	4,149
Other current liabilities	11	46,134	31,607
Lease liabilities		3,544	2,603
Contract liabilities	12	1,836	–
Total current liabilities		112,986	80,761
Non-current liabilities			
Other non-current liabilities		6,197	648
Employee benefit obligations		402	189
Lease liabilities		8,535	9,036
Financial liabilities	10	80,612	76,078
Deferred tax liabilities		9,423	9,576
Contract liabilities	12	10,328	–
Total non-current liabilities		115,497	95,527
Total liabilities		228,483	176,288
Net assets		742,751	448,123
EQUITY			
Share capital	14 (a)	1,097,888	666,130
Other reserves	14 (c)	71,884	62,632
Accumulated losses		(427,021)	(280,639)
Total equity		742,751	448,123

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 2021

ATTRIBUTABLE TO OWNERS OF POINTSBET HOLDINGS LIMITED

	NOTES	SHARE CAPITAL \$'000	OTHER RESERVES \$'000	ACCUMULATED LOSSES \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2020		261,758	8,850	(93,483)	177,125
Loss for the period		–	–	(85,591)	(85,591)
Other comprehensive income		–	(21,020)	–	(21,020)
Total comprehensive loss for the period		–	(21,020)	(85,591)	(106,611)
Transactions with owners in their capacity as owners:					
Exercise of options		708	(452)	–	256
Issued Capital - NBC Universal Transaction		65,284	32,621	–	97,905
Capital raising		353,227	–	–	353,227
Listed Options Adjustment		(27,179)	27,179	–	–
Less: Share issue costs		(12,115)	–	–	(12,115)
Share based payments expense for the period		–	3,386	–	3,386
Total for the half-year		379,926	62,733	–	442,659
Balance at 31 December 2020		641,684	50,563	(179,074)	513,173
Balance at 1 July 2021		666,130	62,632	(280,639)	448,123
Loss for the period		–	–	(146,382)	(146,382)
Other comprehensive income	14	–	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	14	39,279	(4,294)	–	34,985
Issued Capital - Ambassadors	14	2,945	–	–	2,945
Capital raising	14	400,082	–	–	400,082
Less: Share issue costs	14	(10,548)	–	–	(10,548)
Share based payments expense for the period	14	–	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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR 31 DECEMBER 2021

	NOTES	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		162,795	82,697
Payments to suppliers and employees (inclusive of GST)		(256,803)	(152,039)
		(94,008)	(69,342)
Interest received		313	555
Interest paid		(415)	(296)
Net increase in player cash accounts	6	15,806	20,317
Net cash outflow from operating activities	17	(78,305)	(48,766)
Cash flows from investing activities			
Payments for plant and equipment		(1,525)	(3,411)
Payments for capitalised software development		(13,380)	(5,803)
Payments for market access intangible		(36,288)	(14,271)
Payments for rental bonds and bank guarantees		(160)	-
Payments for funds held in escrow		(3,764)	(11,924)
Payments to acquire businesses (net of cash acquired)		(138)	-
Net cash outflow from investing activities		(55,254)	(35,409)
Cash flows from financing activities			
Proceeds from issues of shares (net of share issue cost)		389,534	341,116
Proceeds from exercise of share options		35,004	252
Repayment of leases		(1,657)	(204)
Net cash inflow from financing activities		422,881	341,164
Net increase in cash and cash equivalents		289,321	256,989
Cash and cash equivalents at the beginning of the financial year		276,158	144,339
Effects of exchange rate changes on cash and cash equivalents		3,521	(12,982)
Cash and cash equivalents at end of year	6	569,001	388,346

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim report for the half-year reporting period ended 31 December 2021 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 2021 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 2021 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; 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 Technology segment derives its external revenue from B2B services provided to customer and its internal revenue from licensing fees charged to the Australian 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. For the current period, costs involved with the start-up of the PointsBet Canada operations are also allocated to the Corporate segment until the business is operational.

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.

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	UNITED STATES 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 intersegment 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)	(13,542)	(130,605)
Finance costs	–	–	–	–	(4,948)
Interest revenue	–	–	–	–	434
Depreciation and amortisation	–	–	–	–	(12,908)
Net foreign exchange gains	–	–	–	–	1,645
Total loss for the period	–	–	–	–	(146,382)
31 December 2020					
Segment revenue	77,157	(2,023)	–	–	75,134
Inter-segment revenue	–	–	8,414	–	8,414
Elimination of intersegment sales	–	–	(8,414)	–	(8,414)
Revenue from external customers	77,157	(2,023)	–	–	75,134
SEGMENT EBITDA	7,987	(69,244)	(3,645)	(6,354)	(71,256)
Finance costs	–	–	–	–	(959)
Interest revenue	–	–	–	–	574
Depreciation and amortisation	–	–	–	–	(4,370)
Net foreign exchange losses	–	–	–	–	(9,580)
Total loss for the period	–	–	–	–	(85,591)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

CONTINUED

3. REVENUE

	2021 \$'000	2020 \$'000
Revenue received from customers (net of GST)	245,821	141,540
Less client promotion expenses (net of GST)	(106,711)	(66,406)
Total revenue from continuing operations	139,110	75,134

4. OTHER INCOME AND EXPENSE ITEMS

A) OTHER INCOME/(OTHER EXPENSES)

	2021 \$'000	2020 \$'000
Net foreign exchange gains/(losses)	1,645	(9,581)
Research and development income	118	312
Other Income	-	113
Total other income/(other expenses)	1,763	(9,156)

B) FINANCE INCOME AND COSTS

	2021 \$'000	2020 \$'000
<i>Finance income</i>		
Interest income	434	574
Finance income	434	574
<i>Finance costs</i>		
Interest expense on financial liability	(2,897)	(646)
Interest expense leases	(411)	(313)
Fair value losses on financial liability	(1,640)	-
Finance costs expensed	(4,948)	(959)

5. EXPENSES

	2021 \$'000	2020 \$'000
<i>Employee benefits expenses</i>		
Salaries	29,406	14,964
Superannuation and 401k	2,220	800
Payroll tax	1,476	1,075
Share based payments expense	5,249	3,424
Other employee costs	5,812	2,319
Total employee benefits expenses	44,163	22,582
<i>Depreciation and amortisation</i>		
Depreciation	1,344	1,615
Amortisation	11,564	2,755
Total depreciation and amortisation	12,908	4,370

6. CASH AND CASH EQUIVALENTS

	31 DECEMBER 2021 \$'000	30 JUNE 2020 \$'000
Current assets		
Cash at bank and in hand	146,868	245,538
Player cash accounts	45,651	30,620
Term deposits	376,482	–
Total cash and cash equivalents	569,001	276,158

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

CONTINUED

7. INTANGIBLE ASSETS

	LICENCES AND MARKET ACCESS \$'000	SOFTWARE \$'000	BETTING PLATFORM DEVELOPMENT \$'000	GOODWILL \$'000	CUSTOMER CONTRACTS \$'000	NON-COMPETE AGREEMENTS \$'000	RACETRACK AGREEMENTS \$'000	TOTAL \$'000
At 30 June 2021								
Cost	57,735	122	40,437	36,213	5,549	14,842	268	155,166
Accumulated amortisation	(4,890)	(26)	(6,380)	–	(360)	(962)	(20)	(12,639)
Net book amount	52,845	96	34,057	36,213	5,189	13,880	248	142,528
Half-year ended 31 December 2021								
Opening net book amount	52,845	96	34,057	36,213	5,189	13,880	248	142,528
Exchange differences	1,985	3	(165)	(400)	(68)	(183)	3	1,175
Additions	41,882	240	12,884	–	–	–	–	55,006
Impairment	–	–	(151)	–	–	–	–	(151)
Amortisation charge	(2,254)	(17)	(3,974)	–	(924)	(2,471)	(74)	(9,779)
Closing net book amount	94,458	322	42,651	35,813	4,197	11,226	112	188,779
At 31 December 2021								
Cost	101,776	365	52,984	35,813	5,461	14,608	271	211,278
Accumulated amortisation	(7,318)	(43)	(10,333)	–	(1,264)	(3,382)	(159)	(22,499)
Net book amount	94,458	322	42,651	35,813	4,197	11,226	112	188,779

8. OTHER ASSETS

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
Current assets		
Prepayments	56,819	37,212
Total other current assets	56,819	37,212

	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
Non-current assets		
Rental bonds and bank guarantees	2,586	2,134
Prepayments	120,625	136,434
Deposits held in escrow	15,368	11,211
Total other non current assets	138,579	149,779

Prepayments include the prepayment with NBCUniversal for future marketing spend of \$162 million (Current: \$41.5 million (30 June 2021: \$31.7 million), Non-current: \$120.4 million (30 June 2021: \$136.2 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 five years. Refer to the 30 June 2021 Annual Report for further information.

9. TRADE AND OTHER PAYABLES

	31 DECEMBER 2021			30 JUNE 2021		
	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
Trade payables	8,315	–	8,315	6,174	–	6,174
Accrued expenses	40,730	–	40,730	30,594	–	30,594
Other payables	2,415	–	2,415	2,636	–	2,636
Trade and other payables	51,460	–	51,460	39,404	–	39,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

CONTINUED

10. FINANCIAL LIABILITIES

	31 DECEMBER 2021			30 JUNE 2021		
	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
Pending bets – at fair value	5,972	–	5,972	4,149	–	4,149
Financial liability	–	80,612	80,612	–	76,078	76,078
Other financial liabilities	5,972	80,612	86,584	4,149	76,078	80,227

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 2021 Annual Report. During the period the fair value of the Financial Liability increased by \$1.64 million as a result of the Company's implied cost of debt decreasing from 7.44% to 7.00%. The notional interest expense on the financial liability for the period was \$2.9 million.

11. OTHER CURRENT LIABILITIES

	31 DECEMBER 2021 \$'000	30 JUNE 2020 \$'000
Deferred income	82	200
Player cash accounts	41,118	26,471
Market access liability	4,934	4,936
Other current liabilities	46,134	31,607

Subsequent to period end, the Market access liability reduced by \$3.5 million following the signing by Ohio Government of sports betting into law. Refer to Note 18 for further details.

12. CONTRACT LIABILITIES

	31 DECEMBER 2021			30 JUNE 2021		
	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000	CURRENT \$'000	NON-CURRENT \$'000	TOTAL \$'000
Contract Liability	1,836	10,328	12,164	–	–	–
Total Contract Liability	1,836	10,328	12,164	–	–	–

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.

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
At 31 December 2021				
Financial liabilities				
Pending bets	-	-	(5,972)	(5,972)
Financial liabilities	-	(80,612)	-	(80,612)
Total financial liabilities	-	(80,612)	(5,972)	(86,584)
At 30 June 2021				
Financial liabilities				
Pending bets	-	-	(4,149)	(4,149)
Financial liabilities	-	(76,078)	-	(76,078)
Total financial liabilities	-	(76,078)	(4,149)	(80,227)

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 2021:

	PENDING BETS \$'000
Opening balance 1 July 2021	4,149
Bets placed	127,670
Bets settled	(125,788)
Fair value gains recognised in revenue	(59)
Closing balance 31 December 2021	5,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

CONTINUED

14. EQUITY

A) SHARE CAPITAL

	31 DECEMBER 2021 SHARES	30 JUNE 2021 SHARES	31 DECEMBER 2021 \$'000	30 JUNE 2021 \$'000
Ordinary shares fully paid	263,078,104	207,738,937	1,097,888	666,130

B) MOVEMENTS IN ORDINARY SHARES

DETAILS	SHARE PRICE \$	NUMBER OF SHARES	TOTAL \$'000
Balance 30 June 2021		207,738,937	666,130
Capital raising – Institutional offer	10.00	21,506,682	215,067
Capital raising- Retail offer	8.00	23,126,887	185,015
Issued Capital – Ambassadors	13.10	224,871	2,945
Exercise of options – PENN	3.37	10,372,549	34,997
Exercise of options – Listed	9.39	152	1
Exercise of options – ESOP	0.08	108,026	8
Transfers from share based payment reserve on exercise of option	–	–	4,272
Less: share issue costs	–	–	(10,548)
Balance 31 December 2021		263,078,104	1,097,888

Capital Raising

On 26 August 2021, PointsBet completed a \$400 million capital raise. Under the 1 for 9 pro rata accelerated renouncement entitlement offer, PointsBet raised:

- \$215 million at \$10.00 per share under the Institutional entitlement offer; and
- \$185 million at \$8.00 per share under the retail entitlement offer

Issued Capital – Ambassadors

On 1 July 2021, the Company appointed former professional NFL football player, Drew Brees as the Company's United States brand ambassador.

On 19 July 2021, the Company appointed former professional golfer, Notah Begay III as the Company's United States brand ambassador.

As part of the three year endorsement agreements, the above Ambassadors were issued a total of 224,871 Company shares, calculated using the 10 day VWAP when issued. The shares are in a holding lock, released in equal proportions after 12, 24 and 36 months respectively. The fair value of shares granted was \$2,945,000.

PENN – Exercise of Options

On 10 September 2021, the Company issued 10,372,549 fully paid ordinary shares at an issue price of \$3.374 per Share to Penn Interactive Ventures, LLC (a subsidiary of Penn National Gaming, Inc) following the exercise of Options due to expire on 12 September 2021. These Options were issued pursuant to a Subscription Agreement dated 31 July 2019.

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 2021	74,990	(12,358)	62,632
Exchange differences on translation of foreign operations	–	8,297	8,297
Transactions with owners in their capacity as owners:			
Share-based payment expense	5,249	–	5,249
Transfer to share capital on exercise of option	(4,294)	–	(4,294)
At 31 December 2021	75,945	(4,061)	71,884

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 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.

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 2021	1.16	10,788,719
Exercised during the half-year	0.08	(108,024)
Forfeited during the half-year	3.71	(50,000)
At 31 December 2021	1.16	10,630,695
Vested and exercisable at 31 December 2021	1.67	468,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

CONTINUED

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 2021	30 JUNE 2021
FY19	FY22	0.08	–	108,024
FY19	FY24	0.23	2,298,653	2,298,653
FY19	FY25	0.41	2,588,971	2,588,971
FY19	FY26	0.41	2,532,619	2,532,619
FY20	FY23	1.67	600,750	600,750
FY20	FY24	1.67	423,125	423,125
FY20	FY25	3.34	1,236,577	1,261,577
FY20	FY26	4.08	850,000	875,000
FY21	FY26	3.44	50,000	50,000
FY21	FY27	3.44	50,000	50,000
			10,630,695	10,788,719

Weighted average remaining contractual life of options at end of period

2.34 years**2.78 years**

The total share-based payment expense recognised from the amortisation of employee option plans was \$2.4 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.

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

	NUMBER OF OPTIONS	FAIR VALUE	AVERAGE SHARE PRICE AT FAIR VALUE
At 1 July 2021	715,380	5,003,646	6.99
Granted during the half-year	724,148	9,661,942	13.34
Forfeited during the half-year	(48,637)	(494,300)	10.16
At 31 December 2021	1,390,891	14,171,288	10.19

The total share-based payment expense recognised from the amortisation of performance rights was \$2.8 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 expire on 30 September 2022.

	NUMBER OF OPTIONS
At 1 July 2021	11,780,426
Exercised during the half-year	(152)
At 31 December 2021	11,780,274
Vested and exercisable at 31 December 2021	11,780,274

16. LOSS PER SHARE**A) BASIC AND DILUTED EARNINGS PER SHARE**

	31 DECEMBER 2021 CENTS	31 DECEMBER 2020 CENTS
From continuing operations attributable to the ordinary equity holders of the company	(58.97)	(47.61)
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	(58.97)	(47.61)

B) RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'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	(146,382)	(85,591)
	(146,382)	(85,591)

C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	31 DECEMBER 2021 NUMBER OF SHARES	31 DECEMBER 2020 NUMBER OF SHARES
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	248,225,104	179,781,185
Effect of dilutive share options and rights ¹	-	-
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	248,225,104	179,781,185
Potential effect of dilutive share options and rights ¹	90,777,358	92,566,922

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

CONTINUED

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

	NOTES	31 DECEMBER 2021 \$'000	31 DECEMBER 2020 \$'000
Loss for the half-year		(146,382)	(85,591)
Adjustments for:			
Depreciation and amortisation	5	12,908	4,370
Share based payment expense	5	5,249	3,424
Shares issued	14(b)	2,945	–
Net foreign exchange differences	4	(1,645)	9,581
Impairment Loss	7	151	–
Research and development income	4	(118)	(312)
Interest on Financial Liability	4	2,897	646
Fair value losses on Financial Liability	4	1,640	–
<i>Change in operating assets and liabilities</i>			
Decrease/(Increase) in trade and other receivables		2,272	(34)
(Increase) in other assets	8	(5,162)	(17,241)
Increase in trade and other payables	9	13,042	15,425
Increase in other financial liabilities	10	6,357	1,356
Increase in player cash accounts	11	14,647	18,918
Increase in contract liabilities	12	12,164	–
Increase in provisions		730	692
Net cash outflow from operating activities		(78,305)	(48,766)

18. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On January 4, 2022 the Company issued 509,128 fully paid ordinary shares at an issue price of \$6.884 per Share to Penn Interactive Ventures, LLC (PIV) (a subsidiary of Penn National Gaming, Inc) (Penn) following the election by Penn Interactive Ventures LLC (PIV) under the Online Gaming Services Framework Agreement, dated as of July 31, 2019 (the Agreement) to take additional equity rather than additional cash consideration following the signing by Ohio Government of sports betting into law on 23 December 2021 (see ASX announcement dated 1 August 2019 for further details).

DIRECTORS' DECLARATION

31 DECEMBER 2021

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 36 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 2021 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

25 February 2022

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 (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company 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.

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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

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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 Group's financial position as at 31 December 2020 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: 25 February 2022
Melbourne, Victoria

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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

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Auditor

RSM Australia

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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

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