

PointsBet and 1/ST TECHNOLOGY Announce United States Horse Racing Betting Partnership

Melbourne, Australia, 6 October 2022 – PointsBet Holdings Limited (ASX:PBH) (the “Company” or “PointsBet”) is pleased to announce that its wholly owned subsidiary Premier Turf Club, LLC, (“BetPTC”), has entered into an agreement with 1/ST TECHNOLOGY, a business division of The Stronach Group (“TSG”), North America’s dominant Thoroughbred horse racing company, which will deliver a fully integrated, white-label Advance-deposit Wagering (“ADW”) horse racing betting experience to PointsBet customers across the United States.

Commenting on the announcement, **PointsBet Group CEO Sam Swanell** said: *“Today marks a pivotal moment in the evolution of our US expansion strategy. Horse racing has a unique role to play alongside sports betting in the United States, and despite already generating over US\$6.5 billion per annum in industry online handle, we consider it an attractive category on the cusp of further expansion on the back of the ongoing shift from brick and mortar to digital.*

“With PointsBet’s mature market Australian racing expertise, and now a strategic partner in 1/ST TECHNOLOGY that provides us with a market leading portfolio of racing products and services, we can introduce new and existing customers to a dynamic and interactive PointsBet branded horse betting experience. This will be supported through cost effective offers and marketing, along with the utilisation of our extensive US sports betting database.”

Under the partnership, 1/ST TECHNOLOGY will provide market leading horse racing betting products and content solutions to be fully integrated within the PointsBet sportsbook app. The partnership will also deliver a PointsBet branded stand-alone ADW offering in eligible states outside those in which the Company currently offers sports betting.

Utilising BetPTC’s licences, PointsBet will own and operate the ADW business, with the ownership of customer data remaining with PointsBet. It is anticipated that the PointsBet branded ADW solution will launch in early 2023, delivering PointsBet an online betting presence in over 30 US states, including in jurisdictions in which it does not currently offer sports betting.

Significantly, racing customers of 1/ST TECHNOLOGY’s currently operated brands, Xpressbet and 1/ST BET, will be introduced to the world of sports betting and iGaming via PointsBet products through this unique marketing partnership.

The Stronach Group’s consumer facing brand 1/ST (pronounced “First”) is the preeminent horse racing organisation in North America, with its portfolio of products and services encompassing 1/ST BET, Xpressbet, Monarch Content Management and AmTote International, being world leaders in pari-mutuel tote and ADW technologies. 1/ST holds some of the most recognized brands in the industry including the legendary Preakness Stakes and the world-renowned Pegasus World Cup.

1/ST TECHNOLOGY has developed a multi-featured app with an algorithm based handicapping tool and a fully configurable UI/UX created to introduce new customers to horse racing and betting, as well as support for the most advanced horse racing bettors.

Paul Williams, Chief Executive Officer, 1/ST TECHNOLOGY, added: *“1/ST TECHNOLOGY is excited to be partnering with the truly innovative team at PointsBet to bring the great sport of horse racing to a growing customer base across US markets. We are uniquely aligned on a superior product vision as well as the value that this relationship brings to our collective organizations and horse racing industry stakeholders at large.”*

It is estimated that United States horse racing gross revenue TAM will surpass US\$3 billion by the end of 2025, with over US\$2 billion (65%) being delivered through ADW¹.

Key features of the partnership

- The five (5) year Master Services Agreement deeply aligns PointsBet and 1/ST TECHNOLOGY and drives a vertically integrated roadmap across key components of ADW - product, totalisator and content management - serving to enrich the PointsBet offering across the United States.
- PointsBet has also entered into sub-agreements, including for the B2B white label ADW solution (with Xpressbet), access to simulcast content (with Monarch Content Management) and a totalisator agreement (with AmTote).
- PointsBet will pay 1/ST TECHNOLOGY a portion of ADW revenue. There are no upfront payments or minimum guarantees over the term.

What is ADW pari-mutuel betting?

ADW is legal for adults 18 years and older (in most states²), and who have a residential address in one of the US states which permit ADW. Currently, BetPTC is licensed to operate ADW in 22 US states and has applied for licensure in 9 additional states.

Pari-mutuel betting is often grouped in with traditional sports betting, which is a fixed odds method of betting. In the United States, horse racing is a unique form of betting where instead of placing wagers against a bookmaker, bettors are playing against each other. Wagers for an event go into a pool, where the ADW pari-mutuel operator (in this case BetPTC) takes a commission from that pool, and the remaining is shared equally between those with a winning ticket. This is similar to “Tote” betting in Australia.

The percentage taken out of the pool (known as the “takeout”) varies depending on the track and type of bet placed, but this typically ranges from 15-30%. From the operator’s perspective, this can be distinguished from traditional fixed odds sports betting given the operator is taking little to no risk.

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¹ Management estimate based on assumed growth rates. Reference year (2021) taken from Macquarie Research Note ‘A view from the starting gate: the horse racing industry’ (21 September 2021)

² A small number of states which authorize ADW require adults to be 19 or 20 years old to place a wager.

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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.

About The Stronach Group and 1/ST

The Stronach Group is a world-class technology, entertainment and real estate development company with Thoroughbred horse racing and pari-mutuel wagering at the core. The company's consumer facing brand 1/ST (pronounced "First") powers The Stronach Group's forward-thinking 1/ST RACING & GAMING, 1/ST CONTENT, 1/ST TECHNOLOGY, 1/ST EXPERIENCE, and 1/ST PROPERTIES businesses, while advocating for and driving the 1/ST HORSE CARE mission. 1/ST represents The Stronach Group's continued movement toward redefining Thoroughbred horse racing and the ecosystem that drives it. 1/ST RACING & GAMING drives the best-in-class horse racing operations and gaming offerings at the company's premier racetracks and training centers including: Santa Anita Park, Golden Gate Fields and San Luis Rey Downs (California); Gulfstream Park – home of the Pegasus World Cup Championship Invitational Series, Gulfstream Park West and Palm Meadows Thoroughbred Training Center (Florida); the Maryland Jockey Club at Laurel Park, Pimlico Race Course - home of the legendary Preakness Stakes, Rosecroft Raceway and Bowie Training Center (Maryland). 1/ST CONTENT is the newly formed operating group for all of 1/ST's media and content companies including: Monarch Content Management, Elite, TSG Global Wagering Solutions (GWS) and XBTV. 1/ST TECHNOLOGY is horse racing's largest racing and gaming technology company offering world-class products via its AmTote, Xpressbet, 1/ST BET, XB SELECT, XB NET, PariMAX and Betmix brands. 1/ST EXPERIENCE blends the worlds of sports, entertainment and hospitality through innovative content development, elevated national and local venue management and hospitality, strategic partnerships, sponsorships, and procurement development. 1/ST PROPERTIES is responsible for the development of the company's live, work and play communities surrounding its racing venues including: The Village at Gulfstream Park (Florida) and Paddock Pointe (Maryland). As the advocate for critical industry reforms and by making meaningful investments into aftercare programs for retired horses and jockeys, 1/ST HORSE CARE represents The Stronach Group's commitment to achieving the highest level of horse and rider care and safety standards in Thoroughbred horse racing on and off the track. For more information, please visit www.1st.com or follow @1ST_racing on Twitter or @1stracing on Instagram and Facebook.

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About 1/ST TECHNOLOGY

1/ST TECHNOLOGY is horse racing's largest, most innovative racing and gaming technology company, offering world-class products via its AmTote, Xpressbet, 1/ST BET, XB Select, XB NET, PariMAX and BEMTIX brands. 1/ST TECHNOLOGY'S wagering platform is the world leader in pari-mutuel totalisator and fixed-odds wagering solutions - servicing end users and major operator businesses in the horse racing, gaming, sports betting, and esports markets on a global scale.

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