

UPDATE ON SALE OF POINTSBET US BUSINESS

PointsBet Board unanimously recommends Fanatics Betting and Gaming's (FBG) improved proposal of US\$225 million (~A\$333 million¹) to acquire PointsBet's US Business, representing a 50% or US\$75 million (~A\$111 million¹) increase to prior bid

Key Highlights

- PointsBet has amended its Stock and Equity Sale Agreement with FBG, increasing headline cash consideration to US\$225 million (~A\$333 million¹), 50% or US\$75 million (~A\$111 million¹) higher than originally agreed.
- Two-stage completion remains, with US\$175 million² (including the full US\$75 million increase in headline cash consideration) to be received at the Initial Completion and US\$50 million² to be received at the Subsequent Completion.
- Shareholders will vote on the FBG Transaction at the Extraordinary General Meeting this Friday, 30 June 2023, as improved by the above-stated amendment.
- DraftKings was unable to finalise a binding offer by 6pm (Melbourne time) Tuesday 27 June 2023 and accordingly the Board has determined that the FBG Transaction, as improved by the above-stated amendment, is superior in terms of both pricing and certainty of being able to complete on a timely basis.
- The Board continues to unanimously recommend that Shareholders vote in favour of the FBG Transaction, as improved by the above-stated amendment.

Melbourne, 28 June 2023

PointsBet Holdings Limited (ASX:PBH) (the **Company** or **PointsBet**) refers to the ASX releases dated 15 May 2023, 26 May 2023, 16 June 2023 and 19 June 2023 relating to the proposed sale of its US Business.

On 26 June 2023, Fanatics Betting and Gaming (**FBG**), submitted an improved proposal to purchase PointsBet's US Business for headline cash consideration of US\$225 million (~A\$333 million¹) up from US\$150 million (~A\$222 million¹) that was previously announced on 15 May 2023.

The FBG Transaction continues to incorporate a two-stage completion, with US\$175 million² (including the full US\$75 million increase in headline cash consideration) to be received at the Initial Completion and US\$50 million² to be received at the Subsequent Completion.

On 27 June 2023, the Company entered into the First Amendment to the Stock and Equity Sale Agreement (**First Amendment**) with FBG to reflect the above-mentioned changes (refer to Annexure A for a summary of the material changes to the Stock and Equity Sale Agreement).

¹ Assumes AUDUSD exchange rate of 0.675

² Subject to agreed adjustments

Given the increased headline cash consideration, the PointsBet Board (**Board**) currently estimates the distribution of capital would now be approximately A\$1.39 to A\$1.44 per share³, in total (**Proposed Distribution**). The Proposed Distribution of capital is expected to be made over two tranches, with each tranche following shortly after each completion payment. The Company will commence the necessary process to facilitate the Proposed Distribution in the coming months, with the first tranche of approximately A\$1.00 per share expected to be paid mid-September 2023⁴.

The Board continues to unanimously recommend that Shareholders vote in favour of the FBG Transaction (as improved) and the Board confirms that Shareholders will vote on the FBG Transaction (as improved) at the Extraordinary General Meeting this Friday, 30 June 2023.

PointsBet Chairman Brett Paton said:

“The improved proposal delivers PointsBet shareholders a 50% or US\$75 million increase to the acquisition price originally agreed with Fanatics Betting and Gaming. Following the receipt of a non-binding indicative offer for our US Business from DraftKings on 16 June 2023, the PointsBet team entered negotiations with both parties.

The Board unanimously supports the improved proposal from Fanatics Betting and Gaming, which provides a superior price plus certainty. Fanatics Betting and Gaming conducted their diligence process and negotiations in a highly professional manner at all times. The offer to “front end” the additional consideration is an element which we regarded as a welcome and significant benefit to our shareholders.

Subject to shareholder and regulatory approvals, our US team will have a strong future as part of the Fanatics Betting and Gaming group and PointsBet will build on the opportunities in Australia and Canada underpinned by a strong balance sheet.”

As advised in the Company’s ASX release on 16 June 2023, the Company received a non-binding proposal from DraftKings Inc. (**DraftKings**) to acquire the Company’s US business for US\$195 million. Subsequent to that date PointsBet has facilitated a detailed due diligence process on the US Business to enable DraftKings to develop its non-binding proposal into a binding offer by 6pm (Melbourne time) on Tuesday 27 June 2023. DraftKings was unable to finalise a binding offer by the nominated time and date and accordingly the Board has determined that the FBG Transaction (as improved) is superior in terms of both pricing and certainty of being able to complete on a timely basis.

This announcement has been authorised for release by the Board Disclosure Committee.

³ The final amount of the Proposed Distribution will be determined by the Board following each completion of the FBG Transaction and will, in part, depend on the final number of shares outstanding post the relevant completion and the finalisation of the net proceeds received or paid following the purchase price adjustments. At the date of this announcement there are 307.1 million ordinary shares outstanding and the maximum number of ordinary shares outstanding post the vesting and exercise of the Company’s performance share rights and employee share options is approximately 328.1 million. The estimated distribution of A\$1.39 to A\$1.44 per share has been calculated based on assumptions made regarding: (a) the number of employee options that are likely to be exercised between the date of this announcement and the books close date for the Proposed Distribution; and (b) the number of performance share rights that will vest prior to the Proposed Distribution. The vesting of performance share rights will be determined at the discretion of the Company’s Remuneration Committee, as is customary each year

⁴ The Proposed Distribution will be determined by the Board and is dependent on a number of factors including the receipt of required approvals

- Ends -

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.

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Annexure A

Summary of First Amendment to the Stock and Equity Sale Agreement

The First Amendment to the Stock and Equity Sale Agreement (**First Amendment**) between the Company and FBG Enterprises Opco, LLC (**FBG**) was entered into on June 27, 2023.

The key changes made by the First Amendment include:

- to increase the headline purchase price from US\$150 million to US\$225 million;
- to increase the initial instalment payable from US\$100 million to US\$175 million;
- to provide FBG with an additional termination right that it can terminate the Stock and Equity Sale Agreement if the Extraordinary General Meeting scheduled for June 30, 2023 (**Shareholder Meeting**) is adjourned, cancelled, delayed, postponed or rescheduled unless due to a Force Majeure Event (including a national emergency, fire, flood, natural disaster, power outage or similar event);
- to remove the Company's right to terminate the Stock and Equity Sale Agreement before the date of the Shareholder Meeting in order to pursue a Superior Proposal; and
- to increase the break fee payable by the Company in certain circumstances from US\$1.5 million to US\$2.25 million.

The improved FBG proposal is conditional on:

- the Shareholder Meeting taking place as scheduled on June 30, 2023, without delay or adjournment for any reason except due to a Force Majeure Event;
- an agreement by the Company to procure that each Board member does not change his or her recommendation in respect of the FBG Transaction (as improved); and
- removal of the PointsBet termination right for a change of Board recommendation before the date of the Shareholder Meeting.