

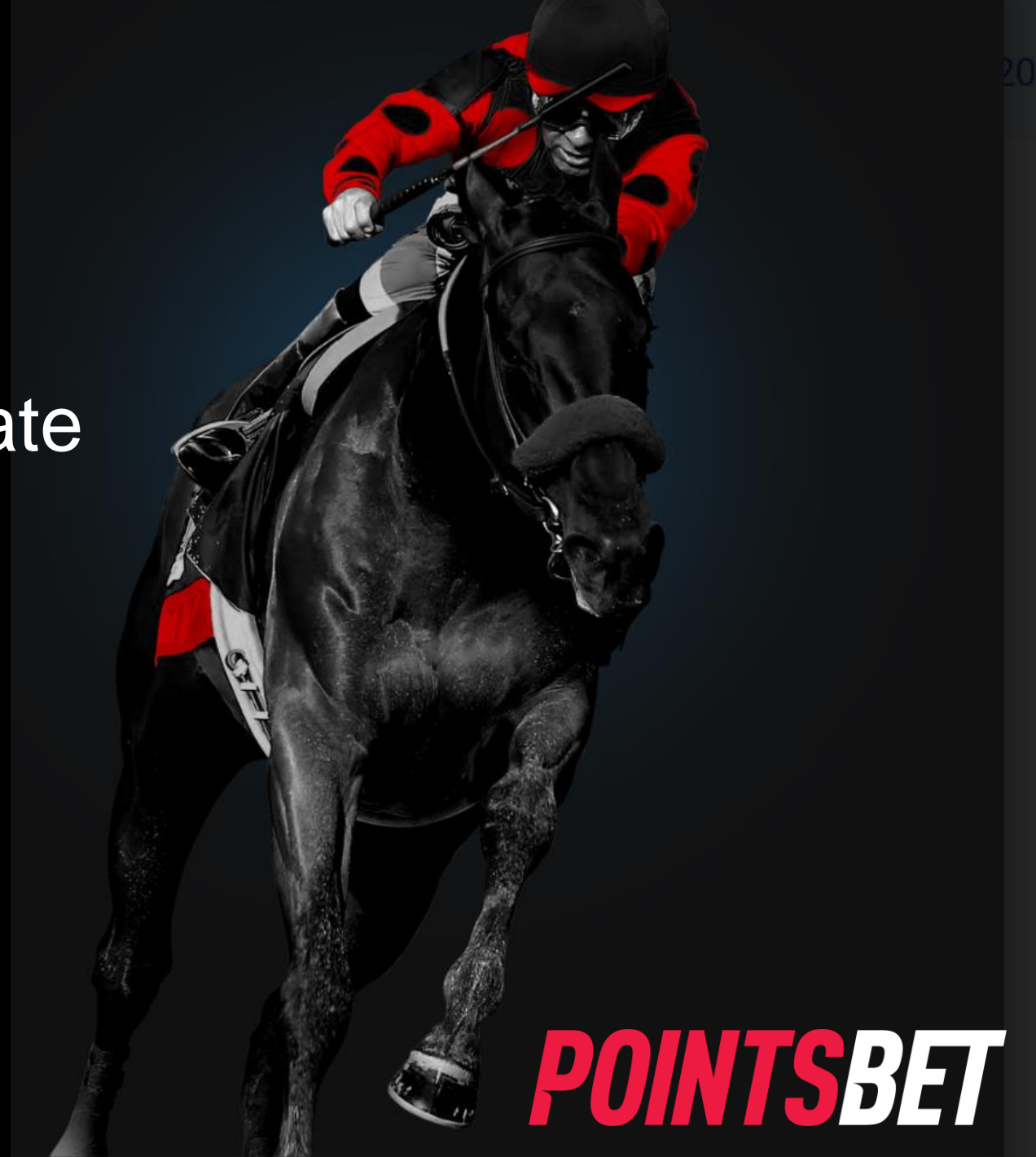
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# PointsBet

## Q3 FY2020 Business Update



April 2020



**POINTS**BET

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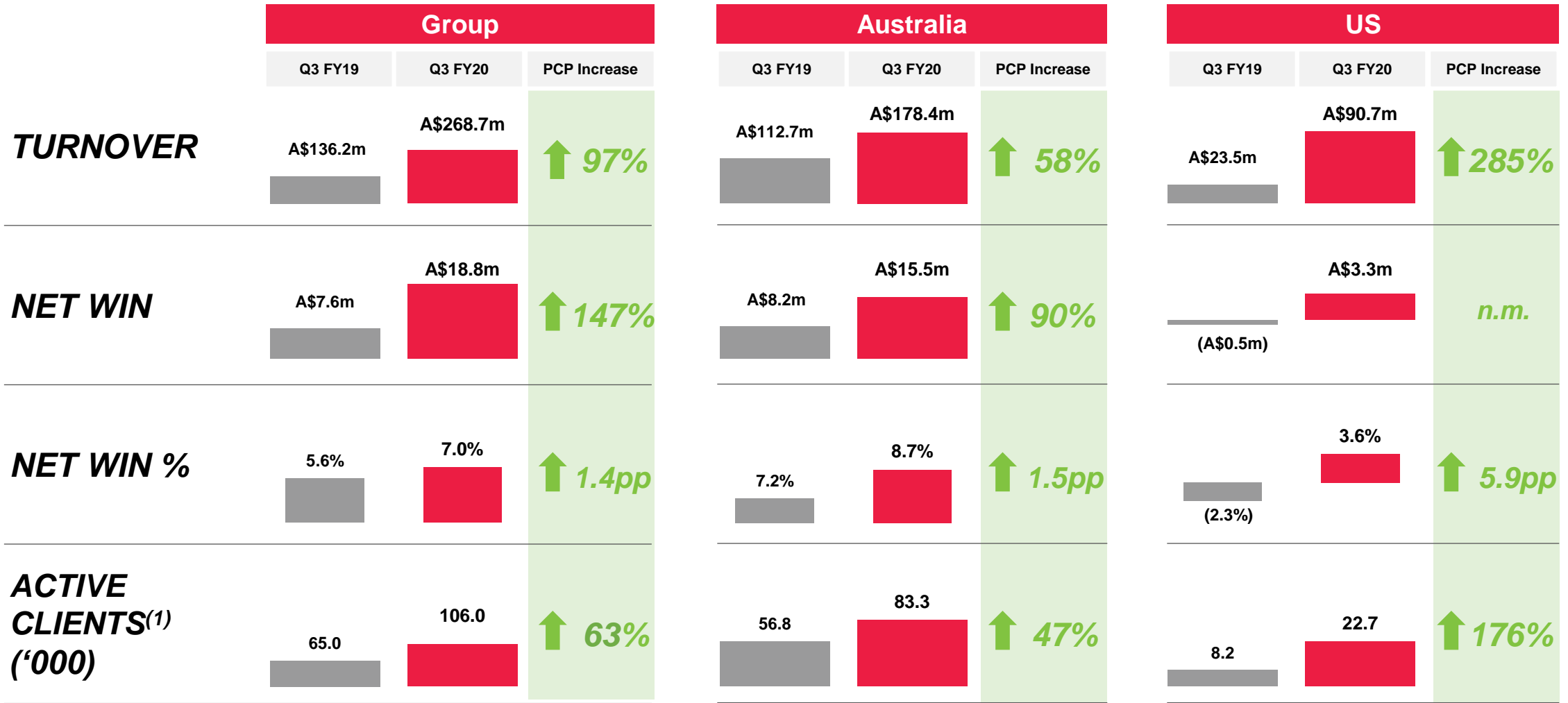
# Quarterly Highlights

- ✓ First positive EBITDA quarter for Australian Trading business
- ✓ Record quarterly Net Win achieved in Australia of A\$15.5m
- ✓ Successive monthly Net Win records in February and March in Australia
- ✓ US achieved Net Win of A\$3.3m at a Net Win Margin of 3.6%
- ✓ Launched operations in Indiana, our 3rd online sportsbook in the US
- ✓ Market access secured in Kansas and Michigan
- ✓ Appointed Official Betting Partner of LaLiga North America
- ✓ Hugely successful timing & execution of Tier 1 Channel 7 Australian horse racing partnership
- ✓ Continued development of our product & technology platform
- ✓ Release of significantly improved app in New Jersey
- ✓ Achieved 5.6% New Jersey market share<sup>(1)</sup>

Notes: (1) Based on total New Jersey sports betting handle for the quarter, as reported by the New Jersey Division of Gaming Enforcement ("NJDE")

# Strong Growth Across Key KPIs

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Notes: (1) Clients that have placed a bet in the 12 months preceding the relevant quarter end date



# PointsBet Australia

- ✓ Record Net Win quarter in Australia
- ✓ Successive monthly Net Win records in February and March in Australia
- ✓ March saw clients transferring to higher margin products, particularly thoroughbred, harness and greyhound racing as a result of suspension of AFL and NRL
- ✓ Continued higher quarter-on-quarter Net Win Margin partially due to favorable results
- ✓ Hugely successful timing & execution of Tier 1 Channel 7 Australian horse racing partnership
- ✓ Continued investment in product and technology platform including same game multi, which is expected to go live in the June quarter

## PointsBet Australia – Quarterly & PCP performance (A\$m)

| Key metrics      | Q3 FY20 | Q3 FY19 | Increase on PCP |
|------------------|---------|---------|-----------------|
| Turnover         | 178.4   | 112.7   | 58.3%           |
| Gross Win        | 21.2    | 12.9    | 63.6%           |
| Gross Win Margin | 11.9%   | 11.5%   | +0.4pp          |
| Net Win          | 15.5    | 8.2     | 89.8%           |
| Net Win Margin   | 8.7%    | 7.2%    | +1.5pp          |

## PointsBet Australia – YTD performance (A\$m)

| Key metrics      | Q1 FY20 | Q2 FY20 | Q3 FY20 | YTD FY20 | YTD FY19 | Increase on PCP |
|------------------|---------|---------|---------|----------|----------|-----------------|
| Turnover         | 164.4   | 184.8   | 178.4   | 527.6    | 322.2    | 63.7%           |
| Gross Win        | 17.3    | 20.7    | 21.2    | 59.3     | 34.7     | 70.6%           |
| Gross Win Margin | 10.6%   | 11.2%   | 11.9%   | 11.2%    | 10.8%    | +0.5pp          |
| Net Win          | 12.6    | 14.6    | 15.5    | 42.7     | 21.4     | 99.3%           |
| Net Win Margin   | 7.7%    | 7.9%    | 8.7%    | 8.1%     | 6.7%     | +1.4pp          |

# PointsBet US

- ✓ Strong Net Win achieved across the quarter in New Jersey Digital given most US sports were paused from 12 March, driven by the improving Net Win margin
- ✓ Strong quarterly run rate of New Jersey Digital Turnover up to 12 March
- ✓ First full quarter of Iowa Digital following launch in November
- ✓ Launched our Digital sportsbook in Indiana, our 3<sup>rd</sup> Digital sportsbook in the US
- ✓ Secured market access in Michigan and Kansas
- ✓ Continued development of our product & technology platform including iGaming
- ✓ Achieved 5.6% New Jersey market share<sup>(3)</sup>

| PointsBet United States – Q3 FY20 Quarterly KPIs (A\$m) <sup>(1)</sup> |                    |                     |                 |             |         |                 |
|--|--------------------|---------------------|-----------------|-------------|---------|-----------------|
| Key metrics  | New Jersey Digital | Iowa <sup>(2)</sup> | Indiana Digital | US Total    | Q3 FY19 | Increase on PCP |
| Turnover   | 85.0               | 5.4                 | 0.4             | <b>90.7</b> | 23.5    | <b>285.4%</b>   |
| Gross Win  | 5.5                | 0.1                 | 0.0             | <b>5.6</b>  | 0.9     | <b>497.1%</b>   |
| Gross Win Margin   | 6.5%               | 1.5%                | 6.4%            | <b>6.2%</b> | 4.0%    | <b>+2.2pp</b>   |
| Net Win  | 3.3                | 0.0                 | (0.1)           | <b>3.3</b>  | (0.5)   | <b>n.a.</b>     |
| Net Win Margin   | 3.9%               | 0.7%                | (17%)           | <b>3.6%</b> | (2.3%)  | <b>+5.9pp</b>   |

| PointsBet United States – YTD performance (A\$m) <sup>(1)</sup> |         |         |         |          |
|---|---------|---------|---------|----------|
| Key metrics   | Q1 FY20 | Q2 FY20 | Q3 FY20 | YTD FY20 |
| Turnover  | 71.4    | 112.5   | 90.7    | 274.6    |
| Gross Win   | 1.1     | 8.1     | 5.6     | 14.8     |
| Gross Win Margin  | 1.5%    | 7.2%    | 6.2%    | 5.4%     |
| Net Win   | (0.8)   | 3.4     | 3.3     | 5.9      |
| Net Win Margin  | (1.1%)  | 3.0%    | 3.6%    | 2.1%     |

Notes: (1) The AUD:USD foreign exchange rate used for the figures in the table was the average rate for the specified period; (2) Iowa includes both Online and Retail; (3) Based on total New Jersey sports betting handle for the quarter, as reported by the New Jersey Division of Gaming Enforcement (“NJUDGE”)



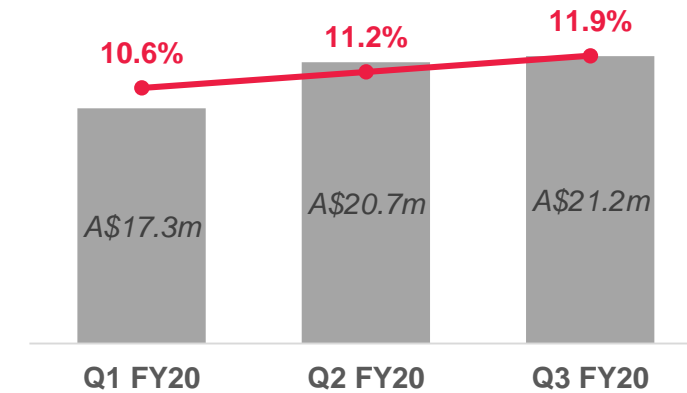
# Strong FY2020 Momentum in Australia and US

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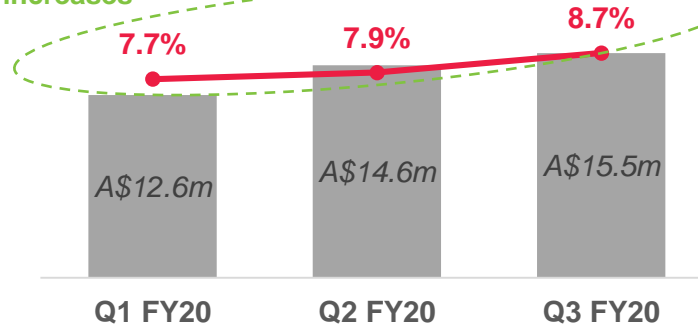
**Gross Win & Gross Win %**

**Net Win & Net Win %**

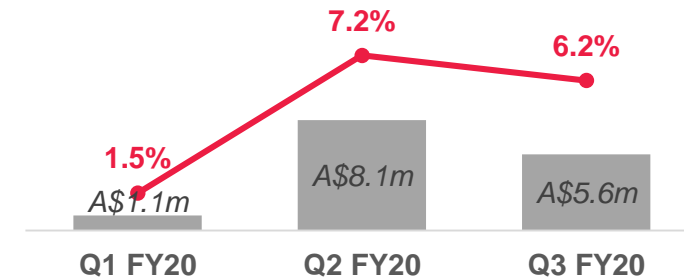
## Australia



Successive quarterly Net Win Margin increases<sup>(1)</sup>



## US



Successive quarterly Net Win Margin increases



Notes: (1) Margins positively impacted by favorable results during the quarter, as well as clients transferring to higher margin products, particularly thoroughbred, harness and greyhound racing as a result of suspension of AFL and NRL

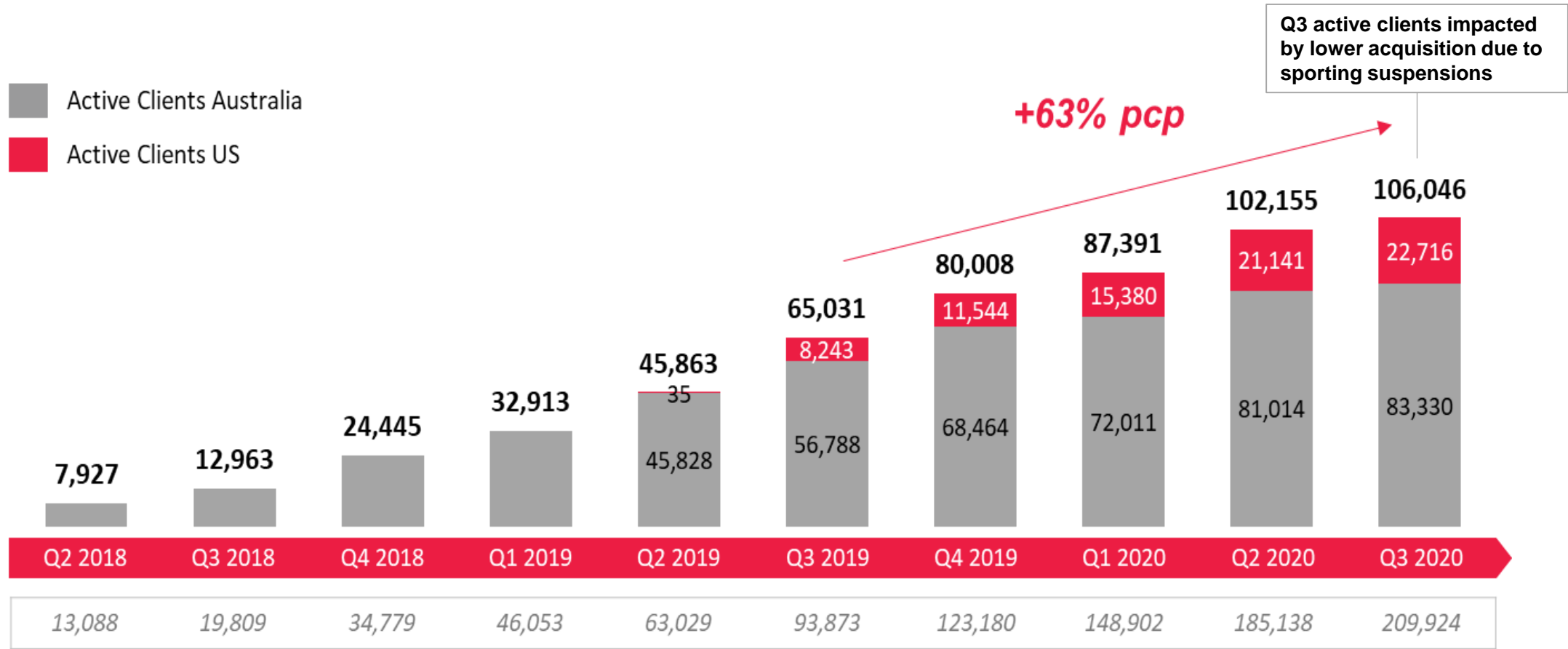


# COVID-19 Update & Response Plan

- The Company notes that as a result of COVID-19, all major sporting codes in the US and Australia have temporarily suspended throughout March
- Australian racing (thoroughbred, harness and greyhound), which historically represents the majority of the Australian business revenue has continued relatively unimpacted
- PointsBet's priority is the health and safety of all its employees, customers and stakeholders. We support all measures being taken to ensure the safety of the community
- PointsBet is well placed, with a clear response plan to manage through the challenges of COVID-19
- The Company's major expenses, excluding employee costs, are cost of sales and marketing expenses
  - Cost of sales are highly correlated to betting turnover, revenue and deposit/withdrawal volumes, and therefore will reduce proportionally with the expected fall in these metrics in the US
  - The vast majority of global marketing expenses are variable in nature. The Company has significantly reduced this expense for the quarter to 30 June 2020
  - 20 US staff furloughed in April 2020
- As at 31 March 2020, PointsBet had A\$149.4 million of corporate cash, the majority of which is held in USD. The Company has no borrowings



# Registered and Active Clients<sup>(1)</sup>



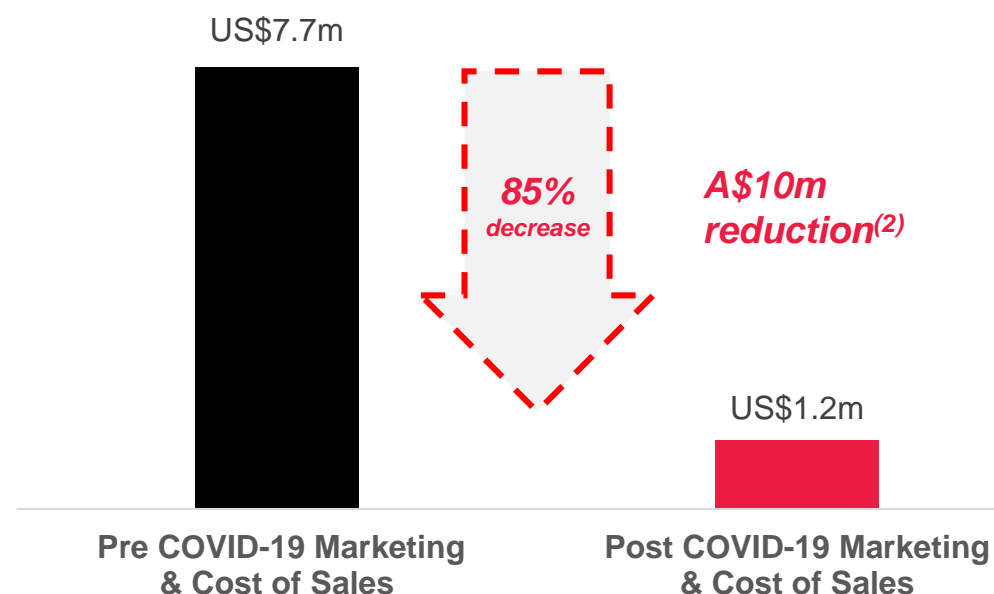
Notes: (1) Active Clients are clients that have placed a bet in the 12 months preceding the relevant quarter end date

# Flexible business model

- We have a clear response plan to manage the challenges of COVID-19
  - Planned and prepared for ongoing suspension of key US sports
  - Anticipated Q4 cost of sales expense reduction as a result of falling betting turnover and revenue
  - Anticipated Q4 marketing expense reduction
  - Promotion and proactive identification of other available sports and betting markets for US customers
  - Continued focus and development of our product and technology (including iGaming vertical)

***Well placed and prepared for “re-launch” of global sporting operations***

## Q4 US Marketing and Cost of Sales Expense Reduction<sup>(1)</sup>



Notes: (1) Reduction based on the Company's current expectations as at the date of this document. The flexible expense model allows the Company to re-engage marketing should key sporting leagues return sooner than anticipated; (2) Assumes an AUD:USD foreign exchange rate of approximately 0.65

# Quarterly Cash Flows

## PointsBet Australia – PCP performance (A\$m)

|   | Q3 FY20       | FY20 YTD      |
|---|---------------|---------------|
| Receipts from Customers   | 18.7          | 48.5          |
| Cost of Sales   | (7.6)         | (22.0)        |
| Sales and Marketing   | (7.0)         | (25.4)        |
| Staff Costs   | (8.4)         | (22.6)        |
| Administration and Corporate Costs  | (3.9)         | (10.8)        |
| Change in Player Cash Accounts  | (2.6)         | (1.7)         |
| Other operating cash flow   | 0.2           | 0.5           |
| <b>Net cash from / (used in) operating activities</b>                       | <b>(10.5)</b> | <b>(33.5)</b> |
| Capex   | (4.8)         | (17.5)        |
| <b>Net cash from / (used in) investing activities</b>                       | <b>(4.8)</b>  | <b>(17.5)</b> |
| Proceeds from issues of shares  | -             | 122.1         |
| Proceeds from exercise of share options                                     | 0.0           | 0.2           |
| Transaction costs related to issues of shares, convertible notes or options | -             | (3.6)         |
| Other financing cash flow   | (0.3)         | (0.7)         |
| <b>Net cash from / (used in) financing activities</b>                       | <b>(0.2)</b>  | <b>118.1</b>  |
| <b>Cash and cash equivalents at beginning of Quarter / Year to Date</b>     | <b>157.5</b>  | <b>75.9</b>   |
| <b>Net cash flow</b>  | <b>(15.5)</b> | <b>67.1</b>   |
| <b>Effect of movement in exchange rates on cash held</b>                    | <b>14.7</b>   | <b>13.6</b>   |
| <b>Cash and cash equivalents at end of quarter<sup>(1)</sup></b>            | <b>156.7</b>  | <b>156.7</b>  |

- Corporate cash at end of quarter was \$149.4m

(1) Includes Player Cash Accounts of A\$7,280,717

# Remaining Focused on our Vision

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## PointsBet USA



- ✓ Roll out new operations in Illinois, Colorado & Michigan
- ✓ Continue to expand market access across the US
- ✓ Deliver client and revenue growth
- ✓ Execute on US media strategy
- ✓ Develop product and technology including iGaming product

## PointsBet Australia



- ✓ Continuing to deliver client and revenue growth in an established and competitive sports betting market
- ✓ Develop product and technology including same game multi
- ✓ Australian Trading business achieved a positive EBITDA in Q3 FY2020
- ✓ Looking to capitalise on the forthcoming industry consolidation (folding of BetEasy brand into SportsBet) with targeted increased marketing spend in H1 FY21