

PointsBet Appendix 4C and Investor Update

Melbourne, Australia, 28 October 2019 – PointsBet Holdings Limited (ASX:PBH) (“PointsBet” or the “Company”), an emerging Australian and US corporate bookmaker, is pleased to provide its Quarterly Cash Flow Report (Appendix 4C) for the quarter ending 30 September 2019 (“Q1 FY2020”) (unaudited).

In conjunction with the release of the Appendix 4C, PointsBet is providing an update on its financial and operating performance for Q1 FY2020 and year-to-date (unaudited), which refers to the 16 weeks to 20 October 2019 (YTD). Due to the seasonal nature of the sports betting industry, YTD figures are not intended to represent an indication of likely full year performance.

QUARTERLY HIGHLIGHTS

- PointsBet continued its strong momentum reporting growth across key metrics:

PointsBet Group – PCP performance			
Key metrics	Q1 FY2020	Q1 FY2019	% increase
Turnover ¹	A\$235.8m	A\$99.1m	+ 138%
Net Win ²	A\$11.8m	A\$5.0m	+ 138%
Registered Clients ³	148,902	46,053	+ 223%
Active Clients ⁴	87,391	32,913	+ 166%

- PointsBet accepted more than 10 million bets for the 12 months to 30 September 2019
- Entered into a partnership with Penn National Gaming securing online market access in the US States of Ohio, Indiana, Missouri, Louisiana and West Virginia (subject to enabling legislation and licensure)
- Recorded Q1 FY2020 online sports wagering Turnover market share in New Jersey of 6.7%, based on New Jersey Department of Gaming Enforcement and Company data⁵
- Obtained authorisation from the Iowa Racing and Gaming Commission to commence the PointsBet retail operations at Catfish Bend Casino in Burlington, Iowa
- Announced new US head office in Denver, Colorado extending PointsBet’s US footprint via an optimally positioned headquarters near key US States
- Continued investment in market-leading talent with full time equivalent (FTE) headcount of 70 in the US and 112 in Australia
- Strong momentum in the YTD performance, recording Turnover of A\$297.5 million and Net Win of A\$18.0 million to 20 October 2019

¹ Turnover is the dollar amount wagered by clients before any winnings are paid out or losses incurred

² 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)

³ Registered Clients is a client who has opened an account with PointsBet

⁴ Active Clients are clients that have placed a bet in the 12 months preceding the relevant quarter end date

⁵ New Jersey Department of Gaming Enforcement data published for July, August and September 2019 as per <https://www.nj.gov/oag/ge/pressreleases.html>

FINANCIAL YEAR-TO-DATE TRADING UPDATE

PointsBet Group – 1 July to 20 October 2019 (YTD)							
FY2020 key metrics		Australia	New Jersey (Digital)	Iowa (Retail)	High Staking Clients - NJ	US Total	Group
Turnover	Q1	A\$164.4m	A\$55.0m	A\$0.7m	A\$15.6m	A\$71.4m	A\$235.8m
	YTD	A\$202.2m	A\$74.1m	A\$1.3m	A\$20.0m	A\$95.4m	A\$297.5m
Net Win	Q1	A\$12.6m	A\$2.7m	A\$0.1m	(A\$3.6m)	(A\$0.8m)	A\$11.8m
	YTD	A\$15.7m	A\$3.9m	A\$0.2m	(A\$1.8m)	A\$2.3m	A\$18.0m

PointsBet has recorded a pleasing start to FY2020 with Group YTD Net Win of A\$18.0 million representing on average more than A\$1 million of Net Win per week YTD.

The Group recorded Q1 FY2020 Turnover and Net Win increases of 138% and 138% respectively, compared to the prior corresponding period (**PCP**), highlighting PointsBet's ability to acquire and retain clients across the US and Australia.

Impressively the US business increased Turnover by 34% compared to the previous quarter (quarter ended 30 June 2019). US Net Win (excluding High Staking Clients⁶ segment (**HSC**)) was A\$2.8 million for Q1 FY2020, with strong momentum YTD FY2020 recording Net Win (excluding HSC) of A\$4.1 million.

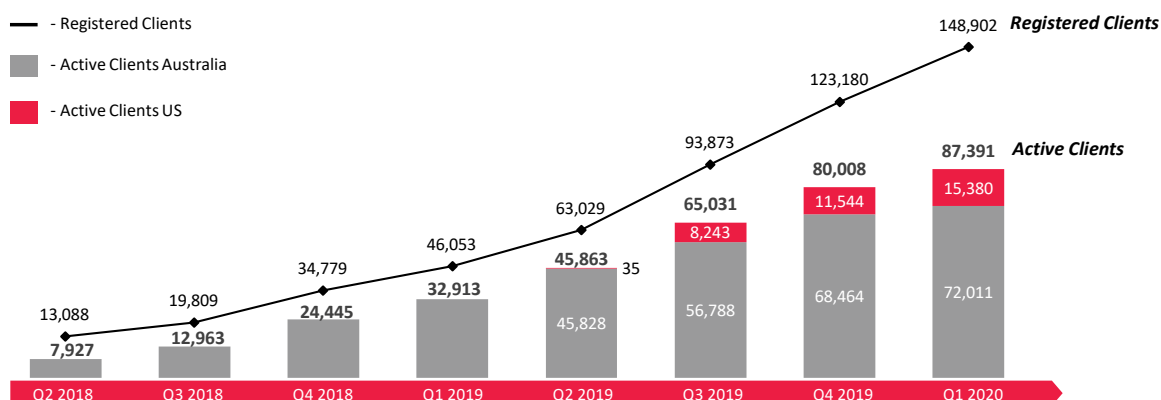
The Group's Net Win margin for the YTD FY2020 was 6.1%, up from 5.0% in FY2019.

GROUP CLIENT GROWTH

PointsBet has a proven track record of strong Active Client growth both in Australia and the US, increasing its market share ahead of the important NFL (September to February) and NBA (October to June) seasons in the US and the Spring Racing Carnival in Australia.

The Company recorded a 166% increase in Active Clients for the 12 months to 30 September 2019 to 87,391 up from 32,913 for the PCP. The US showed significant client growth for Q1 FY2020, increasing Active Clients by 33% from 30 June 2019.

Registered Clients and Active Clients



⁶ High Staking Clients are clients who consistently wager large amounts of money

PointsBet has continued to invest in brand positioning and awareness, including re-signing Allen Iverson as PointsBet’s NBA Ambassador and rolling out a marketing campaign across Australia and the US. The ability to leverage a single campaign across the Australian and the US markets cements PointsBet as a global brand and helps achieve economies of scale and cost savings.

POINTSBET AUSTRALIA

PointsBet Australia – PCP performance			
Key metrics	FY2020 Q1	FY2019 Q1	% increase
Turnover	A\$164.4m	A\$99.1m	+ 66%
Net Win	A\$12.6m	A\$5.0m	+ 153%

The strength and expertise in PointsBet’s Australian business has resulted in another strong quarterly performance. Learnings from Australia have set a foundation for the growth overseas and demonstrates PointsBet’s capability to disrupt and grow market share in a highly competitive environment.

PointsBet Australia has had a strong start to FY2020 with continued momentum, with Active Clients up 119% on the PCP. In addition, Net Win margin increased to 7.7% in Q1 FY2020, up from 5.0% in Q1 FY2019, primarily driven by continued investment in the Company’s platform, products and client experience.

PointsBet Australia remains well-positioned to continue to expand its client base and to continue its growth.

POINTSBET US

PointsBet United States – Quarterly KPIs				
Key metrics	New Jersey (Digital)	Iowa (Retail)	High Staking Clients - NJ	Total
Turnover	A\$55.0m	A\$0.7m	A\$15.6m	A\$71.4m
Net win	A\$2.7m	A\$0.1m	A\$(3.6)m	A\$(0.8)m

The US sports betting opportunity continues to build momentum with the New Jersey market achieving a record-breaking US\$446 million wagered on sports in September 2019, following the return of the NFL – an increase of 16% on the previous record month in January 2019, being US\$385 million.

PointsBet is well-positioned to take advantage of the growing opportunity in New Jersey and the wider US as other States go “live”, with strong leadership, experienced management and scalable cloud-based technology developed in the sophisticated and competitive Australian wagering market.

In August 2019, PointsBet and Penn National Gaming entered into a partnership which secured online market access, subject, where relevant, to the passing of enabling legislation and licensure, to Ohio, Indiana, Missouri, Louisiana and West Virginia. The partnership has the potential to expand PointsBet’s US footprint to 10 States, with existing market access

agreements in New Jersey, Iowa, Illinois, Colorado and New York, each subject, where relevant, to the passing of enabling legislation and licensure.

PointsBet commenced retail operations at Catfish Bend Casino in Iowa on 20 August 2019. This was the Company's first retail operation which is expected to deliver higher operating margins due to lower promotional costs and a more recreational client demographic compared to online-only markets. This experience will be invaluable as PointsBet rolls-out additional retail operations in the US States, including Illinois and Colorado. Retail sportsbooks are an important mechanism in securing clients where in person sign-up or retail only operations are introduced by State Governments.

PointsBet US commenced actively targeting High Staking Clients in late August 2019. This initiative has been developed following an increasing number of higher staking clients being attracted to PointsBet's leading product suite (including depth of markets and the market-first PointsBet™ product) and client service. The Company's proven trading risk management systems allows PointsBet to take on these clients with confidence that this segment will be profitable over the medium-to-long term.

PointsBet continues to build its market share with proven results, achieving 6.7% share of online sports wagering Turnover market share in New Jersey for the first quarter of 2020⁷, in part due to the HSC segment.

The Company plans to launch online in Iowa before the end of the calendar year and in the Indiana mobile environment by the end of the NFL season (February 2020). PointsBet looks forward to hearing more from the Illinois Gaming Board as it contemplates sports betting regulations for the State.

CORPORATE & FINANCIAL UPDATE

Colorado Office

In July 2019, PointsBet announced a new US head office in Denver, Colorado, with the relocation of certain key staff beginning in early October 2019. The downtown Denver office will serve as PointsBet's headquarters, with a focus on product innovation and technology.

Cashflow

Net cash used in operating activities in the quarter ending 30 September 2019 was A\$8.8 million as PointsBet continued disciplined and focused marketing and promotional initiatives aimed at attracting and retaining clients in Australia and the US and hired staff to execute the Company's US strategy. The cash outflows for the period were below the estimate in the previous Appendix 4C of A\$37.6 million due to a slightly delayed opening of the Company's Denver office resulting in slower staff hiring and office lease costs, together with the timing of marketing payments.

⁷ Based on Company data and New Jersey Department of Gaming Enforcement published data for July 2019, August 2019 and September 2019 per <https://www.nj.gov/oag/ge/pressreleases.html>

A summary of the material cash inflows and outflows is summarised below.

Cash inflows:

- Customer receipts of A\$11.8 million
- Net increase in player cash accounts of A\$1.8 million

Cash outflows:

- US business development of A\$8.5 million
- Advertising and marketing of A\$7.9 million
- Staff costs of A\$6.7 million, including continued hiring of key US personnel
- Technology R&D of A\$1.4 million
- Administration and corporate costs of A\$8.1 million, which includes Cost of Sales

FORWARD-LOOKING STATEMENTS

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of PointsBet. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

FOR FURTHER INFORMATION

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ABOUT POINTSBET

PointsBet is a corporate bookmaker with operations in Australia and the United States. PointsBet has developed a scalable cloud-based wagering platform through which it offers its clients innovative sports and racing wagering products. PointsBet's product offering includes Fixed Odds Sports, Fixed Odds Racing, and PointsBetting. PointsBet aims to provide more markets on the major sports than any other bookmaker.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

PointsBet Holdings Limited

ABN

68 621 179 351

Quarter ended ("current quarter")

30 September 19

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,844	11,844
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(7,910)	(7,910)
(d) leased assets	(30)	(30)
(e) staff costs	(6,747)	(6,747)
(f) administration and corporate costs	(8,120)	(8,120)
1.3 Dividends received (see note 3)		
1.4 Interest received	278	278
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Net increase/(decrease) in Player Cash Accounts ¹	1,849	1,849
1.9 Net cash from / (used in) operating activities	(8,836)	(8,836)

¹ Represents Net Movement in Player Cash Accounts.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(258)	(258)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property ²	(1,408)	(1,408)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)		
US Business Development (Market Access and Retail Sportsbook fitout costs)	(8,490)	(8,490)
2.6 Net cash from / (used in) investing activities	(10,156)	(10,156)

². Includes Capitalised Development Costs

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	142	142
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	34	34
3.10 Net cash from / (used in) financing activities	176	176

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	75,886	75,886
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(8,836)	(8,836)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(10,156)	(10,156)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	176	176
4.5 Effect of movement in exchange rates on cash held	507	507
4.6 Cash and cash equivalents at end of quarter	57,577³	57,577⁴

3/4. Cash and cash equivalents at the end of the quarter includes Player Cash Accounts of 10,632,226.

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	26,772	47,409
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details) USD Term Deposits (various tenors less than 3 months)	30,805	28,477
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	57,577	75,886

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	219
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Salary and Wages (inclusive of Superannuation and applicable taxes withheld) of Executive Directors and Non-Executive Directors' Fees.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	18
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payments made to Clarendon Lawyers Pty Ltd, the company's legal advisor. Director Tony Symons is Managing Director and majority owner of Clarendon Lawyers Pty Ltd.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	50	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development ⁵	(1,546)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(12,507)
9.4 Leased assets	(57)
9.5 Staff costs	(7,922)
9.6 Administration and corporate costs	(12,525)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(34,557)

⁵. Represents Capitalised Development Costs.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 28/10/2019

Print name: SAM SWALLOW

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.