POINTSBET

PointsBet Holdings Limited
(ABN 68 621 179 351)

APPENDIX 4E

FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

RESULTS IN ACCORDANCE WITH AUSTRALIAN ACCOUNTING STANDARDS

	2020 $	2019 $		
Revenue from ordinary activities	**75,173,415**	25,615,267	up	**193%**
Net loss attributable to members	**(41,463,389)**	(41,885,150)	up	**1%**

	NORMALISED RESULT[1]		STATUTORY RESULT	
	$	% MOVEMENT	$	% MOVEMENT
Revenue from ordinary activities	75,173,415	193%	75,173,415	193%
(Loss) before interest, tax, foreign exchange, depreciation and amortisation	(37,586,335)	(15%)	(39,709,074)	(7%)
Net loss attributable to members	(39,651,993)	(15%)	(41,463,389)	1%

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 Annual Report for details.

DIVIDENDS PAID AND PROPOSED

	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY AT 30% OF TAX
Ordinary Shares		
2020 Interim (2019: NIL)	NIL	NIL
2020 Final (2019: NIL)	**NIL**	**NIL**

Dividend Reinvestment Plan

There was no dividend reinvestment plan in operation during the financial year.

LOSS PER SHARE

	2020	2019
Weighted average number of ordinary shares	138,625,805	58,126,456
Basic and diluted (loss) per share (cents)	(29.9)	(72.1)

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

NET TANGIBLE ASSETS PER SHARE

	2020	2019
Number of shares	152,835,021	110,000,000
Net tangible assets per share ($)	0.79	0.54

APPENDIX 4E

FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2020 CONTINUED

CONTROL GAINED OR LOST OVER ENTITIES IN THE YEAR

Not Applicable

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not Applicable

COMMENTARY ON THE RESULTS FOR THE YEAR

Refer to the commentary on the results for the year contained in the Review of Operations included within the Directors' 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 Annual Report.

ATTACHMENTS:

The Annual Report for PointsBet Holdings Limited for the year ended 30 June 2020 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 and PointsBetting.

For further information please contact:

ANDREW MELLOR

Group Chief Financial Officer

andrew.mellor@pointsbet.com

For media:

GEOFF ELLIOTT

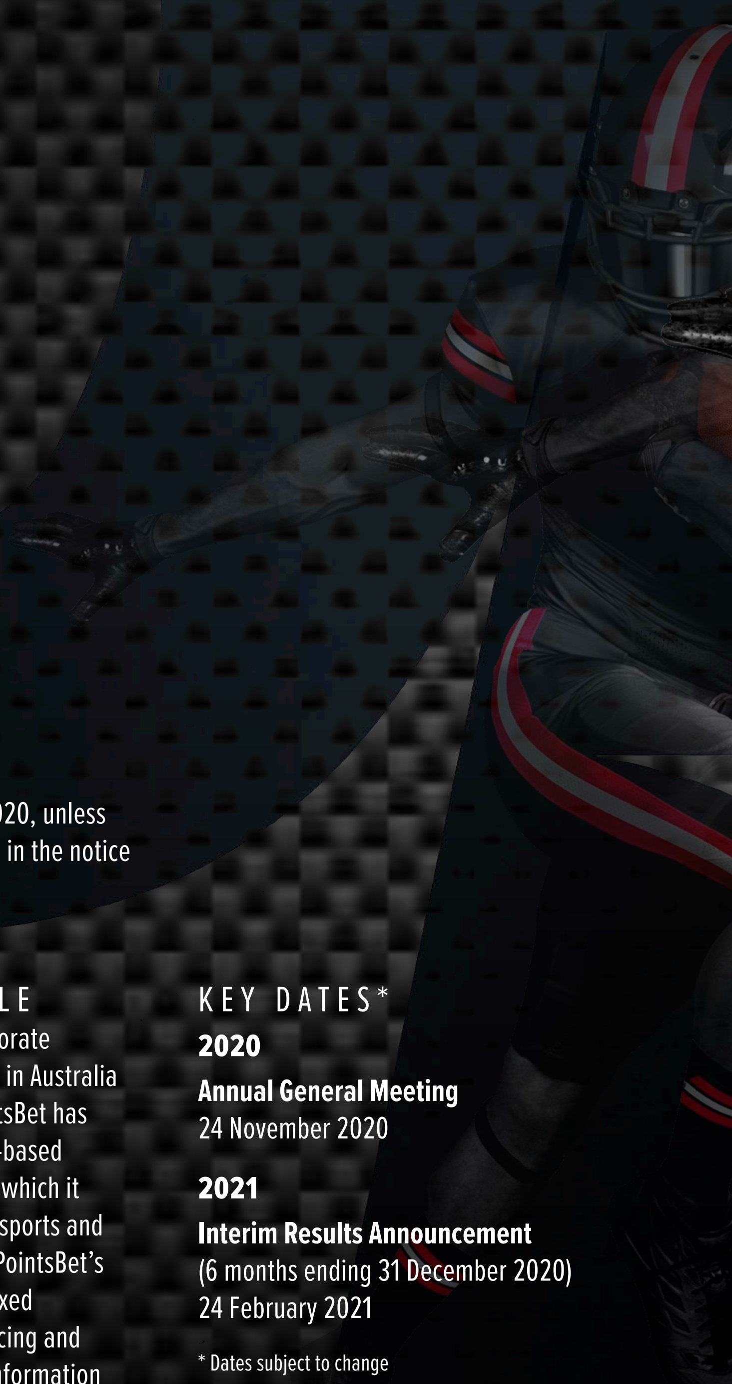
GRACosway

gelliott@gracosway.com.au

POINTSBET

PointsBet Holdings Limited
(ACN 68 621 179 351)

ANNUAL REPORT 2020



2020 ANNUAL GENERAL MEETING

The 2020 Annual General Meeting will be held on Tuesday, 24 November 2020, unless otherwise notified. Details of the business of the meeting will be contained in the notice of Annual General Meeting, to be sent to shareholders separately.

2020 ANNUAL REPORT

This 2020 PointsBet Holdings Limited Annual Report for the financial year ended 30 June 2020 complies with reporting requirements and contains statutory financial statements. This document is not a concise report prepared under section 314(2) of the Corporations Act. The PointsBet Group has not prepared a concise report for the 2020 financial year.

COMPANY PROFILE

PointsBet is a licensed 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. For further information visit the Group's investors website at https://investors.pointsbet.com.au/.

KEY DATES*

2020

Annual General Meeting
24 November 2020

2021

Interim Results Announcement
(6 months ending 31 December 2020)
24 February 2021

* Dates subject to change


POIN
POIN
POIN

OPERATIONAL HIGHLIGHTS

111,000+
ACTIVE CLIENTS[1]

$82.1M
NET WIN FY20[2]

$1.15B
TURNOVER FY20[3]

17M+
NUMBER OF BETS FY20

191%
YEAR ON YEAR NET WIN GROWTH

103%
YEAR ON YEAR TURNOVER GROWTH

AUSTRALIAN TRADING BUSINESS: EBITDA POSITIVE

OPERATIONAL IN THREE US STATES

(1) Active Clients are clients that have placed a bet in the last 12 months.
(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.
(3) Turnover is the stake (money) a client puts at risk when they place a bet on an event.

OVER THE REPORTING PERIOD, THE COMPANY TOOK OVER 17 MILLION BETS

CHAIRMAN'S AND CEO'S LETTER

Dear Shareholders,

It has been another transformational year for PointsBet as our outstanding team continued to successfully execute in Australia and the United States (US).

In the US, we began the year with market access in 5 states and ended the year with market access in 12 states. In New Jersey, our first launch state, we quickly grew to become the fourth largest online bookmaker in the market.

At 30 June 2019, we were operational in an online environment in New Jersey, and during the year, we launched retail and online operations in Iowa followed by online operations in Indiana. We expect to launch retail and online operations in Illinois in Q1 FY21, with Colorado and Michigan to follow, the latter pending the relevant state regulations.

In Australia, the Company achieved strong year-on-year Net Revenue growth of 159%, with the Australian Trading business achieving its first annual positive EBITDA of $6.9 million. This strong performance demonstrates PointsBet's capability to disrupt and grow market share in a highly competitive environment.

TECHNOLOGY AND PRODUCT

The Company has continued to invest in our global technology platform and product capabilities. We have made key and strategic hires across our global business, with a particular focus on our technology and product teams as we continue to customise our proprietary sports wagering platform, develop our proprietary iGaming platform and improve our marketing technology capabilities.

During the year, the Company launched an upgraded website and mobile apps in both the US and Australia, with improved functionality and significantly improved speed of use. The Company has also released several new innovative products and features, including Same Game Multi in Australia and market first Parlay Booster and In-Play Parlays in the US. In addition, PointsBet is only one of two sportsbooks to have a fully translated Spanish site in the US.

POINTSBET BRAND

Over the course of the year, the Company has continued to grow brand recognition through execution of exclusive and strategic partnerships.

In Australia, the Company become the exclusive wagering partner for Fox Sports AFL during the 2020 Australian Football League (AFL) season and the exclusive Victorian odds integration partner for the Autumn and Spring Carnival National Horse Racing coverage. The Company also entered into a multi-year partnership to become the exclusive wagering partner of the Cronulla Sharks National Rugby League (NRL) team.

In the US, the Company became the official and exclusive sports betting partner of La Liga North America and announced a multi-year partnership with the NBA, making PointsBet an authorised sports betting operator of the NBA. In addition, the Company announced a multi-year partnership with the Detroit Tigers Major League Baseball (MLB) team, being the first sports betting partnership for a professional sports team within Michigan and also the first for any MLB franchise.

PointsBet has continued building our brand and free to play database. Not only does this mean that PointsBet will enter new states with existing brand recognition, but it also assists in our market access strategy as we expand across the US.

IMPACT OF COVID

The year has not been without its challenges. As a result of COVID, all major sporting codes in the US and Australia were initially suspended throughout March and April 2020. These suspensions had a significant impact on US revenues in H2 FY20, although we are pleased to see the resumption of the major global sporting leagues in June and July.

As a Company, we were well placed to manage through the challenges of COVID. The Company had a clear response plan to manage operating risk, minimise cash outflows and protect our balance sheet through the period where mainstream sports were absent in the US.

WELL POSITIONED FOR GROWTH IN FY21

There remains a once in a lifetime market opportunity in the United States and PointsBet has already taken significant steps towards capitalising on this opportunity.

In Australia we have demonstrated what the team is capable of and will continue this momentum.

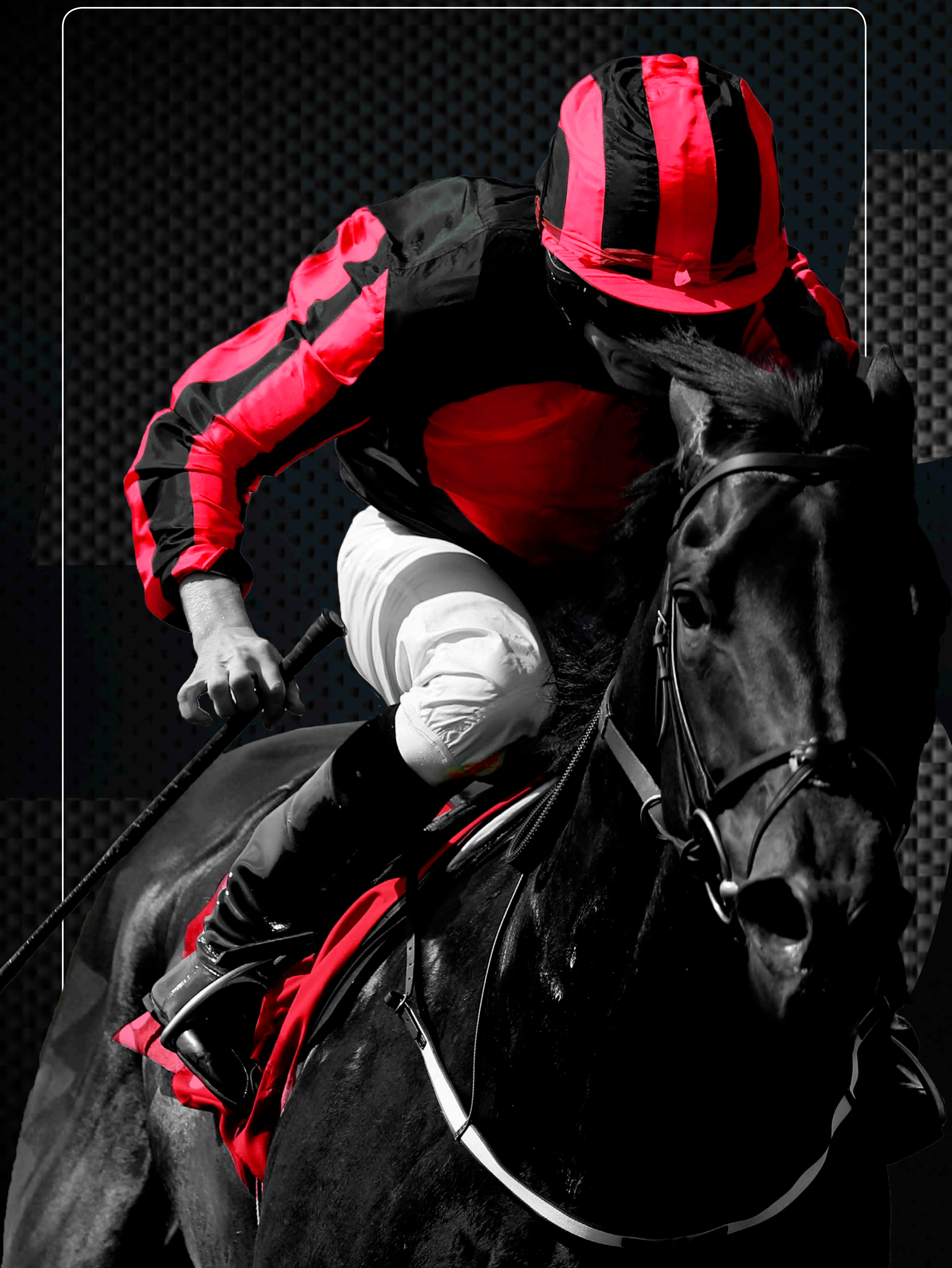
We would like to thank our fellow Directors and global staff for their support over a very busy past 12 months as we continued the Company's rapid growth.

We would like to thank you, our shareholders, for your support and vote of confidence in the business and its team. We look forward to delivering on the opportunities we see for the business moving forward and growing shareholder value.

Yours sincerely,

BRETT PATON
Chairman

SAM SWANELL
Managing Director and Group CEO



BOARD OF DIRECTORS

BWF PATON

Non-Executive Chairman (appointed Director in November, 2018)

B Ec Monash University, Chartered Accountant

Member of the Remuneration and Nomination Committee

Member of the Audit, Risk and Compliance Committee

Mr Paton entered the finance industry in 1980 as a Chartered Accountant and after 23 years at UBS, retired from his role in 2008 as Vice Chairman, having run the UBS Equity Capital Markets business for 14 years.

Following this he was Vice Chairman of the Institutional Clients Group for Australia and New Zealand at Citigroup Inc for five years.

Over his years at UBS and Citigroup, Mr Paton's respective teams assisted and advised companies, governments and government agencies on capital raisings totalling approximately $230 billion of equity.

Having served as a Non-Executive Director of Tabcorp and Chair of Audit and Risk for its demerged entity, Echo Entertainment, he has gained significant experience and valuable insights into the functions expected of ASX boards and companies in the Wagering Industry. Mr Paton has also served as a Council member of RMIT University where he chaired the Risk and Audit Committee and was also a foundation member of the ASX Capital Markets Advisory Panel.

SJ SWANELL

Co-Founder, Managing Director and Group Chief Executive Officer (appointed Director in March, 2015)

B Com Monash University

Mr Swanell has substantial expertise and experience in the Wagering Industry including successfully managing the start-up of both tomwaterhouse.com and PointsBet.

For three years he was National Sales Manager with TOTE Tasmania responsible for all revenue channels including all retail and pub outlets. During his tenure, turnover and EBITDA increased 200%. This was followed by four years as Chief Operations Officer at tomwaterhouse.com, which involved responsibility for establishing and managing all functions of the business. tomwaterhouse.com grew rapidly to become a pre-eminent wagering brand in Australia until its sale to William Hill. Mr Swanell's experience also includes international consulting assignments across North America and Europe and related verticals such as online casino and poker.

Mr Swanell has a deep understanding of the critical areas required to produce and manage a successful Sportsbook, which has been instrumental in the establishment and growth of PointsBet.

NJ FAHEY

Co-Founder, Executive Director and Group Chief Commercial Officer (appointed Director in March, 2015)

B Bus University of Technology Sydney, Chartered Accountant

Mr Fahey has over 14 years' experience in the accounting and finance sectors. Prior to co-founding PointsBet in 2015, he was a Consultant at PwC, a Financial Analyst at the Sydney Opera House and a Project Finance Analyst at Westfield. Whilst at Westfield, Mr Fahey provided financial feasibility studies for shopping centre developments, experience which has provided him with valuable insight into complex financial transactions and valuation methods.

Prior to his appointment as Chief Commercial Officer in July 2019, Mr Fahey was PointsBet's Chief Financial Officer.

This varied financial experience and exposure has enabled Mr Fahey to structure the business and manage the ongoing financial stewardship of PointsBet to enable the Company to achieve its growth targets.

Mr Fahey has also volunteered with the Victorian Youth Referral and Independent Person Program (YRIPP) assisting young people to attend interviews at Police Stations without a guardian. The role provides an important opportunity to support young people at a critical time and help divert those at risk from further offending.

AP SYMONS

Non-Executive Director (appointed Director in September, 2016)

B Com *B Law University of Melbourne, Lawyer*

Chair of the Remuneration and Nomination Committee

Member of the Audit, Risk and Compliance Committee

Mr Symons has over 20 years' experience in corporate law and mergers and acquisitions, including four years with a global firm in Hong Kong.

Mr Symons is the Founder and Managing Director of Clarendon Lawyers, a corporate legal advisory firm specialising in mergers and acquisitions and equity capital markets. His extensive experience spans a wide range of corporate transactions involving large foreign listed companies, private equity funds, Australian listed companies, large private companies and family offices across a range of industries. He regularly advises on and coordinates complex transactions, often across multiple jurisdictions, and is consistently recognised in peer review based industry publications as a leading M&A lawyer in Australia.

PD MCCLUSKEY

Independent Non-Executive Director (appointed to the Board in November, 2017)

B Bus Swinburne University, Chartered Accountant

Chair of the Audit, Risk and Compliance Committee

Member of the Remuneration and Nomination Committee

Mr McCluskey has been an insolvency and corporate reconstruction professional for 33 years. He has strong relationships within the Australian and international finance sectors. He has managed the conflicting agendas of diverse parties in large banking syndicates in some of the biggest restructuring assignments in Australia. He is currently a Special Advisor, Restructuring services at KPMG.

He was Managing Partner at Ferrier Hodgson's Melbourne office for 12 years. During his tenure at Ferrier Hodgson, Mr McCluskey had exposure to a broad range of industries due to his engagement and oversight of several corporate restructuring and insolvency projects and is recognised for his ability to manage and resolve complex matters.

BK HARRIS

Independent Non-Executive Director (appointed to the Board in November, 2019)

LLM, Gaming Law and Regulation UNLV William S. Boyd School of Law

Member, Audit, Risk and Compliance Committee

Member, Remuneration and Nomination Committee

Mrs Harris is the former Chairwoman of the Nevada Gaming Control Board (NGCB) and a former Nevada State Senator. Representing Nevada's Ninth District, Mrs Harris Chaired the Senate Education Committee and was a member of the Senate Judiciary, Finance, Education, and Commerce, Labor & Energy Committees. Mrs Harris is also a former member of the National Council of Legislators from Gaming States (NCGLS), an association of lawmakers from across the United States, and formerly chaired the Responsible Gaming Committee and served as Treasurer. Mrs Harris is currently a Distinguished Fellow, Gaming & Leadership at the University of Nevada, Las Vegas International Gaming Institute (IGI), with an emphasis on the study of sports betting. The IGI works with regulators and other stakeholders worldwide to ensure they have the latest information, knowledge, and tools they need to analyse and improve gaming policies and regulation in their jurisdictions. Mrs Harris received her LL.M. in Gaming Law and Regulation from the UNLV William S. Boyd School of Law.

DIRECTORS' REPORT
FOR THE 12 MONTHS ENDED 30 JUNE 2020

The Directors present their report together with the financial statements of the Company and its subsidiaries (the Group) for the 12 months ended 30 June 2020 (the financial year). The information in this report is current as at 28 August 2020 unless otherwise specified.

This Directors' Report has been prepared in accordance with the requirements of Division 1 of Part 2M.3 of the Corporations Act 2001 (Cth) (the Act).

REVIEW AND RESULTS OF OPERATIONS

A review of the operations of the Group for the financial year is set out in the Review of Operations and Financial Statements which forms part of this Directors' Report.

FINANCIAL RESULTS

The reported result of the Group attributable to shareholders for the 12 months ended 30 June 2020 was a loss of $41.5 million after providing for income tax (2019: loss of $41.9 million after providing for income tax). Further details regarding the financial results of the Group are set out in the Review of Operations and Financial Statements.

DIVIDENDS

No dividends have been declared during the financial year (2019: $nil).

Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend.

In determining whether to declare future dividends, the Directors will have regard to the Company's earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.

REMUNERATION REPORT

Details of the remuneration policies in respect of the Group's Key Management Personnel are detailed in the Remuneration Report which forms part of this Directors' Report.

DIRECTORS' PARTICULARS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

The Directors of the Company throughout the financial year and up to the date of this report are:

CURRENT DIRECTORS

DIRECTOR	EXPERIENCE AND OTHER DIRECTORSHIPS	SPECIAL RESPONSIBILITIES
BWF Paton *B Ec* *Chartered Accountant*	Appointed Director in November, 2018 • Chair, management company of Escala Partners • Chair, PLC Asset Management • Former Vice Chairman, UBS Equity Capital Markets • Former Vice Chairman, Institutional Clients Group ANZ, Citigroup • Former Director Tabcorp Holdings Limited	Non-Executive Chairman Member of each Board Committee
SJ Swanell *B Com*	Appointed Director in March, 2015 • Former National Sales Manager, TOTE Tasmania • Former Chief Operations Officer, tomwaterhouse.com	Co-Founder, Managing Director and Group Chief Executive Officer
AP Symons *B Com B Law*	Appointed Director in September, 2016 • Founder and Managing Director, Clarendon Lawyers • Director, Connected Communities Melbourne • Director, Papunya Foundation	Chair, Remuneration and Nomination Committee Member, Audit, Risk and Compliance Committee
PD McCluskey *B Bus* *Chartered Accountant*	Appointed Director in November, 2017 • Special Adviser, Restructuring Services, KPMG • Former, Managing Partner, Ferrier Hodgson Melbourne	Chair, Audit, Risk and Compliance Committee Member, Remuneration and Nomination Committee

CURRENT DIRECTORS

DIRECTOR	EXPERIENCE AND OTHER DIRECTORSHIPS	SPECIAL RESPONSIBILITIES
NJ Fahey *B Bus* *Chartered Accountant*	Appointed Director in March, 2015 • Former Chief Financial Officer, PointsBet • Former Project Finance Analyst, Westfield • Former Financial Analyst, Sydney Opera House • Former Consultant, PwC	Co-Founder, Executive Director and Group Chief Commercial Officer
BK Harris *LLM, Gaming Law and Regulation*	Appointed Director in November, 2019 • Distinguished Fellow, Gaming and Leadership, University of Nevada, Las Vegas • Former Nevada State Senator • Former Chairwoman, Nevada Gaming Control Board	Member, Audit, Risk and Compliance Committee Member, Remuneration and Nomination Committee

Details about the Directors' interests in the Company are set out in the Remuneration Report which forms part of this Directors' Report.

DIRECTOR INDEPENDENCE

The Company's Board Charter sets out guidelines and thresholds of materiality to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that Peter McCluskey, Tony Symons and Becky Harris are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment and is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Brett Paton, Sam Swanell and Nick Fahey are not currently considered by the Board to be independent Directors given:

- in the case of Sam Swanell and Nick Fahey, their executive positions and ownership interests in the Company; and
- in the case of Brett Paton, his ownership interest in the Company.

The Board considers that each Director will add significant value given their considerable skills and experience and will bring objective and independent judgement to the Board.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS DURING THE FINANCIAL YEAR

The attendance of members of the Board at Board meetings and attendance of members of committees at committee meetings of which they are voting members is set out below.

	BOARD[1]	
DIRECTOR	MEETINGS ATTENDED	MEETINGS HELD
BWF Paton	16	16
SJ Swanell	16	16
AP Symons	16	16
PD McCluskey	16	16
BK Harris[2]	9	9
NJ Fahey	16	16

COMPANY SECRETARY

The Company Secretary is directly accountable to the Board, through the Chairman, for all governance matters that relate to the Board's proper functioning. During the financial year, the Group had the following Company Secretaries:

1 Meetings of the Audit, Risk and Compliance Committee and the Remuneration and Nominations Committee were held contemporaneously with Board meetings as required.

2 BK Harris was appointed on 11 November 2019.

DIRECTORS' REPORT
CONTINUED

AJ HENSHER
BA/LLB (Hons)

AJ Hensher joined the Company in January 2019 and was appointed as Company Secretary on 30 January 2019. Before joining the Company, Mr Hensher was Head of Legal and Regulatory Affairs at William Hill Australia and prior to that the GM, Company Secretarial and Corporate Counsel at Aristocrat Leisure Limited.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year was the offering of innovative sports and racing betting products and services direct to clients via its scalable cloud-based technology platform.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows.

The Group raised in total $85.9 million from a Placement and Institutional Entitlement Offer on 1 November 2019.

The Group raised in total $36.2 million from a Retail Entitlement Offer and Shortfall Bookbuild on 22 November 2019.

The Group raised $0.2 million from the exercise of share options during the Reporting Period.

Except as outlined above and elsewhere in this Directors' Report, there were no significant changes in the state of affairs of the Group during the financial year.

EVENTS AFTER BALANCE DATE

While the impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than set out above, in the interval between the end of the financial year and the date of this report, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial reporting periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company. However, the Group believes there is significant scope to increase revenue and profitability from its business strategy over the long term.

OPTIONS OVER SHARE CAPITAL

As at the date of this report there were 22,458,277 ordinary shares under option.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Group or any related body corporate.

Details of the Company's Employee Share Option Plan are disclosed in Note 35 to the financial statements.

INDEMNITIES AND INSURANCE PREMIUMS

The Company's Constitution provides that the Company will indemnify each officer of the Company against any liability incurred by that officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties to the extent permitted by law.

An officer for the purpose of this provision includes any Director or Secretary of the Company or the Company's subsidiaries, executive officers or employees of the Company or its subsidiaries and any person appointed as a trustee by, or acting as a trustee at the request of, the Company, and includes former Directors.

In accordance with the Company's Constitution, the Company has entered into deeds of access, indemnity and insurance and deeds of indemnity for identity theft with each Director and nominated officers of the Company. No amount has been paid pursuant to those indemnities during the financial year to the date of this Directors' Report.

The Company has paid a premium in respect of a contract insuring officers of the Company and its related bodies corporate against any liability incurred by them arising out of the conduct of the business of the Company or in or arising out of the discharge of their duties. In accordance with normal commercial practices, under the terms of the insurance contracts, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

ENVIRONMENTAL REGULATION AND SUSTAINABILITY

The Group endeavours to operate our business in ways that produce social, economic and environmental benefits for the Communities we serve in Australia and the United States.

The Directors understand that long term future success depends upon continuously improving our reputation and enhancing employee morale. We pay attention to the expectations of our employees and stakeholders, while respecting and serving our communities as best we can.

The Group has a small environmental footprint and as such our largest impacts come from our travel, energy and consumables. We take steps to improve our environmental impact.

There are no matters that the Directors consider need to be included in this report. The Group is not subject to the reporting requirements of either the Energy Efficiency Opportunities Act 2006 or the National Greenhouse and Energy Reporting Act 2007.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company under section 236 of the Act nor has any application been made in respect of the Company under section 237 of the Act.

AUDITOR

RSM continues in office in accordance with section 327 of the Act.

INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

NON-AUDIT SERVICES PROVIDED BY THE AUDITOR

The Company, with the prior approval of the Chair of the Audit, Risk and Compliance Committee, may decide to employ RSM, the Company's auditor, on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Company has a Charter which specifies those non-audit services which cannot be performed by the Company auditor. The Charter also sets out the procedures which are required to be followed prior to the engagement of the Company's auditor for any non-audit related service. Details of the amounts paid or payable to the Company's auditor, for audit and non-audit services provided during the financial year, are set out in Note 27 to the Financial Statements.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services as set out in Note 27(a)(ii) to the financial statements is compatible with the general standard of independence for auditors imposed by the Act for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

LOANS TO DIRECTORS AND EXECUTIVES

No Director or executive held any loans with the Company during the financial year.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 as issued by the Australian Securities and Investments Commission. Amounts in the Director's Report and the Financial Statements have been rounded off to the nearest whole number of million dollars and one decimal place representing hundreds of thousands of dollars, or in certain cases, the nearest dollar in accordance with that class order.

This report is made in accordance with a resolution of the Directors and is signed for and on behalf of the Directors.

Brett Paton

BRETT PATON, Chairman
28 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of PointsBet Holdings Limited for the year ended 30 June 2020, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 28 August 2020
Melbourne, Victoria

REMUNERATION REPORT

This Remuneration Report for the 12 months ended 30 June 2020 (Reporting Period) forms part of the Directors' Report and has been audited as required by section 308(3C) of the Corporations Act 2001 (Cth) (the Act).

SECTION 1 MAINTAINING SUSTAINABLE PERFORMANCE

The Company's philosophy on remuneration is that Key Management Personnel (KMP) remuneration should be aligned with shareholder interests by providing levels of fixed remuneration and "at risk" pay sufficient to attract and retain individuals with the skills and experience required to build on and execute the Company's business strategy. It aims to achieve this by ensuring "at risk" remuneration is contingent on outcomes that grow and/or protect shareholder value and by aligning the interests of Senior Executives and shareholders by ensuring a suitable proportion of remuneration is received as a share-based payment.

To ensure that the Company continues to attract, retain and motivate talented staff at a competitive cost, the Company will aim to align total fixed remuneration to the median rate of the relevant market, with consideration given to experience, qualifications, performance and other non-financial benefits.

The Remuneration and Nomination Committee recommends to the Board the remuneration packages for the Senior Executive team. It is intended that these will be reviewed annually. The Remuneration and Nomination Committee may seek external advice to determine the appropriate level and structure of the remuneration packages.

SECTION 2 REMUNERATION REPORT OVERVIEW

This Remuneration Report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) (the Act) for PointsBet Holdings Limited and its controlled entities (Group) for the year ended 30 June 2020.

This Report covers KMP of the Group, who are responsible for determining and executing the Group's strategy.

Table 1 – Non-Executive Directors and Executive KMP

KMP	POSITION	TERM AS KMP
Non-Executive Director		
BWF Paton	Chair; Director	Full financial year
AP Symons	Director	Full financial year
PD McCluskey	Director	Full financial year
BK Harris	Director	Appointed 11 November 2019
Executive Director		
SJ Swanell	Group CEO and Managing Director	Full financial year
NJ Fahey	Group Chief Commercial Officer	Full financial year
Other KMP		
AJ Mellor	Group Chief Financial Officer	Full financial year
AJ Hensher	Group General Counsel and Company Secretary	Full financial year

REMUNERATION REPORT
CONTINUED

SECTION 3 SENIOR EXECUTIVE REMUNERATION PHILOSOPHY AND FRAMEWORK

3.1 CORE PRINCIPLES

The following three core principles guide the Group's Senior Executive remuneration strategy and 'pay for performance' framework:

1. Alignment to shareholder interests and value creation

Provide a common interest between Senior Executives and shareholders by aligning the rewards that accrue to management to PointsBet's performance.

2. Market competitive

Be competitive in the markets in which PointsBet operates to attract, motivate and retain high calibre people. As the Company grows its footprint in the United States, the business must increasingly attract and retain leaders in the US market with technology and global management skills sets that is increasingly requiring an evolution in PointsBet's approach to remuneration.

3. Performance-based

Support the short, medium and long-term financial targets and business strategies of the Group as set out in the strategic business plans endorsed by the Board.

Table 2 – Elements of Executive KMP Remuneration

ELEMENT	FIXED REMUNERATION	AT RISK STI	AT RISK LTI
What does this component include?	Base salary, superannuation and other benefits (such as relocation allowances).	Reward for strong individual and Group performance during the year.	Reward for longer-term Group performance during a three or four-year performance period.
What does payment depend on?	The skills, performance, experience and role of each individual. The Group has implemented moderate fixed remuneration relative to market capitalisation in favour of higher at-risk components.	Achievement of financial and non-financial key performance indicators (KPIs) and subject to a financial gateway hurdle.	Achievement of financial and non-financial performance conditions.
How is this component delivered?	Cash.	Cash.	Typically, options vesting in three and four-year tranches.
What is the purpose of this remuneration component?	Providing ongoing remuneration in recognition of day-to-day accountabilities.	Motivate and reward excellent performance in the shorter term.	Typically, one-off grants designed to attract executive talent into the organisation, motivate and reward excellent performance in the long term and provide a retention element whilst aligning with shareholder outcomes through the award of equity.

SECTION 4 SENIOR EXECUTIVE REMUNERATION IN THE REPORTING PERIOD

4.1 FIXED REMUNERATION

All Senior Executives receive fixed remuneration which includes cash and compulsory superannuation. As appropriate, KMP receive additional support including accommodation allowances and travel. KMP do not receive retirement benefits beyond superannuation.

When determining the level of fixed remuneration for each role, the Group considers the remuneration levels offered at organisation from which it sources talent and to whom it could potentially lose talent. Typically, fixed remuneration for the Group's KMP is lower than the average of larger ASX listed companies given the focus on variable 'at-risk' remuneration.

4.2 EXECUTIVE STI AWARDS GRANTED DURING THE REPORTING PERIOD

The table below outlines the key terms and conditions applying to Senior Executive STI arrangements for KMP during the Reporting Period.

Table 3 – Description of Executive STI in the Reporting Period

Overview of STI during the Reporting Period	STI arrangements are an at-risk component of executive remuneration involving the payment of a cash award if vesting conditions are met, including satisfaction of performance conditions.
Performance Period	STI awards are measures over the 12-month financial year. Any STI award payments are made after performance is tested at the end of the performance period.
Performance Conditions	Payment of cash bonuses is discretionary and determined by the Board based on individual and business KPIs. Business KPIs may consist of financial and strategic components including revenue growth, customer acquisition and retention, new market access and trading margins. Individual KPIs consist of personal business goals which align the Group's strategies, as well as a compliance culture. The Board believes that having a mix of financial and non-financial KPIs will provide measurable financial performance criteria strongly linked to increased year-on-year shareholder value and encourage the achievement of personal business goals consistent with the Group's overall objectives. To be eligible for the STI, participants must be employees in good standing of the Company at the date on which the bonus is payable.
Measurement of Performance Conditions	Performance against the KPIs is assessed annually by the Board on recommendations from the Remuneration and Nomination Committee after the end of the performance period as part of the broader performance review process for each KMP.
Treatment on Cessation of Employment	If a KMP ceases to be employed during the 12-month performance period in 'good leaver' circumstances, they may be entitled to a pro rata STI award unless the Board determined otherwise.

Percentage of STI Paid and Forfeited During the Reporting Period

Details of the STI outcomes during the Reporting Period are outlined in the table below.

Table 4 – Executive KMP STI Outcomes

EXECUTIVE KMP	MAXIMUM STI OPPORTUNITY	$ VALUE OF STI AWARD GRANTED	% OF MAXIMUM STI AWARD GRANTED	% OF MAXIMUM STI AWARD FORFEITED
SJ Swanell	76,557	38,279	50%	50%
NJ Fahey	39,496	19,748	50%	50%
AJ Mellor	59,885	29,943	50%	50%
AJ Hensher	55,000	27,500	50%	50%

REMUNERATION REPORT
CONTINUED

4.3 EXECUTIVE LTI AWARDS

The Company has established a Long-Term Incentive (LTI) plan to assist in the reward, retention and motivation of participants and align their interests with those of shareholders. The LTI plan is an equity-based plan which is delivered in the form of options.

The rules of the LTI plan (**Plan Rules**) provide the framework under which the Plan and individual grants will operate.

The table below outlines the key terms and conditions applying to Senior Executive LTI arrangements for the KMPs during the Reporting Period.

Table 5 – Description of LTI

Overview of Senior Executive LTI Arrangements during the Reporting Period	Senior Executive LTI awards are an at-risk component of executive remuneration typically involving the one-off grant of options at the time the executive commences employment or following the change in the scope of their role or responsibilities. They are used to attract and retain key executive talent to the organisation. The Group will continue to review its incentive arrangements on an ongoing basis to ensure they continue to meet the evolving needs of the Group. One-off LTI grants are likely to remain the key remuneration arrangement designed to attract executives and retain talent over the medium term.
Form of Awards	The Plan Rules permit the Company to grant options, which are an entitlement to receive Company shares upon satisfaction of applicable conditions and payment of the applicable exercise price, subject to the terms of individual offers. Options are granted for nil consideration as they are part of a Senior Executive's remuneration. Please refer to Table 11 for details of options awarded during the Reporting Period.
Performance Period	LTI awards typically vest in two tranches after 3 and 4 years following the grant date (as appropriate). LTI awards only vest after performance against the performance conditions is measured after each of the relevant vesting dates.
Performance Conditions and Vesting	Vesting of options under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Options must be exercised by the participant and the participant is required to pay the exercise price before shares are allocated. Typically, each option will vest into a Company share upon satisfaction of prescribed vesting conditions, comprising: • continuing service vesting conditions • target share price-based vesting conditions.
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad "clawback" powers if, for example, the participant has acted fraudulently or dishonestly or there is a material financial misstatement.
Change of control	The Board may determine that all or a specified number of a participant's options will vest or cease to be subject to restrictions on a change of control event in accordance with the Plan Rules.
Reconstructions, corporate action, rights issues, bonus issues etc.	The Plan Rules include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their incentives as a result of such corporate actions.
Restrictions on dealing	Prior to vesting, the Plan Rules provide that participants must not sell, transfer, encumber, hedge or otherwise deal with their incentives. After vesting, certain participants may not dispose of options (or underlying shares) until the three-year anniversary of the grant of the options held by the relevant participants, unless otherwise approved by the Board. All disposals of options and shares will be subject to the Company's Securities Dealing Policy.

4.4 SENIOR EXECUTIVE CONTRACTS

All KMP have a written Executive Service Agreement with the Group. The key terms of these agreements are set out below.

Table 6 – Key Terms of KMP Contracts

DURATION	ONGOING TERM
Periods of Notice Required to Terminate	In the case of: • SJ Swanell, six months' notice of termination by the employee and twelve months' notice of termination by the Company; • NJ Fahey, five months' notice of termination by the employee and nine months' notice of termination by the Company; • AJ Mellor three months' notice of termination by the employee and three months' notice of termination by the Company; and • AJ Hensher, three months' notice of termination by the employee and six months' notice of termination by the Company. All payments on termination will be subject to the termination benefits cap under the Corporations Act. Shareholder approval was obtained prior to Listing for the provision of benefits on cessation of employment.
Restraints	Non-compete and non-solicit restraints in Australia for each employee.

SECTION 5 REMUNERATION GOVERNANCE

5.1 OVERVIEW

The following table represents the Group's remuneration decision making structure.

Table 7 – Remuneration Governance and Decision Making

BOARD	
Review and approval. Exercise of discretion in relation to targets, goals or funding pools.	
REMUNERATION AND NOMINATION COMMITTEE	
Board remuneration framework and policy. Senior Executive KMP & Non-Executive Director remuneration outcome recommendations.	
MANAGEMENT	**REMUNERATION ADVISORS**
Proposals on executive remuneration outcomes. Implementing remuneration policies.	External and independent remuneration advice and information.

5.2 BOARD AND REMUNERATION AND NOMINATION COMMITTEE RESPONSIBILITIES

Details of the composition and responsibilities of the Board and the Remuneration and Nomination Committee are set out in the Corporate Governance Statement (which forms part of this Annual Report).

REMUNERATION REPORT
CONTINUED

5.3 USE OF REMUNERATION CONSULTANTS

The Remuneration and Nominations Committee may seek and consider advice from external advisers from time to time to assist the Committee discharge its duties. Any advice from consultants is used to guide the Committee and Board, but does not serve as a substitute for thorough consideration by Non-Executive Directors.

Remuneration advisors may be engaged by the Chair of the Remuneration and Nominations Committee, however during the Reporting Period, no remuneration recommendations, as defined by the Act, were made by the remuneration advisors during the Reporting Period.

SECTION 6 NON-EXECUTIVE DIRECTOR REMUNERATION

Details of the Non-Executive Directors of PointsBet Holdings Limited during the Reporting Period are provided in the Directors' Report.

6.1 OVERVIEW OF POLICY

In setting fee levels, the Remuneration and Nominations Committee, which makes recommendations to the Board, takes into account the demands and responsibilities associated with the Non-Executive Directors roles and the global scope and highly regulated environment in which the Group operates. The Board will continue to review its approach to Non-Executive Director remuneration to ensure it remains in line with high standards of corporate governance.

6.2 COMPONENTS AND DETAILS OF NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Directors receive a fixed fee (inclusive of superannuation and committee memberships) for services to the Board. The Chair receives an additional fee for that service.

PointsBet is transforming into an expanding listed global business with scale, complexity and diversity, which has in turn significantly increased both Board and Committee workloads. In addition, recent developments in the corporate governance landscape are leading to increased expectations and demands of Non-Executive Directors on ASX boards.

Fees also reflect the regulatory requirements of the environment in which PointsBet operates, which imposes considerable demands on the Non-Executive Directors and their families who are required to disclose detailed personal and financial information and submit to interviews, including in foreign jurisdictions.

Non-Executive Directors are entitled to be reimbursed for all reasonable business-related expenses, including travel, as may be incurred in the discharge of their duties.

PointsBet does not make sign-on payments to new Non-Executive Directors and the Board does not provide for retirement allowances for Non-Executive Directors.

6.3 AGGREGATE FEE POOL AND DIRECTOR FEES

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for their services as a Non-Executive Director. However, under the Constitution and the ASX Listing Rules, the total aggregate amount provided to all Non-Executive Directors for their services must not exceed in any financial year the aggregate amount approved by shareholders at the Company's general meeting. The amount has been fixed at $750,000 per annum.

The annual Non-Executive Director fees currently agreed to be paid by the Company to:

- the Chairman is $100,000 (inclusive of superannuation);
- each Australia Non-Executive Directors is $80,000 (inclusive of superannuation); and
- each US Non-Executive Directors is US$100,000.

Directors will not receive additional fees for being a member of a Board Committee.

SECTION 7 STATUTORY REMUNERATION TABLES AND DATA

7.1 DETAILS OF EXECUTIVE KMP REMUNERATION

The following table reflects the accounting value of remuneration attributable to Executive KMP, derived from the various components of their remuneration. This does not necessarily reflect actual amounts paid to Executive KMP due to the conditional nature (for example, performance criteria) of some of these accrued amounts.

Table 8 – Statutory Executive KMP Remuneration Table

		SHORT TERM BENEFITS ($)			POST EMPLOYMENT ($)		LONG-TERM	SHARE BASED[4]	TOTAL	PERFORMANCE RELATED
KEY MANAGER'S NAME/ REPORTING PERIOD		SALARY & FEES[1]	STI CASH BONUS	OTHER BENEFITS[2]	SUPER-ANNUATION	TERMINATION[3]	LONG SERVICE LEAVE	OPTIONS $	$	%
SJ Swanell	**2020**	**416,352**	**38,279**	**–**	**21,003**	**–**	**30,051**	**734,175**	**1,239,860**	**59%**
	2019	304,415	33,030	–	22,682	–	17,532	409,318	786,977	52%
NJ Fahey	**2020**	**197,479**	**19,748**	**–**	**21,072**	**–**	**13,201**	**272,094**	**523,594**	**52%**
	2019	198,308	20,182	–	17,084	–	9,892	200,281	445,746	45%
AJ Mellor	**2020**	**299,583**	**29,943**	**–**	**21,003**	**–**	**2,907**	**318,248**	**671,684**	**47%**
	2019	122,677	12,948	–	9,781	–	2,202	19,083	166,691	11%
AJ Hensher	**2020**	**275,000**	**27,500**	**25,000**	**21,003**	**–**	**2,685**	**121,179**	**472,367**	**26%**
	2019	128,533	13,778	25,000	10,266	–	2,103	18,023	197,702	9%
TOTAL KMP	**2020**	**1,188,414**	**115,470**	**25,000**	**84,081**	**–**	**48,844**	**1,445,696**	**2,907,505**	**50%**
	2019	753,932	79,937	25,000	59,812	–	31,729	646,705	1,597,116	40%

1 Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that benefits are paid and subject to Fringe Benefits Tax (FBT), the above amount includes FBT.

2 Non-monetary benefits include insurance and travel costs, relocation costs, living away from home and expatriate related costs and associated FBT.

3 Amounts reflect accruals in connection with the termination of employment (inclusive of any accruals for payments in lieu of notice).

4 In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Executive KMP may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of options at their respective grant dates has been performed.

REMUNERATION REPORT
CONTINUED

7.2 DETAILS OF NON-EXECUTIVE DIRECTOR REMUNERATION

Table 9 – Details of Non-Executive Director remuneration for the Reporting Period

		SHORT-TERM BENEFITS ($)		POST-EMPLOYMENT BENEFITS ($)		SHARE-BASED[4]	TOTAL	PERFORMANCE RELATED
DIRECTORS	YEAR	CASH SALARY AND FEES[1]	FEES FOR EXTRA SERVICES	SUPERANNUATION[2]	RETIREMENT BENEFITS[3]	OPTIONS $	$	%
BWF Paton	**2020**	**91,324**	**–**	**8,676**	**–**	**–**	**100,000**	**–**
	2019	56,702	–	5,387	–	–	62,089	–
AP Symons	**2020**	**73,059**	**–**	**6,941**	**–**	**36,709**	**116,709**	**31%**
	2019	59,361	–	5,639	–	52,368	117,368	45%
PD McCluskey	**2020**	**73,059**	**–**	**6,941**	**–**	**36,709**	**116,709**	**31%**
	2019	59,361	–	5,639	–	12,974	77,974	17%
BK Harris[5]	**2020**	**95,783**	**–**	**–**	**–**	**–**	**95,783**	**–**
	2019	–	–	–	–	–	–	–
TOTAL	**2020**	**333,225**	**–**	**22,558**	**–**	**73,418**	**429,201**	**17%**
	2019	175,423	–	16,665	–	65,342	257,431	25%

1 Amounts shown as cash salary and fees include amounts sacrificed in lieu of other benefits at the discretion of the individual. To the extent that any non-monetary benefits are subject to Fringe Benefits Tax (FBT), amounts shown include FBT.

2 Superannuation contributions include amounts required to satisfy the Group's obligations under applicable Superannuation Guarantee legislation.

3 Non-Executive Directors are not entitled to any retirement benefit.

4 In accordance with the requirements of the Australian Accounting Standards, remuneration includes a proportion of the fair value of equity compensation granted or outstanding during the year. The fair value of equity instruments which do not vest during the reporting period is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that individual Executive KMP may ultimately realise should the equity instruments vest. An independent accounting valuation for each tranche of options at their respective grant dates has been performed.

5 BK Harris commenced on 11 November 2019.

7.3 SHARE-BASED COMPENSATION

The terms and conditions of each grant of options issued by 30 June 2020 over ordinary shares affecting remuneration of Non-Executive Directors and other Executive KMP in this Reporting Period or future reporting periods are as follows:

Table 10 – Options on Issue

NAME	NUMBER OF OPTIONS GRANTED	GRANT DATE	VESTING DATE	EXPIRY DATE	EXERCISE PRICE ($)	FAIR VALUE PER OPTION AT GRANT DATE ($)
Non-Executive Directors						
AP Symons	112,554	28 Sept 2017	12 Jun 2019	28 Sept 2020	0.75	0.55
	62,879	30 Jan 2019	30 Jan 2022	30 Jan 2023	1.47	1.12
	31,440	30 Jan 2019	30 Jan 2023	30 Jan 2024	1.47	1.20
	31,440	30 Jan 2019	30 Jan 2024	30 Jan 2025	1.47	1.27
PD McCluskey	62,879	30 Jan 2019	30 Jan 2022	30 Jan 2023	1.47	1.12
	31,440	30 Jan 2019	30 Jan 2023	30 Jan 2024	1.47	1.20
	31,440	30 Jan 2019	30 Jan 2024	30 Jan 2025	1.47	1.27
BK Harris	–	–	–	–	–	–
Executive Directors						
SJ Swanell	112,554	1 Nov 2017	12 Jun 2019	1 Nov 2020	0.75	0.55
	161,000	29 Jun 2018	12 Jun 2019	29 June 2021	0.92	0.67
	1,257,585	30 Jan 2019	30 Jan 2022	30 Jan 2023	1.47	1.12
	628,792	30 Jan 2019	30 Jan 2023	30 Jan 2024	1.47	1.20
	628,792	30 Jan 2019	30 Jan 2024	30 Jan 2025	1.47	1.27
NJ Fahey	112,554	1 Nov 2017	12 Jun 2019	1 Nov 2020	0.75	0.55
	93,816	29 Jun 2018	12 Jun 2019	29 June 2021	0.92	0.67
	440,155	30 Jan 2019	30 Jan 2022	30 Jan 2023	1.47	1.12
	251,517	30 Jan 2019	30 Jan 2023	30 Jan 2024	1.47	1.20
	251,517	30 Jan 2019	30 Jan 2024	30 Jan 2025	1.47	1.27
Other KMP						
AJ Mellor	78,559	30 Jan 2019	30 Jan 2022	30 Jan 2024	1.47	1.20
	78,559	30 Jan 2019	30 Jan 2023	30 Jan 2025	1.47	1.27
	294,579	28 Jun 2019	30 Jan 2022	30 Jan 2024	2.31	1.80
	277,619	28 Jun 2019	30 Jan 2023	30 Jan 2025	2.31	1.92
AJ Hensher	78,559	30 Jan 2019	30 Jan 2022	30 Jan 2024	1.47	1.20
	78,559	30 Jan 2019	30 Jan 2023	30 Jan 2025	1.47	1.27
	71,428	28 Jun 2019	30 Jan 2022	30 Jan 2024	2.31	1.80
	71,428	28 Jun 2019	30 Jan 2023	30 Jan 2025	2.31	1.92

The number of options over ordinary shares in the Company held during the Reporting Period by each Non-Executive Director and other members of the Executive KMP of the Group, including their personally related parties, is set out below:

REMUNERATION REPORT
CONTINUED

Table 11 – Movement in Options

Non-Executive Director

NAME	BALANCE AT 1 JULY 2019	GRANTED	EXERCISED	EXPIRES / FORFEITED / OTHER	BALANCE AT 30 JUNE 2020
Non-Executive Directors					
AP Symons	238,313	–	–	–	238,313
PD McCluskey	125,759	–	–	–	125,759
BK Harris	–	–	–	–	–
Executive Director					
SJ Swanell	2,789,323	–	–	–	2,789,323
NJ Fahey	1,149,559	–	–	–	1,149,559
Other KMP					
AJ Mellor	729,316	–	–	–	729,316
AJ Hensher	299,974	–	–	–	299,974

Additional Information

The earnings of the Group for the two years to 30 June 2020 are summarised below:

	2020 $'000	2019 $'000
Revenue from ordinary activities	**75,173**	25,615
(Loss) before interest, tax, foreign exchange, depreciation and amortisation	**(39,709)**	(37,169)
Net loss attributable to members	**(41,463)**	(41,885)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019
Share price at financial year end ($)	**5.30**	2.37
Total dividends declared (cents per share)	**Nil**	Nil
Basic and diluted (loss) per share (cents)	**(29.9)**	(72.1)

SECTION 8 EXECUTIVE KMP REMUNERATION RECEIVED

The amounts disclosed in Table 12 below as Executive KMP remuneration for the Reporting Period reflect the actual benefits received by each KMP during the Reporting Period. The remuneration values disclosed below have been determined as follows:

Fixed remuneration

Fixed remuneration includes base salaries received, payments made to superannuation funds, the taxable value of non-monetary benefits received and any once-off payments such as sign-on bonuses or termination benefits.

Fixed remuneration excludes any accruals of annual or long-service leave

Short-term incentives

The cash STI benefits represent the bonuses that were awarded to each KMP in relation to Reporting Period.

Long-term incentives

The value of vested and exercised options was determined based on the intrinsic value of the options at the date of exercise, being the difference between the share price on that date and the exercise price payable by the KMP.

Table 12 – Actual Remuneration Received

EXECUTIVE	FIXED REMUNERATION ($)	AWARDED STI ($)	VESTED AND EXERCISED LTI ($)	OTHER BENEFITS ($)	TOTAL VALUE ($)
SJ Swanell	437,355	38,279	–	–	475,634
NJ Fahey	218,551	19,748	–	–	238,299
AJ Mellor	320,586	29,943	–	–	350,529
AJ Hensher[1]	296,001	27,500	–	25,000	348,501
Total Executive KMP Remuneration	**1,272,493**	**115,470**	**–**	**25,000**	**1,412,963**

1 AJ Hensher received a Living Away From Home Allowance for part of the Reporting Period.

The amounts disclosed in Table 12 above are not the same as the remuneration expensed in relation to each KMP in accordance with the accounting standards (see Table 8). The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMPs.
- The statutory remuneration shows benefits before they are actually received by the KMPs.
- Where options do not vest because a market-based performance condition is not satisfied (eg an increase in the company's share price), the Company must still recognise the full amount of expenses even though the KMPs will never receive any benefits.
- Share-based payment awards are treated differently under the accounting standards depending on whether the performance conditions are market conditions (no reversal of expense) or non-market conditions (reversal of expense where shares fail to vest), even though the benefit received by the KMP is the same (nil where equity instruments fail to vest).

The information in this section has been audited together with the rest of the Remuneration Report

SECTION 9 SHAREHOLDINGS

9.1 MOVEMENT IN SHARES

The number of shares (excluding those unvested under the LTI plan) in the Company held during the year ended 30 June 2020 by each Non-Executive Director and Executive KMP, including their personally related entities, are set out below. No amounts are unpaid on any of the shares issued.

Where shares are held by the Director or Executive KMP and any entity under the joint or several control of the Director or Executive KMP, they are shown as 'beneficially held'. Shares held by those who are defined by AASB 124 Related Party Disclosures as close members of the family of the Director or Executive KMP or are held through a nominee or custodian are shown as 'non-beneficially held'.

REMUNERATION REPORT
CONTINUED

The following sets out details of the movement in shares in the Company held by Non-Executive Directors or their related parties during the year:

Table 13 – Details of Non-Executive Director shareholdings

NON-EXECUTIVE DIRECTORS

	TYPE	BALANCE AT 1 JULY 2019	OPTIONS VESTED AND EXERCISED	OTHER NET CHANGES DURING THE YEAR	BALANCE AS AT 30 JUNE 2020
BWF Paton	Beneficially held	9,243,497	–	2,011,484	11,254,981
	Non-beneficially held	264,848	–	–	264,848
AP Symons	Beneficially held	567,548	–	25,000	592,548
	Non-beneficially held	–	–	–	–
PD McCluskey	Beneficially held	344,201		57,367	401,568
	Non-beneficially held	–	–	–	–
BK Harris	Beneficially held	–	–	–	–
	Non-beneficially held	–	–	–	–

All equity instrument transactions between the Non-Executive Directors, including their related parties, and PointsBet during the year have been on arm's length basis.

The following sets out details of the movement in shares in the Company held by Executive KMP or their related parties during the year:

Table 14 – Details of Executive KMP shareholdings not held under an employee share plan

EXECUTIVE DIRECTORS AND OTHER EXECUTIVE KMPS

	TYPE	BALANCE AT 1 JULY 2019	OPTIONS VESTED AND EXERCISED	OTHER NET CHANGES DURING THE YEAR	BALANCE AS AT 30 JUNE 2020
SJ Swanell	Beneficially held	–	–	–	–
	Non-beneficially held	3,209,607	–	–	3,209,607
NJ Fahey	Beneficially held	11,510,294	–	72,823	11,583,117
	Non-beneficially held	–	–	–	–
AJ Mellor	Beneficially held	–	–	–	–
	Non-beneficially held	56,340	–	9,390	65,730
AJ Hensher	Beneficially held	–	–	–	–
	Non-beneficially held	5,000	–	834	5,834

Other than share-based payment compensation effected through an employee share option plan, all equity instrument transactions between Executive KMP, including their related parties, and PointsBet during the year have been on arm's length basis.

9.2 LOANS WITH KMP

No KMP or their related parties held any loans from the Group during or at the end of the year ended 30 June 2020 or prior year.

9.3 OTHER KMP TRANSACTIONS

AP Symons, a Non-Executive Director, is Managing Director and majority beneficial owner of Clarendon Lawyers, the Company's Australian legal adviser and a material services provider to the Company. During the Reporting Period, the Company paid a total of $108,349 in legal fees for legal services to Clarendon Lawyers (including $83,045 in connection with the 2019 Capital Raising).

REVIEW OF OPERATIONS

FOR THE FULL YEAR ENDING 30 JUNE 2020

It has been another transformational year for the Company.

The Group handled over a billion dollars in Turnover, finishing the year at $1.152 billion up 103% on the PCP. Impressively, Net Win growth exceeded Turnover growth, rising 191% to $82.1 million.

In the US, PointsBet began the year with market access to 5 US states and ended the year with market access to 12 US states. At 30 June 2019, PointsBet was operational in an online environment in New Jersey, and during the Reporting Period, launched a retail and online environment in Iowa in August and November 2019 respectively, followed by the launch of online operations in Indiana in March 2020.

In Australia, the Company achieved strong year-on-year Net Win growth of 159%, with the Australian Trading business achieving its first positive EBITDA year. This has been achieved within three years of launching.

During the year, the Company was admitted to the S&P ASX 300 Index and re-located its US headquarters to Denver, CO while still maintaining its Jersey City office for trading and marketing functions.

Over the 12 months to 30 June 2020 (the Reporting Period or FY20), PointsBet has continued to invest in its global scalable cloud-based technology platform (Platform). The Company made key and strategic hires across the global business, with a particular focus on its technology and product teams as the Company continues to innovate its proprietary sports wagering platform, develop its proprietary iGaming platform and improve its marketing technology capabilities. Further, as the Company looks to progressively launch its operations in additional states in FY21 and beyond, it will continue to invest in delivering significant economies of scale via its in-house Platform.

GROUP PERFORMANCE

EARNINGS SUMMARY

The information presented in this Review of Operations has not been audited 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 results[1]

	FY20 $000	FY19 $000	VARIANCE %
Normalised Results			
Revenue	75,173	25,615	193
EBITDA loss	(37,586)	(32,650)	(15)
Loss for the year	(39,652)	(34,353)	(15)
Basic and diluted loss per share (cents)	(28.6)	(59.1)	52

1 Normalised results are statutory profit (before and after tax), 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'.

REVIEW OF OPERATIONS
CONTINUED

Reported results

	FY20 $000	FY19 $000	VARIANCE %
Reported Results			
Revenue	75,173	25,615	193
EBITDA loss	(39,709)	(37,169)	(7)
Loss for the year	(41,463)	(41,885)	1
Basic and diluted loss per share (cents)	(29.9)	(72.1)	59

Significant Items & Adjustments

	NOTE	FY20 $000	VARIANCE VS FY19 $000
Significant Items & Adjustments			
Share based payments – ESOP	1	3,413	1,864
Impact of AASB 16 Leases	2	700	700
Unrealised FX (gains)/losses	3	(2,301)	(2,979)
Total significant items & adjustments		**1,811**	**(5,721)**

1 Share based payments - Employee Share Option Plan – the Group's normalised results include an adjustment for fair value on employee share option plan issuances to key management staff.
2 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.
3 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.

KEY PERFORMANCE INDICATORS

PointsBet reported strong growth across the following key metrics:

FY20 GROUP – PCP PERFORMANCE (A$M)[1]

KEY METRICS	FY20	FY19	CHANGE VS PCP
Turnover[2]	**1,151.6**	**567.1**	**103%**
Australia	830.5	490.1	69%
US	321.1	77.0	317%
Gross Win[3]	**117.3**	**52.7**	**123%**
Australia	100.8	50.5	100%
US	16.5	2.2	652%
Net Win[4]	**82.1**	**28.2**	**191%**
Australia	75.1	28.9	159%
US	7.0	(0.7)	n.m.
Net Win Margin	**7.1%**	**5.0%**	**+2.2pp**
Australia	9.0%	5.9%	+3.1pp
US	2.2%	(0.9%)	+3.1pp
Active Clients[5]	**111,361**	**80,008**	**39%**

1 The AUD:USD foreign exchange rate used for the figures in the table was the average rate for the specified period.
2 Turnover is the stake (money) a client puts at risk when they place a bet on an event.
3 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.
4 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).
5 Active Clients are clients that have placed a bet in the last 12 months.

HIGHLIGHTS

Key highlights for the Reporting Period are set out below:

Strong Performance Metrics

- PointsBet Group recorded a 39% increase in Active Clients for the 12 months to 30 June 2020 to 111,361, up from 80,008 for the 12 months to 30 June 2019.
- PointsBet Group Net Win of $82.1 million in the period, represents a 191% growth on the PCP.
- PointsBet Australia recorded a 159% increase in Net Win on the PCP and increased Net Win Margin to 9.0%, up from 5.9% in the PCP.
- PointsBet US Net Win Margin for the year was 2.2%.

US Market Access and Business Development

- Entered into a 20-year partnership with Penn National Gaming securing online market access in the US states of Indiana, Ohio, Missouri, Louisiana and West Virginia, subject to enabling legislation and licensure where applicable.
- Entered into a partnership with Lac Vieux Desert Public Enterprise and Finance Commission ("LVD"), an arm and instrumentality of and organised under the laws of the Lac Vieux Desert Band of Lake Superior Chippewa Indians, to provide online and mobile sports wagering and iGaming (online casino) in the State of Michigan.
- Entered into an exclusive 'first skin' agreement with Kansas Crossing Casino, L.C. to provide retail and online sports wagering in the State of Kansas, contingent upon the passing of enabling legislation as well as obtaining the necessary regulatory licenses.
- In July 2020, announced an agreement with BetMakers Technology Group Limited to offer fixed odds betting on racing (thoroughbred, harness and greyhounds) to clients in New Jersey, initially on races held at Monmouth Park, with scope to expand to additional tracks and jurisdictions, subject to receipt of all necessary regulatory and other approvals.

Online Operations

- Launched operations in the State of Iowa (population 3.2 million), accepting first online wagers on 21 November 2019. This represents the Company's second online market to commence operations. Currently, Iowa requires in-person registration for a sports wagering account and will move to remote registration from 1 January 2021.
- Launched operations in the State of Indiana (population 6.7 million), accepting first online wagers on 6 March 2020. This represents the Company's third online market to commence operations. The state operates under a remote registration environment.
- PointsBet Group accepted more than 17 million bets for the 12 months to 30 June 2020 (compared to just over 9 million bets for the 12 months to 30 June 2019).
- In Australia, on Melbourne Cup Day 2019, PointsBet successfully processed more than 180,000 racing bets, over 900 bets-per-minute at its peak, a further demonstration of the Company's technological capabilities.

Retail Operations

- Launched retail operations at the Catfish Bend Casino in Burlington, Iowa in August 2019.

Product and Technology

- Launch of upgraded US website and mobile apps in January 2020 and upgraded Australian website and mobile apps in July 2020, both with improved functionality and significantly improved speed of use.
- Release of Same Game Multi product and enhanced Racing Form via Racenet in Australia.
- Release of single sign-on functionality in the US, assisting clients use of PointsBet's services in multiple jurisdictions.
- Launch of market first US Parlay Booster product and In-Play Parlays, providing the ability to parlay in-play events.
- Release of Spanish language functionality (being only one of two sportsbooks to have a fully translated Spanish site).
- Integration of Name A Bet requests via the PointsBet Blog, facilitating customers to request bet types not found on site.
- Strengthening of cyber defence of PointsBet systems and corporate environments.

REVIEW OF OPERATIONS
CONTINUED

Brand and Marketing

United States

- Entered into a multi-year partnership with the NBA, representing the Company's first agreement with a North American sports league, with the Company integrating the first-ever Win Probability Metric across key NBA platforms, including on NBA.com and NBA social media channels.
- Became the Official and Exclusive Sports Betting partner of La Liga North America (multi-year agreement), including new Integrated betting content in English and Spanish to complement PointsBet's industry-leading Spanish language product.
- Announced a multi-year partnership with the Detroit Tigers Major League Baseball (MLB) team, being the first partnership in US history between a Major League Baseball team and a legal sports betting operator.
- In August 2020, announced a multi-year agreement with the Indiana Pacers of the NBA to become an Authorised Sports Gaming Partner.
- In August 2020, the Company announced it had entered into a 'primary skin' agreement with Twin River Management Group, Inc. to provide iGaming in the State of New Jersey, subject to obtaining the necessary regulatory licenses and approvals.
- In August 2020, the Company announced a multi-year partnership with Kroenke Sports & Entertainment to become the official and exclusive gaming partner of the Denver Nuggets of the National Basketball Association, Colorado Avalanche of the National Hockey League, Colorado Mammoth of the National Lacrosse League, and their home arena, Pepsi Center.
- Launched PointsBet's newest free to play product, PointsBet Pick 6, with prize contests across NBA, College Basketball, NFL, College Football, MLB and Pop Culture.
- The first legal sportsbook to deploy Bet Sync in partnership with the Action Network, allowing Pointsbet customers to sync their betting history into the Action Network app for enhanced tracking, analytics and content.
- Continued success with product differentiation, including PointsBetting™, Karma Kommitee™ and other market leading pricing initiatives.
- First to market integrated campaigns with key US partners like Slam Magazine, Fanatics, and with Sports Influencers / Personalities Bob Menery, Rob Perez, Brad Evans and Jon Rothstein.
- Launched the Bad Beat Index, the industry's definitive and standardised ranking of bad beats against a proprietary index score for the year.

Australia

- Entered into an agreement in Australia to become the exclusive wagering partner for Fox Sports AFL during the 2020 AFL season.
- Entered into a media partnership with Channel 7 to become the exclusive Victorian odds integration partner for the Autumn and Spring Carnival National Horse Racing coverage.
- Entered into a multi-year partnership to become the exclusive wagering partner of the Cronulla Sharks National Rugby League (NRL) team.

Corporate Highlights

- In November 2019 successfully completed an oversubscribed $122.1 million equity raising to support US market access and continued growth, with a retail entitlement take up of 99.65%.
- Announced new US head office in Denver, Colorado extending PointsBet's US footprint via an optimally positioned headquarters near key US states.
- Appointed Becky Harris, the first ever Chairwoman of the Nevada Gaming Control Board and a former Nevada State Senator, to the Board as a Non-Executive Director.
- Continued investment in market-leading talent with headcount of 214 (81 in the US and 133 in Australia) as at 30 June 2020.
- Admitted to the S&P ASX 300 Index.

PERFORMANCE SUMMARY

GROUP

Strong Growth across key KPIs

	GROUP			AUSTRALIA			US		
	FY19	FY20	PCP INCREASE	FY19	FY20	PCP INCREASE	FY19	FY20	PCP INCREASE
Turnover	$567m	$1,152m	↑ 103%	$490m	$830m	↑ 69%	$77m	$321m	↑ 317%
NetWin	$28m	$82m	↑ 191%	$29m	$75m	↑ 159%	($0.7)m	$7m	↑ n.m
Net Win %	5.0%	7.1%	↑ 2.2pp	5.9%	9.0%	↑ 3.1pp	(0.9)%	2.2%	↑ 3.1pp
Active Clients[1] ('000)	80.0	111.4	↑ 39%	68.5	90.4	↑ 32%	11.5	20.9	↑ 81%

1 Clients that have placed a bet in the last 12 months.

Group Profit and Loss

	STATUTORY	
A$M	FY20	FY19
Net revenue	75.2	25.6
Cost of sales	(36.9)	(14.8)
Gross profit	**38.2**	**10.9**
Other income	0.4	(0.2)
Sales and marketing expense	(35.4)	(24.9)
Employee benefits expense	(30.9)	(15.6)
Product and technology expense	(6.0)	(1.9)
Administration and other expenses	(6.1)	(5.3)
Total operating expenses	**(78.4)**	**(47.8)**
EBITDA	**(39.7)**	**(37.2)**
Net finance costs (including foreign exchange)	3.4	(2.9)
Depreciation and amortisation expense	(5.1)	(1.8)
Loss for the year	**(41.5)**	**(41.9)**

REVIEW OF OPERATIONS
CONTINUED

The Group recorded a Net Revenue[1] increase of 193% to $75.2 million compared to the PCP. This was driven by significant Net Revenue growth in the Australian Trading business, with the US business contributing 9% of the Group's Net Revenue.

In Australia, the Company recorded Net Revenue for the Reporting Period of $68.2 million, delivering outstanding year-on-year Net Revenue growth of 159%.

During its first full financial year of operations in the US, the business generated $7.0 million in Net Revenue. As a result of the major US sporting leagues pausing in March 2020, the contribution of the US business to Group Net Revenue was lower than anticipated prior to the impact of COVID.

Gross Profit Margins for the Australian Trading business have remained consistent on a PCP basis. As the US business grows and states move from launch phase to execution phase, PointsBet would anticipate Gross Profit Margins to improve over time as the business reduces promotions as a percentage of Gross Win and grows Net Win in absolute terms, with a higher retained client base.

The Company continued to capitalise on its expanding US presence, and invest in growing its US based talent, as operations rolled out in two new states (Iowa and Indiana), and management prepared for launches in two additional states (Illinois and Colorado) in H1 FY21. In addition, the Company maintained its disciplined and opportunistic approach to marketing investment.

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

- **AU Marketing –** Australian marketing expenses were $20.1 million for the Reporting Period, which increased versus the PCP.
- **US Marketing –** US marketing expenses were $15.3 million, an increase year-on-year reflecting PointsBet's first full year of US operations. When sports paused in March 2020, marketing expenses were immediately reduced, and as a result, annual marketing expenses were less than pre-COVID expectations.
- **Employee Benefits –** expenses have increased as the Group continues to build a world class team across all areas of the business. Headcount as at 30 June 2020 had grown 31% since 30 June 2019, with 214 total employees split between Australia 133 and US 81.
- **Technology –** as the Group becomes operational in more states and betting volumes increase, costs associated with developing, hosting, operating and securing its technology and data platforms have increased for the Reporting Period versus the PCP, noting the Reporting Period represents PointsBet's first full year of operations in the US.

The Australian Trading business achieved a statutory EBITDA profit of $6.9 million, representing its first EBITDA positive year, compared to an EBITDA loss of $10.8 million in the PCP. This has been achieved within three years of launching.

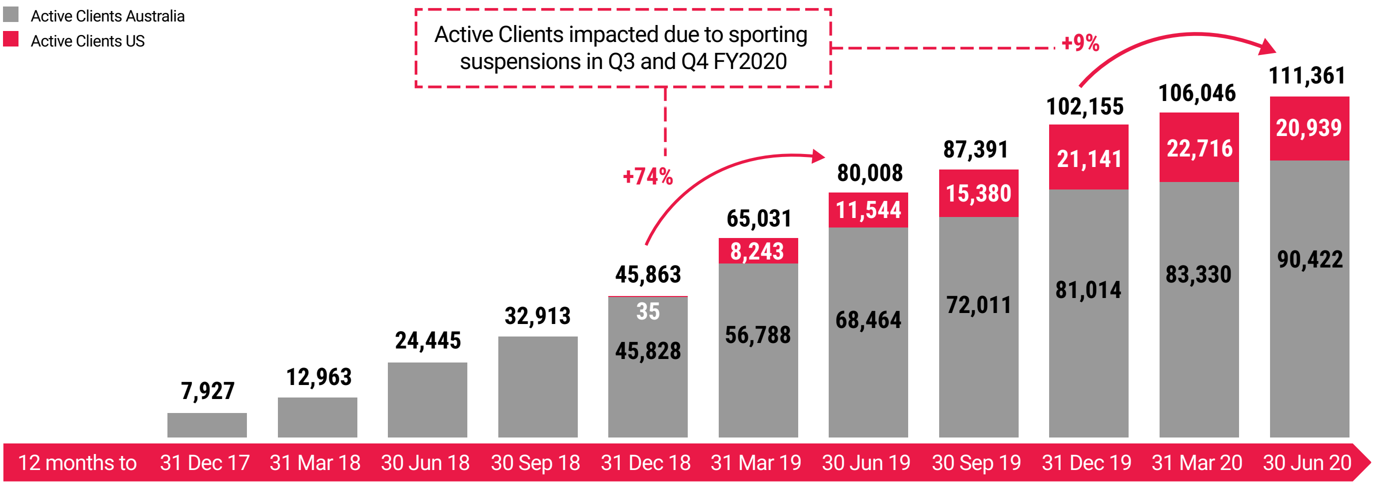
As a result of the significant investment into the US business, the Group recorded a statutory loss of $(41.5) million for the Reporting Period, compared to a statutory loss of $(41.9) million in the PCP.

The Company is acutely aware that the state by state legalisation of the US sports betting market is only going to happen once and thus is focused on having the best team, technology and product on the starting line.

1 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.

Active Clients[1]

Clients who have bet in the last twelve months

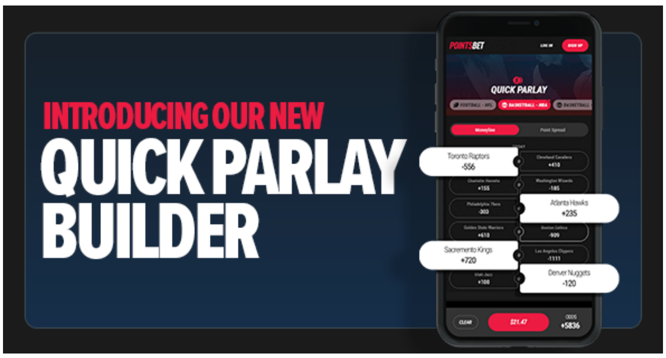


1 Active Clients are clients that have placed a bet in the last 12 months.

Prior to the suspension of key global sports on 12 March 2020, the Company was pleased with the growth in Active Clients across the Australian and US businesses. However, these suspensions from March 2020 clearly had a direct impact on client acquisition, and client activity for the remainder of the Reporting Period.

In the US, due to the lack of premium sporting content for clients to bet on, and the reduction of marketing spend that followed, lower activity naturally resulted from March 2020.

For the 12 months to 30 June 2020, the Group had 111,361 Active Clients, being those clients who have placed a bet during that 12 month period. As seen in the graph above, 12 month Active Clients have increased by 9,206 (being 9%) in H2 FY20 compared to an increase of 34,145 (being 74%) in H2 FY19, and this is a direct result of the suspension of sports.



REVIEW OF OPERATIONS
CONTINUED

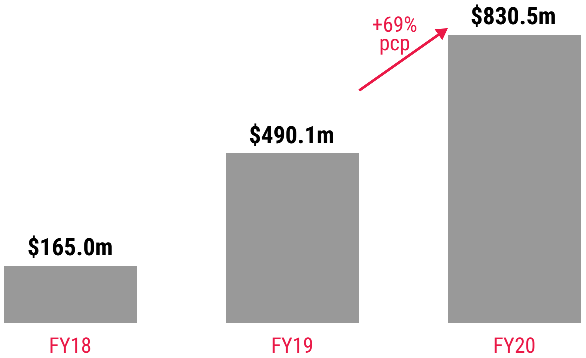
REGIONAL OPERATIONS

AUSTRALIAN TRADING BUSINESS

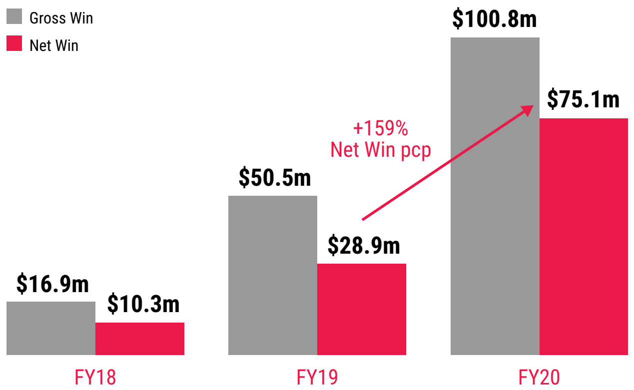
POINTSBET AUSTRALIA – PCP PERFORMANCE (A$M)

KEY METRICS	FY20	FY19	INCREASE
Turnover	830.5	490.1	**69%**
Gross Win	100.8	50.5	**100%**
Gross Win Margin	12.1%	10.3%	**1.8pp**
Net Win	75.1	28.9	**159%**
Net Win Margin	9.0%	5.9%	**3.1pp**
Net Revenue	68.2	26.3	**159%**

PointsBet Australia – Turnover (A$m)



PointsBet Australia – Gross Win and Net Win (A$m)



The Australian Trading business achieved strong year-on-year Net Revenue growth of 159% and achieved a statutory EBITDA profit of $6.9 million for the Reporting Period, compared to an EBITDA loss of ($10.8) million in the PCP. This first positive annual EBITDA has been achieved within three years of launching.

This strong performance demonstrates PointsBet's capability to disrupt and grow market share in a highly competitive environment. Over the Reporting Period, Net Revenue for the Australian Trading business increased to $68.2 million from $26.3 million in the PCP as the business continued to increase its client base, focused on client retention and rolled out innovative product and technology enhancements.

During the Reporting Period, a favorable run of results and a shift towards racing from March 2020, enabled the Company to achieve an improved Gross Win Margin as well as reducing gratuities as a percentage of Gross Win.

The forced closure of retail venues during Q4 as a result of COVID, combined with other consumer behaviour trends, has resulted in a shift of wagering turnover from traditional retail venues to online.

PointsBet's improved product offering, user experience and brand equity has helped drive growth in Net Revenue and market share. The Company has seen greater share of wallet from existing clients (Net Revenue per Active Client), greater levels of client retention and less of a reliance on gratuities to incentivise client behaviour.

Despite a lack of sport for a large part of H2, the Australian Trading business recorded strong results compared to FY19 across key metrics such as bets per client, Turnover per client and Net Win per client. Further, the launch of the Same Game Multi product in July 2020, whilst still in its early days, has seen an increase in multi turnover, which over time should drive an increase in Gross Win Margin.

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.

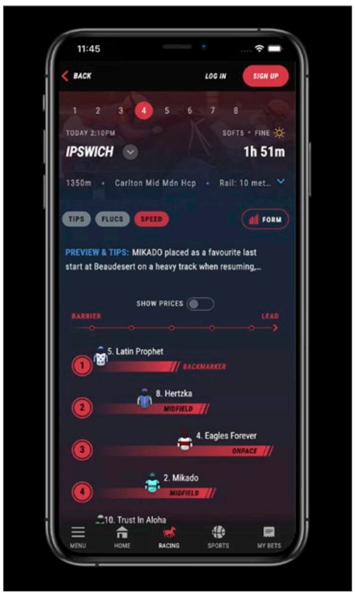
Utilising PointsBet's global brand ambassador, NBA All Star Allen Iverson, together with NRL ambassador Brett Finch, the Company launched a new global television and digital campaign, leading to strong performance across client acquisition and retention. In addition, broadcast partnerships with the free to air television networks, and strategic media placements within Fox Sports and ESPN programming across multiple sporting codes provided additional brand recognition.

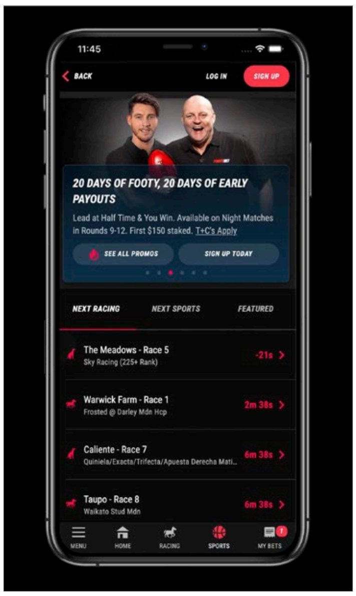
Off the back of this success, in February 2020 PointsBet negotiated a multi-year agreement with Channel 7 to exclusively provide Autumn and Spring Victorian thoroughbred odds across Channel 7's national racing broadcast channels, again demonstrating the Company's ability to move quickly in assessing and executing strategic marketing deals. During the Reporting period, the Company also entered into an agreement to become the exclusive wagering partner for Fox Sports AFL during the 2020 AFL season, featuring AFL ambassadors Billy Brownless and Dale 'Daisy' Thomas.

The Company continues to utilise leading technology to deliver marketing campaigns across paid search, social media (paid and organic), programmatic content and media networks including YouTube, Google Display Network and affiliate partners. In addition, the Company anticipates additional product releases over the forthcoming 12 months will greatly assist with client acquisition, re-activation and retention in Australia.

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 its overall growth.





REVIEW OF OPERATIONS
CONTINUED

UNITED STATES

KEY US STATS

12
STATES IN WHICH POINTSBET HAS SECURED MARKET ACCESS[1]

6.25%
ONLINE HANDLE MARKET SHARE IN NEW JERSEY FOR FY20[2]

81%
GROWTH IN ACTIVE US CLIENTS OVER THE LAST 12 MONTHS[3]

$321M
US ANNUAL FY20 TURNOVER (HANDLE)

2
OFFICES IN COLORADO AND NEW JERSEY, EMPLOYING 81 STAFF ACROSS US OPERATIONS

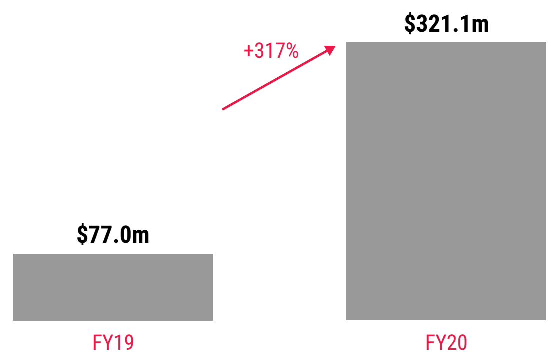
19
MONTHS SINCE LAUNCHING US OPERATION

1 Subject to, where relevant, legislation and licensure.
2 Based on New Jersey online sports betting handle as per NJDGE (New Jersey Division of Gaming Enforcement).
3 Active client growth in the 12 months to 30 June 2020.

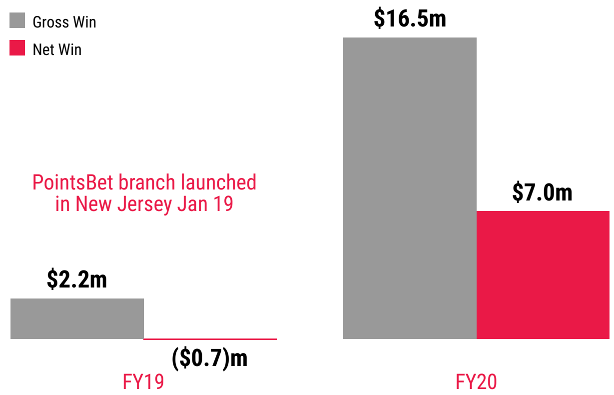
POINTSBET US – PCP PERFORMANCE (A$M)

KEY METRICS	FY20	FY19	INCREASE
Turnover	321.1	77.0	**317%**
Gross Win	16.5	2.2	**652%**
Gross Win Margin	5.1%	2.8%	**2.3pp**
Net Win	7.0	(0.7)	**n.m.**
Net Win Margin	2.2%	(0.9%)	**3.1pp**
Net Revenue	7.0	(0.7)	**n.m.**

PointsBet US – Turnover (A$m)



PointsBet US – Gross Win and Net Win (A$m)



PointsBet is well-positioned to take advantage of the growing opportunity in the United States as numerous states legalise and launch sports betting, with strong leadership, experienced management and a scalable proprietary cloud-based technology platform.

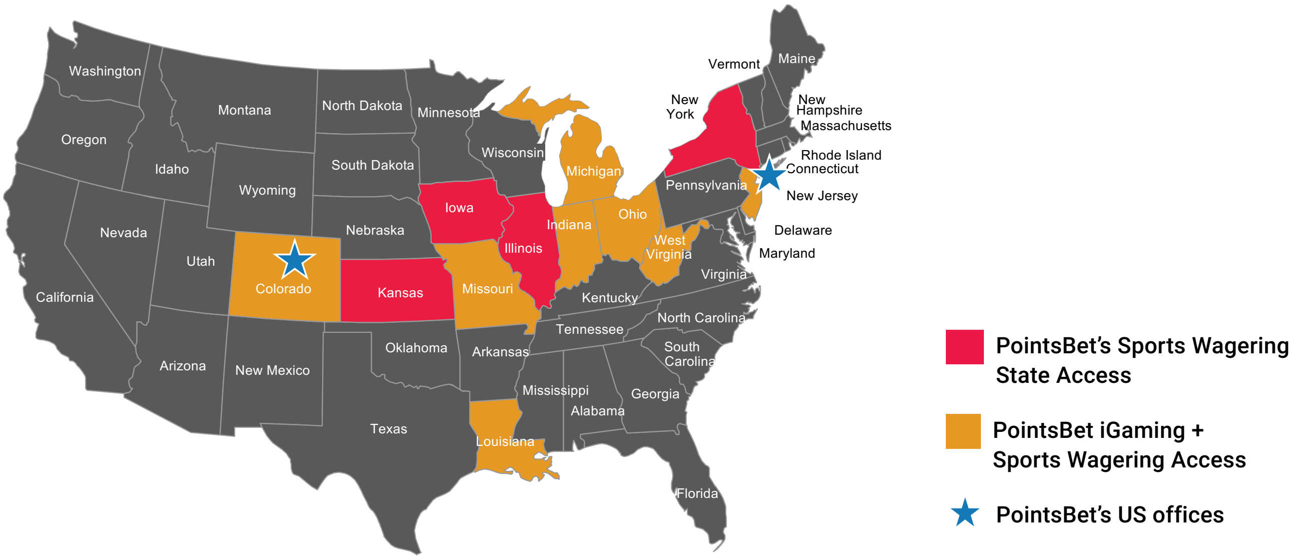
PointsBet US recorded a Net Revenue of $7.0 million, which represented just over 9% of Group Net Revenue. This is compared to a Net Revenue loss of ($0.7) million in the PCP.

In the US, PointsBet achieved a Gross Win Margin of 5.1% and Net Win Margin of 2.2% in FY20 off the back of $321.1 million of Turnover (referred to as Handle in the US). This was PointsBet's first full financial year of trading in the US since brand launch in late January 2019.

The Company is entering into an important period of execution as it rolls out operations across its expanding US footprint. PointsBet is currently operational in New Jersey, Iowa and Indiana and expects to launch retail and online operations in Illinois in Q1 FY21, with Colorado and Michigan to follow, the latter including the inaugural launch of the Company's iGaming product, pending the relevant state regulations.

REVIEW OF OPERATIONS
CONTINUED

Current US Market Access[1,2]



1 Subject to legalisation that approves the product and depth of licensing in each jurisdiction as at 28 August 2020. Online sports betting is not currently legal in a number of states PointsBet has market access.

2 iGaming only currently legal in New Jersey, Michigan and West Virginia.

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 Indiana, Ohio, Missouri, Louisiana and West Virginia.

PointsBet then further expanded its US footprint announcing a partnership with Lac Vieux Desert Public Enterprise and Finance Commission ("LVD"), an arm of the Lac Vieux Desert Band of Lake Superior Chippewa Indians, to provide online and mobile sports wagering and iGaming in Michigan. This represents the Company's first tribal market access deal and further demonstrates continued confidence in PointsBet's brand and product offerings.

Following the announcement of the Kansas Crossing agreement providing market access in Kansas, PointsBet now has access to 12 states, subject to (where relevant) the passing of enabling legislation and licensure.

PointsBet can also provide iGaming products through its market access partners, Penn National Gaming, Double Eagle Casino and LVD in states where iGaming is permitted by legislation (currently, being West Virginia and Michigan). PointsBet has commenced inhouse development of a proprietary and licenced technology and product suite to support iGaming in these states. In August 2020, PointsBet also announced market access to a primary iGaming skin in New Jersey, with expectations to launch in CY2021, pending receipt of the necessary licenses and approvals.

Announced an agreement with BetMakers Technology Group Limited to offer fixed odds betting on racing (thoroughbred, harness and greyhounds) to clients in New Jersey, initially on races held at Monmouth Park, with scope to expand to additional tracks and jurisdictions, subject to receipt of all necessary regulatory and other approvals. This represents a significant opportunity for the Company given PointsBet's experience in fixed odds racing in Australia, as well as the potential size of the opportunity in the US.

Launched Online operations in the State of Iowa (population 3.2 million), accepting first online wagers on 21 November 2019. This represents the Company's second online market to commence operations. Currently, Iowa requires in-person registration for sports wagering accounts and will move to remote registration from 1 January 2021.

Launched Online operations in the State of Indiana (population 6.7 million), accepting first online wagers on 6 March 2020. This represents the Company's third online market to commence operations and operates under a remote registration environment.

Brand and Product

Over the year, PointsBet has been investing in building the brand and free to play database outside of New Jersey. Not only does this mean that PointsBet will enter new states with existing brand recognition, but it also assists in PointsBet's market access strategy as it expands across the United States.

PointsBet continues to have success with product differentiation in the US market, including the innovative PointsBetting™ product, key marketing initiatives such as the Karma Kommitee™, No Juice™ and Bad Beat Index, and competitive game day guarantee and headline pricing offerings. In addition, PointsBet is one of only a few operators to offer a Spanish language website, with 15.9% of New Jersey residents living in households in which Spanish is spoken at home.

PointsBet has also announced a multi-year partnership with the NBA, making PointsBet an Authorised Sports Betting Operator of the NBA. This marks PointsBet's first partnership with a professional sports league in the US. As part of the partnership, PointsBet will integrate the first ever Win Probability Metric across key NBA platforms, including on NBA.com and NBA social media channels. Powered by PointsBet, the Win Probability Metric will provide fans with real-time insight toward projected outcomes utilising the same analytics and statistics that fuel PointsBet's sportsbook. Additionally, PointsBet will have access to official NBA betting data and league trademarks across PointsBet's digital betting platforms.

PointsBet became the Official and Exclusive Sports Betting partner of La Liga North America (multi-year agreement), including new integrated betting content in English and Spanish to complement PointsBet's industry-leading Spanish language product.

Announced a multi-year partnership with the Detroit Tigers Major League Baseball (MLB) team, being the first partnership in US history between a Major League Baseball team and a legal sports betting operator.

In August 2020, announced a multi-year agreement with the Indiana Pacers of the NBA to become an Authorised Sports Gaming Partner.

In August 2020, the Company announced an exclusive, multi-year partnership with Kroenke Sports & Entertainment to become the official gaming partner of the Denver Nuggets of the National Basketball Association, Colorado Avalanche of the National Hockey League, Colorado Mammoth of the National Lacrosse League, and their home arena, Pepsi Center. The deal also includes premium placement and integration across the Altitude Sports and Entertainment Network, TV and Radio broadcaster of the Denver Nuggets and Colorado Avalanche.

New Jersey

PointsBet's New Jersey FY20 Turnover (Handle) was $307.3 million, which generated a Net Revenue of $6.8 million.

PointsBet achieved an online handle market share in New Jersey for FY20 of 6.25% as reported by the New Jersey Division of Gaming Enforcement.

Iowa

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 over time 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 other US states, including Illinois, Colorado and Michigan. Retail sportsbooks are an important mechanism in securing clients where in-person sign-up or retail only operations are introduced by state governments, as is the case in Iowa and Illinois.

During the period, the Company also launched online operations in Iowa, accepting the first online wagers on 21 November 2019. This represented the Company's second online market to commence operations. Currently, Iowa requires in-person registration to open a sports wagering account and once the state moves to remote registration from 1 January 2021, the Company will increase its marketing spend in Iowa.

PointsBet's Iowa FY20 Turnover (Handle) was $10.6 million, which generated a Net Revenue of $0.2 million.

While it is early days for the Iowa online business, the Company is pleased with the progress made. Client acquisition efforts are focused on local marketing and cross promotion given the current requirement for in-person sign-up. The disciplined and focused approach to marketing and promotions will be leveraged in other states which also require in-person sign-up.

REVIEW OF OPERATIONS
CONTINUED

Indiana

During the reporting period, Pointsbet launched online operations in the State of Indiana (population 6.7 million), accepting first online wagers on 6 March 2020. This represents the Company's third online market to commence operations and operates under a remote registration environment. However, with the suspension of key global sports from 12 March 2020, the Company's post-launch execution plans were put on hold with marketing intentionally reduced.

PRODUCT AND TECHNOLOGY

POINTSBET PLATFORM

Enhanced client experience

PointsBet's priority is to provide a fast and immersive client experience. PointsBet's product and technical decisions are driven to support the goal of a continuously improving client experience.

Engagement across all channels

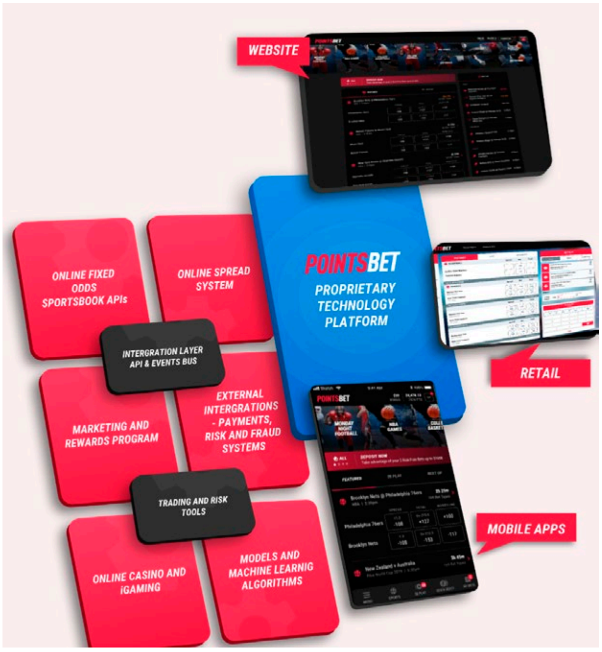
PointsBet engages with its clients across all possible channels to enhance their journey. These channels include traditional media, social, retail, mobile, free play, gaming verticals, and its marketing partners.

Execute efficiently

PointsBet powers its solutions with modern technology, which is smart, scalable and secure. PointsBet operates its solution using globalised tools and operational staff.

Protect

PointsBet builds and retains its clients' and partners' trust by providing a secure environment. PointsBet owns and protects its IP and innovations.



PointsBet's Platform is specifically designed to be scalable and fast, utilising cloud-based platforms, specifically Microsoft Azure, that allow for PointsBet's systems and features to be developed in a timely and cost-efficient manner compared to more traditional infrastructure and hosted solutions.

The Technology segment derives its revenue from licensing fees charged to the Australian Trading business and the Group's US business. Please note this revenue is eliminated in the Company's consolidated results.

The statutory EBITDA loss for the Technology segment for the Reporting Period was $(2.9) million.

CORPORATE

Corporate administrative costs (Board, Finance, Legal, Human Resources, Property and other central functions) 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 $(5.5) million.

COVID IMPACTS

As a result of COVID, all major sporting codes in the US and Australia were suspended throughout March 2020.

In Australia, racing (thoroughbred, harness and greyhound), which historically represents the majority of the Australian business revenue continued relatively unimpacted and the major sporting leagues, NRL and AFL, restarted their seasons in May and June respectively. As a result, the Australian business was largely unaffected by the impacts of COVID during the Reporting Period.

In the US, whilst the PGA resumed in June and NBA and MLB resumed in late July, the US business was significantly impacted during Q4 FY20 as a result of COVID impacted sporting suspensions. While the Company saw a number of new sports and competitions approved for wagering by US regulators, this did not offset the impact of the suspension of the major US sports.

PointsBet was well placed, and had a clear response plan to manage through the challenges of COVID. In particular, the Company had a number of levers to pull to significantly reduce costs in Q4 FY20. In the US, the Company immediately reduced cost of sales and marketing expenses where possible, which resulted in a significant reduction of these expenses compared to pre-COVID expectations.

REVIEW OF OPERATIONS
CONTINUED

As at 30 June 2020, PointsBet had A$135.4 million of corporate cash, the majority of which is held in USD.

GROUP BALANCE SHEET

A$M	STATUTORY AS AT 30 JUNE 2020	STATUTORY AS AT 30 JUNE 2019
Cash and cash equivalents	144.3	75.9
Intangible assets	56.8	14.8
Right-of-use assets	8.3	–
Other assets	6.7	3.9
Total assets	**216.2**	**94.5**
Lease liabilities	9.0	–
Other liabilities	30.0	20.0
Total liabilities	**39.0**	**20.0**
Net assets	**177.1**	**74.5**
Total equity	**177.1**	**74.5**

Cash and cash equivalents includes client cash of $9.0 million (30 June 2019: $8.8 million)

At 30 June 2020 the Group had net assets of $177.1 million, representing a 138% increase on the PCP net assets of $74.5 million.

Drivers of the Net Assets increase include the Company's investment in US state market access as well as the successful completion of the Company's November 2019 capital raising. Investment in licenses and market access, through agreements with market access partners, resulted in a $44.8 million increase in the cost of intangible assets being the non-cash capitalisation of shares and options issued to Penn National Gaming as well as payments to other market access partners over the Reporting Period, and $6.2 million of betting platform development costs relating to the Company's Platform development were also capitalised during the Reporting Period.

In November 2019, the Group raised $122.1 million through an underwritten capital raise comprising an institutional placement to raise $60 million and a 1 for 6 accelerated pro rata renounceable entitlement offer with retail entitlements trading to raise $62.1 million.

PointsBet adopted new accounting standard AASB 16 Leases effective from 1 July 2019, resulting in a right-of-use asset and corresponding lease liability recognised from 1 July 2019 in relation to operating lease commitments.

The Group had $144.3 million in cash (of which $9.0 million represented client cash), the majority of which is held in USD. The Group had no borrowings.

GROUP STATEMENT OF CASH FLOWS

A$M	STATUTORY FY20	STATUTORY FY19
Receipts from customers (incl. GST)	81.9	28.2
Payments to suppliers and employees (incl. GST)	(113.7)	(55.4)
Net interest	1.0	0.1
Other	0.2	0.8
Net increase/(decrease) in client cash	0.2	5.2
Net cash outflow from operating activities	**(30.3)**	**(21.1)**
Net cash outflow from investing activities	**(21.4)**	**(16.5)**
Net cash inflow from financing activities	**118.3**	**106.4**
Net cash flows	**66.5**	**68.9**
Effects of foreign exchange rate changes on cash and cash equivalents	1.9	(0.5)
Change in cash and cash equivalents	**68.5**	**68.3**

At 30 June 2020 the Group had a cash balance of $144.3 million, including $9.0 million of client cash.

- Net operating outflows were $(30.3) million in-line with investment in marketing, staff and technology.
- Net investing outflows were $(21.4) million in-line with investment in license and market access.
- Net financing inflows were $118.3 million in-line with capital raising.

CONCLUSION

The Company is acutely aware that the state by state legalisation of the US sports betting and iGaming markets are only going to happen once and thus is focused on having the best team, technology and product on the starting line to capitalise on opportunities as they arise.

PointsBet is a high-growth company capitalising on this new market opportunity in the US and a consolidating Australian market.

It is clear that throughout FY20, every aspect of the business has retained a single-minded focus on execution.

In Australia, the execution by the technology, marketing, client service and trading teams to achieve the growth and margin improvements was first class.

In the US, the team continued to focus on maximising client engagement, growing market share in operational states and preparing for launch in Illinois, Colorado and Michigan.

PointsBet's global technology team continued to build and improve upon its scalable proprietary technology platform.

In FY21 the Company looks forward to executing a full brand-led marketing strategy in target US states to achieve targeted market share.

RISKS

MATERIAL BUSINESS RISKS TO STRATEGY AND FINANCIAL PERFORMANCE IN FUTURE PERIODS

Identifying and managing risks which may affect the success of our strategy and financial prospects for future years is an essential part of our governance framework. While the Group has a strong track record of managing a multitude of risks, some inherent risks remain, many of which are not directly within the control of the Group.

Our risk management approach involves the ongoing assessment, monitoring and reporting of risks which could impede our progress in delivering our strategic priorities. As the business continues to grow the material business risk profile continues to evolve.

The key risks affecting the Group are set out below. The Group may also face a range of other risks from time to time in conducting its business activities.

THE WAGERING INDUSTRY IS HIGHLY REGULATED

The provision of wagering services is subject to extensive laws, regulations and, where relevant, licence conditions (Regulations) in most jurisdictions. The Regulations vary from jurisdiction to jurisdiction but typically address the responsibility, financial standing and suitability of owners, Directors and operators, marketing and promotional activity, the jurisdictions where an operator is permitted to undertake its business, the use of personal data and anti-money laundering laws. In addition, compliance costs associated with Regulations are material.

CHANGES TO REGULATIONS

Many of the Regulations are subject to change at any time and regulatory authorities may change their interpretation of the Regulations at any time, which may prohibit, restrict or further regulate the Company's operations in the future. Any changes to Regulations may result in additional costs or compliance burden. Some aspects of compliance may be outside the control of the Company.

BREACH OF REGULATIONS

Failure by the Company to comply with relevant Regulations may lead to penalties, sanctions or ultimately the revocation of relevant operating licences and may have an impact on licences in other jurisdictions. Further, any regulatory investigations or settlements could cause the Company to incur substantial costs (either by way of fines and penalties or as a result of successful customer claims), or require it to change its business practices in a manner materially adverse to its business.

REGULATIONS DIFFER ACROSS JURISDICTIONS

The regulation of the wagering industry varies from jurisdiction to jurisdiction, from open regimes to licence-based regimes to complete illegality. In addition, the regulation of online wagering is subject to the determination of where online sports betting takes place and which jurisdiction has authority over the activities and participants.

The Company is currently operating in multiple jurisdictions and seeks to expand its operations in more jurisdictions. Accordingly, as the Company grows it will be subject to a wide range of different and at times conflicting Regulations in each jurisdiction, together with potential uncertainty around the application of laws. This is expected to place an increased burden on the Company and its compliance, administration and technology functions.

If the Company is not successful in managing this increased burden, or if the Company's assessment of an area of legal uncertainty is found to be incorrect, the Company may breach a licence condition or applicable law, which could result in penalties, sanctions or ultimately the revocation of relevant operating licences.

UNITED STATES-SPECIFIC REGULATORY RISKS

The Company's growth strategy includes expansion overseas, and in particular into the developing wagering industry in the United States.

The striking down by the United States Supreme Court of the Professional and Amateur Sports Protection Act of 1992 on 14 May 2018 paved the way for individual states to introduce legislation permitting sports betting. Each state may now introduce their own regulatory and licencing frameworks, however:

- there is no guarantee that states will move to legalise wagering; and
- the timing of any enabling legislation or regulations, and the issuance of licences, cannot be assessed with any certainly in states that do move to legalise wagering.

There is also a risk that some states will delay legislation or impose significant barriers to entry (such as restricting the number of permitted sports betting operators or limiting sports betting operations to retail premises) which may preclude the Company from gaining access to those states or place the Company at a disadvantage should competitors gain early access.

In addition, should enabling legislation be enacted, there is a risk that the Company may be unable to secure a commercial licence to operate in a state because the Company is unable to find or agree commercial terms with a suitable licence holder (typically casino or racetrack owners).

THE COMPANY IS EXPOSED TO ADVERSE CHANGES IN PRODUCT FEES, LEVIES AND TAXES

The Company has commercial and regulatory payment obligations in the jurisdictions in which it operates. These obligations may be owed to a particular sporting body as "product fees" (for example, horse racing conducted in an Australian jurisdiction), payable under a commercial or statutory licence, or otherwise imposed by law as a tax, levy or fee. Any adverse changes to the Company's commercial and regulatory payment obligations, or the imposition of new levies, taxes or other duties or charges in any of these jurisdictions could materially and adversely affect the operations, financial performance and prospects of the Company.

SYSTEM DISRUPTIONS AND OUTAGES

The integrity, reliability and operational performance of the Company's IT systems and third-party communication networks are critical to its operations. These IT systems and communication networks may be damaged or interrupted by increases in usage, human error, systems outages and failures, cyber-attacks, natural hazards or disasters, or similarly disruptive events. The Company's current systems may be unable to support a significant increase in online traffic or increased customer numbers, especially during peak times or events.

Like other wagering operators, the Company has experienced instances of service disruption. Any material or persistent failure or disruption of the Company's IT infrastructure or the telecommunications and/or other third-party infrastructure and services on which such infrastructure relies could lead to significant costs and disruptions that could reduce revenue, harm the Company's business reputation and have a material adverse effect on the operations, financial performance and prospects of the Company.

CYBER SECURITY RISKS

The Company's IT systems and networks, and those of its third-party service providers, may be vulnerable to cyber-attacks, unauthorised access, computer viruses and other security issues. These events could damage the integrity of the Company's reputation and business.

Any failure by the Company to detect and prevent any intrusion or other security breaches, including sabotage, hackers, viruses, and cyberattacks, could have a material adverse effect on the operations, financial performance and prospects of the Company.

THE COMPANY MAY REQUIRE ADDITIONAL CAPITAL TO FUND ITS GROWTH PLANS

The Company is likely to require additional capital in order to support and implement its growth plans. The Company's ability to obtain additional capital, if and when required, will depend on its business plans, investor demand, the capital markets and other factors. If the Company is unable to obtain additional capital when required, or is unable to obtain additional capital on satisfactory terms, its ability to continue to support its business growth or to respond to business opportunities, challenges or unforeseen circumstances could be adversely affected.

CARD PAYMENT RISKS

Some clients may have difficulty making deposits into their PointsBet account due to specific policies by card issuers and banks to not allow gambling transactions, or to restrict transactions from merchants such as PointsBet whose main business is conducted online. If clients have difficulty making deposits into their PointsBet account and are unable or unwilling to deposit funds using alternative methods, this could result in lower turnover for PointsBet.

POINTSBET RELIES ON THIRD-PARTY SERVICE PROVIDERS FOR KEY BUSINESS FUNCTIONS

The Company relies upon various third-party service providers to maintain continuous operation of its Platform, servers, hosting services, payment processing, and various other key aspects of its business including the pricing and availability of its products.

There is a risk that these services and systems may be adversely affected by various factors such as damage, faulty or aging equipment, systems failures and outages, computer viruses, or misuse by staff or contractors. The Company may also have disputes with its service providers for a range of reasons, which could lead to service disruptions until the dispute is resolved or a new service provider is engaged. Any disruption to third-party services may result in a disruption to the Company's services and have a material impact on the Company's operations.

RISKS
CONTINUED

RISK OF FRAUD

Wagering operators are exposed to schemes to defraud and there is a risk that the Company's products may be used for those purposes by its clients or employees. In these circumstances, the Company has a high degree of reliance on its employees.

While the Company has systems in place to protect against fraudulent play and other collusion between clients and employees, these systems may not be effective in all cases. This may require the Company to make unanticipated additional investments in its systems and processes.

If the Company suffers any fraudulent activities, the Company's business, performance, prospects, value, financial condition, and results of operations could be adversely affected.

ANTI-MONEY LAUNDERING

The wagering industry is exposed to schemes to launder money illegally and there is a risk that the Company's products may be used for those purposes by its clients or employees.

In addition, the Company's activities are subject to money laundering regulations and anti-corruption laws, which may increase the costs of compliance, limit or restrict the Company's ability to do business or subject the Company to civil or criminal actions or proceedings.

RISKS RELATING TO THE MISUSE OR LOSS OF PERSONAL INFORMATION

The Company processes personal customer data and therefore must comply with strict data protection and privacy laws in Australia and other jurisdictions. The Company is exposed to the risk that this data could be wrongfully accessed and/or used, whether by employees, customers or other third parties, or otherwise inadvertently lost or disclosed or processed in breach of applicable data protection regulations. If the Company or any of the third-party service providers on which it relies fails to transmit customer information and payment details online in a secure matter or if a misuse or loss of personal customer data were to occur, the Company and its officers could face fines or penalties. This could also give rise to reputational damage to the Company and its brand.

INABILITY TO MANAGE EXPECTED FUTURE GROWTH

The Company has experienced and expects to continue to experience rapid growth, which has placed, and may continue to place, significant demands on its management, operational and financial resources. As the Company grows, it may encounter capacity constraint issues and more resources will be required to manage growth initiatives. If the Company fails to successfully manage its anticipated growth and change, the quality of its products may suffer, which could negatively affect its brand and reputation and harm its ability to retain and attract customers.

RELIANCE ON KEY PERSONNEL

The Company depends on the services of the management team as well as its technical, operational, marketing and management personnel.

Competition for suitably qualified personnel, including computer programmers and developers, is intense, and the Company cannot provide assurance that it will be able to attract or retain highly qualified personnel in the future.

If the Company is not able to retain its key employees and hire appropriate new employees, it may not be able to operate and grow it business as planned.

EXCHANGE RATE FLUCTUATIONS MAY IMPACT EARNINGS

PointsBet's financial reports are prepared in Australian dollars however a proportion of PointsBet's revenues, costs and cash flows are generated in United States dollars. The proportion of overseas revenues, costs and cashflows generated by the Company is expected to grow and the Company will be exposed to additional currencies as it enters new markets.

Any adverse exchange rate fluctuations or volatility in the currencies in which PointsBet generates its revenues and cash flows, and incurs its costs, would have an adverse effect on the Company's future performance and position.

DISRUPTION IN THE SUPPLY AND TRANSMISSION OF SPORTING EVENTS

The Company's business may be impacted by disruptions to the scheduling and live broadcasting of major sporting events. In some instances, the scheduling of major sporting events occurs seasonally (for example, horse racing, the English Premier League and the European Champions League) or at regular but infrequent intervals (for example, the FIFA World Cup). The cancellation, postponement or curtailment of significant sporting events, for example due to adverse weather conditions, terrorist acts, industrial actions or the outbreak of infectious diseases, pandemics, or cancellation, disruption to or postponement of, the live broadcasting of sporting events could materially adversely affect the profitability of the Company.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2020

POINTSBET HOLDING LIMITED ACN 621 179 351

INTRODUCTION

OUR APPROACH TO CORPORATE GOVERNANCE

The Board of PointsBet Holdings Limited (Company) is committed to maintaining high standards of effective corporate governance arrangements to help create, protect and enhance shareholder value and ensure the future sustainability of the Company.

The Company's governance framework provides a solid structure for effective and responsible decision making and setting a culture of integrity, transparency and accountability that flows throughout the Company.

ASX CORPORATE GOVERNANCE PRINCIPLES

The Company confirms it has followed the majority of the ASX Corporate Governance Council Principles and Recommendations 3rd Edition (ASX Principles) during the 2019/20 financial year.

This Corporate Governance Statement sets out key features of our governance framework. The areas of compliance and non-compliance (and the reasons for such non-compliance) with the ASX Principles are set out below.

The Company is also actively reviewing the implications and application of the 4th edition ASX Principles recently released. In this regard, the Company has already early-adopted some of the new Principles including the establishment of an Anti-Bribery and Corruption Policy and a Whistleblower Policy.

The information in this statement is current as at 28 August 2020 and has been approved by the Board.

1. THE BOARD

1.1 THE ROLE OF THE BOARD

The Board has adopted a Board Charter to outline the manner in which its constitutional powers and responsibilities will be exercised and discharged. The Board Charter includes an overview of:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and management;
- the authority delegated by the Board to management and Board Committees; and
- the Board's process.

The Board's role is to:

- represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- protect and optimise the Company's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- set, review and monitor compliance with the Company's values and governance framework (including establishing and observing high ethical standards); and
- ensure Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board.

A copy of the Board Charter is available in the Governance section of the Company's website https://investors.pointsbet.com.au/.

1.2 CEO AND DELEGATION TO MANAGEMENT

The Board has authorised the CEO to oversee the day-to-day business and operations, within the limits of specific authorities set out in the delegations approved by the Board.

The CEO has, in turn, approved sub-delegations of authority that apply to management. The CEO is accountable to the Board for the authority that is delegated by the Board. The Board monitors the decisions and actions of the CEO and the Group's progress on achieving the short, medium and long-term objectives as set by the Board.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2020
CONTINUED

1.3 BOARD COMPOSITION AND SKILL SET

As at 30 June 2020, the Board comprised three (3) independent Non-Executive Directors, one (1) non-independent Non-Executive Directors, the Group CEO/Managing Director and the CCO/Executive Director.

The names of the Directors and their respective qualifications, experience and responsibilities are set out in the Directors' Report within the Annual Report.

Members of the Board have been brought together to provide a blend of qualifications, skills and experience required for managing a company operating in the wagering industry.

The following table sets out the mix of skills and experience the Board considers necessary or desirable and the extent to which they are represented on the current Board:

SKILLS AND EXPERIENCE	NUMBER OF DIRECTORS
Executive leadership Significant experience at a senior executive level	6
Capital management and corporate Senior experience in capital management strategies and corporate finance	3
Global business experience International business experience	3
Risk management Senior experience in risk management	6
Corporate governance, legal and regulatory Commitment to the highest standards of corporate governance and legal compliance, including experience with an organisation that is subject to rigorous governance and regulatory standards	6
Digital technology Senior experience in technology, especially in digital, software or computer industries and oversight of implementation of major technology projects	3
Wagering Senior executive or Board level experience in the gaming industry, including an in-depth knowledge of product and markets	4

Any skills that are not directly represented are augmented through management and external advisors.

1.4 DIRECTOR INDEPENDENCE

All Directors, whether independent or not, are expected to bring an impartial judgement to bear on Board decisions and are subject to the Board's policy regarding management of conflicts of interest, as well as common law and Corporations Act requirements.

The Board considers a Director to be independent where he or she is independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Nomination and Remuneration Committee will assess the independence of each Non-Executive Director in light of interests disclosed by them at least annually on a case-by-case basis. Each Non-Executive Director must provide the Board with all relevant information for this purpose.

The Company's Board Charter sets out guidelines and thresholds of materiality to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that Peter McCluskey, Anthony Symons and Becky Harris are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment and is able to fulfil the role of independent Director for the purposes of the ASX Recommendations.

Brett Paton, Sam Swanell and Nick Fahey are not currently considered by the Board to be independent Directors given:

- in the case of Sam Swanell and Nick Fahey, their executive positions and ownership interests in the Company; and
- in the case of Brett Paton, his ownership interest in the Company.

The Board considers that each Director will add significant value given their considerable skills and experience and will bring objective and independent judgement to the Board.

1.5 NON-EXECUTIVE DIRECTOR SELECTION

The Board adopts a structured approach to Board selection planning. This process is continuous and the Board regularly evaluates and reviews its selection planning process to ensure the progressive and orderly addition of independence and appropriate skills.

Before a candidate is nominated by the Board, the candidate must confirm that they will have sufficient time to meet their obligations to the Company and that they expect to meet all wagering regulatory approval conditions.

The Company undertakes background and reference checks on candidates including employment, character reference, criminal history, bankruptcy and disqualified company director and officer checks.

In addition, gaming regulators conduct detailed suitability investigations on Non-Executive Director candidates and their families, requiring them to disclose historical and current personal and financial information and submit to interviews.

An election of directors is held each year. Any new Non-Executive Director nominated during the year is known as a Director (Elect) and will stand for election by shareholders at the subsequent AGM.

Shareholders are asked to approve the appointment of the Director (Elect) subject to the receipt of all necessary regulatory pre-approvals. Until the receipt of all necessary regulatory pre-approvals, a Director (Elect) may attend all meetings of the Company but will have no entitlement to vote on any resolutions proposed at any meeting of the Board or any committee.

The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a Non-Executive Director (including whether Directors support the election or re-election), is disclosed in the notice of meeting provided to shareholders.

Non-Executive Director candidates are also invited to address the meeting and provide details of the relevant qualifications, experience and skills they bring to the Board.

1.6 APPOINTMENT TERMS

New Non-Executive Directors receive a letter of appointment and a deed of access and indemnity. The letter of appointment outlines the Company's expectations of Non-Executive Directors with respect to their participation, time commitment and compliance with the Company's policies and regulatory requirements.

Each senior executive enters into a service contract which sets out the material terms of employment, including a description of position and duties, reporting lines, remuneration arrangements and termination rights and entitlements.

Key contract details of those senior executives who are Key Management Personnel (KMPs) are summarised in the Remuneration Report within the Annual Report.

1.7 INDUCTION AND ONGOING PROFESSIONAL DEVELOPMENT OPPORTUNITIES

New Non-Executive Directors joining the Board participate in an induction program (which includes meeting with the Chair and senior executives) and are provided with the Director's Handbook.

Recognising the importance of providing continuing education, Non-Executive Directors can take part in a range of training and continuing education programs.

Non-Executive Directors also receive regular business briefings at Board meetings on each area of the Company's business, in particular regarding performance, key issues, risks and strategies for growth in the United States.

In addition, Non-Executive Directors have unfettered access to members of the Executive Leadership Team (ELT) and are encouraged to meet with the ELT to further their knowledge and understanding of the Company's businesses.

Non-Executive Directors are also encouraged and given the opportunity to broaden their knowledge of the business by visiting offices in different locations.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2020
CONTINUED

1.8 ACCESS TO INFORMATION AND INDEPENDENT ADVICE

Directors are entitled to the following:

- Unrestricted access to employees and records, subject to law.
- Independent professional advice at the Company's expense, where reasonable and necessary to fulfil their duties and subject to prior consultation with the Chairman, and for the Chairman, with the Chair of the Audit Committee.

1.9 THE ROLE OF THE COMPANY SECRETARY

The Company Secretary is accountable directly to the Board, through the Chairman, for the proper functioning of the Board and facilitating the Company's corporate governance processes.

Each Director is entitled to access the advice and services of the Company Secretary. In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole.

Details of the Company Secretary are set out in the Director's Report within the Annual Report.

2. BOARD COMMITTEES

The Board may from time to time establish committees to streamline the discharge of its responsibilities. The permanent standing committees of the Board are the Audit, Risk and Compliance Committee and the Remuneration and Nomination Committee and the Disclosure Committee.

The Board may also delegate specific functions to ad hoc committees on an "as needs" basis. Directors are entitled to attend Board Committee meetings and receive Board Committee papers, and the Chair of each Board Committee will report back on committee meetings at Board meetings.

A copy of each Committee Charter is available in the Governance section of the Company's website at https://investors.pointsbet.com.au/.

2.1 AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee comprises four members, all of whom are Non-Executive Directors, and it is chaired by an independent Director who is not the chair of the Board (being Peter McCluskey).

The Audit, Risk and Compliance Committee comprises a majority of independent Directors.

The Board considers that Brett Paton (a non-independent, Non-Executive Director) on the Audit, Risk and Compliance Committee will bring the desired skills and qualifications required to effectively assist the Board in matters relating to the Company's audit, risk and compliance functions.

In particular, the Board considers that Brett Paton will add significant value to the Board given his qualifications and extensive experience in the finance industry. The Board considers that Brett Paton will bring objective and independent judgement to his role on the Audit, Risk and Compliance Committee.

The Committee's key responsibilities and functions are to:

- oversee the preparation of financial statements and reports;
- maintain and continually improve the quality, accuracy and integrity of the Company's external financial reporting and financial statements;
- oversee internal and external audit functions;
- oversee the appointment, remuneration, independence and effective performance of the Company's external auditors;
- oversee the Company's relationship with its external auditors;
- ensure that the Company applies and maintains appropriate accounting and business policies and procedures;
- oversee the effectiveness of the Company's legal and regulatory compliance framework, including with respect to wagering laws and regulations, and conditions associated with the maintenance of the Company's wagering licences;
- oversee the effectiveness of the Company's risk management framework and internal controls; and
- manage the process of identification and management of risk.

The Company's external auditor attends the Annual General Meeting of the Company and is available to answer questions from shareholders about the conduct of the audit and the preparation and content of the Audit Report.

2.2 REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nomination Committee comprises four Directors, all of whom are Non-Executive Directors, and it is chaired by an independent Director who is not the chair of the Board (being Tony Symons).

The Board considers that Mr Paton (a non-independent, Non-Executive Directors) on the Remuneration and Nomination Committee will bring the desired skills and qualifications required to effectively assist the Board in matters relating to remuneration and succession planning.

The Board considers that Brett Paton will bring objective and independent judgment to his role on the Remuneration and Nomination Committee.

The role of the Committee is to assist and advise the Board on:

- Board succession planning generally;
- succession planning for the Group CEO and other direct reports to the Group CEO;
- continuing professional development programs for Directors;
- the development and implementation of a process for evaluating the performance of the Board, its Committees and Directors;
- the process for recruiting a new Director, including evaluating the balance of skills, knowledge, experience, independence and diversity on the Board and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment; and
- the appointment and re-election of Directors, with the objective of having a Board of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

The Committee also assists and advises the Board on remuneration policies and practices for the Board, the Group CEO, senior executives and other persons whose activities, individually or collectively, materially affect the operations of the Company. The Committee also provides recommendations regarding remuneration-related reporting in the Company's financial statements and remuneration reports.

Non-Committee members, including members of management, may attend meetings of the Committee at the invitation of the Committee Chair.

3. PERFORMANCE EVALUATION AND REMUNERATION

3.1 BOARD PERFORMANCE EVALUATION PROCESS

Following listing, the Board will carry out a review of the performance of the Board, its committees, and each Director.

The review will assess, amongst other things:

- The effectiveness of the Board and each committee in meeting the requirements of their Charters;
- Whether the Board and each committee has members with the appropriate mix of skills and experience to properly perform their functions;
- The contribution made by each Director at meetings and in carrying out their responsibilities as Directors generally, including preparing for meetings; and
- Whether the content, format and timeliness of agendas, papers and presentations provided to the Board and each committee are adequate for them to properly perform their functions.

The results and any action plans following the assessment are documented, together with specific performance goals that are agreed by the Board.

Directors are encouraged to raise any issues of concern regarding the performance of any other Director with the Chairman, or if the concern relates to the Chairman, with the Chair of the Audit, Risk and Compliance Committee.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2020
CONTINUED

3.2 SENIOR EXECUTIVE PERFORMANCE EVALUATION PROCESS

Each year the Board sets financial, operational, management and individual targets for the Group CEO. The Group CEO (in consultation with the Board), in turn sets targets for his direct reports.

Performance against these targets is assessed periodically throughout the year and a formal performance evaluation for senior management is completed for the year end.

Further details are set out in the Remuneration Report contained within the Annual Report. Performance evaluations of the Group CEO and his direct reports took place in the 2019/20 financial year in accordance with the processes described above.

3.3 REMUNERATION

Details of the principles and amounts of remuneration of Directors and senior executives who are KMP are set out in the Remuneration Report contained within the Annual Report, which also includes disclosures on equity-based remuneration provided by the Company.

4. RECOGNISING AND MANAGING RISK

4.1 RISK OVERSIGHT

The Board recognises the importance of an effective framework of risk oversight, risk management and internal control for good corporate governance.

As set out in section 2.1 above, the Company has established an Audit, Risk and Compliance Committee which encompasses risk matters.

4.2 ANNUAL RISK REVIEW

The Board is responsible for the oversight and management of risk, including the identification of material business risks on an ongoing basis and will be assisted by the Audit, Risk and Compliance Committees where required.

A review of material business risks has been conducted in the current period, which concluded that controls over risk management processes were adequate and effective.

4.3 INTERNAL AUDIT

Independent and objective assurance with respect to the Company's system of risk management, internal control and governance are provided by the Group Internal Audit function. The function maintains and improves the risk management framework, undertakes audits and other advisory services to assure risk management across the Company and reports to the Audit, Risk and Compliance Committee.

Group Internal Audit is independent of the external auditor. The appointment of the VP, Internal Audit is approved by the Audit, Risk and Compliance Committee. The VP, Internal Audit reports functionally to the Group General Counsel and Company Secretary.

Group Internal Audit adopts a risk-based approach in developing annual internal audit plans to align audit activities to the key risks and control frameworks across the Company.

In addition to internal audit activities conducted by Group Internal Audit, audit, review, oversight and monitoring activities are undertaken across the business to provide a breadth of assurance. The findings from these assurance activities are reported through operational governance structures and to the relevant Board Committee.

4.4 SUSTAINABILITY RISKS

The Company has determined there is a level of exposure to economic risk and the impact of economic conditions upon the Company may be either specific, or of a more general nature.

Economic downturns may have an adverse impact on the Company's operating performance as a result of reduced wagering activity. Other factors include general outlook for economic growth and its impact on confidence.

The Group continues to actively monitor and manage all perceived economic risks to the business through monitoring the financial, economic and industry data available to the Company from internal and external sources.

For further information relating to the Company's exposure to various financial risks, with explanations as to how this impacts the Company please refer to the Notes to the Consolidated Financial Statements: Risk section.

The Group has no material exposure to environmental sustainability risks.

4.5 MD AND CFO CERTIFICATION OF FINANCIAL STATEMENTS

The Managing Director and Chief Financial Officer provide a statement to the Board and Audit, Risk and Compliance Committee in advance of seeking approval of any financial report to the effect that the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

In accordance with the above, the Board has received a written assurance that the declaration provided under section 295A Corporations Act is based on a sound system of internal control and risk management, which is operating effectively in all respects in relation to material business risks and financial reporting.

5. COMMUNICATION WITH SHAREHOLDERS

5.1 PUBLICLY AVAILABLE INFORMATION ACCESSIBLE ON WEBSITE

The Company keeps investors informed of its corporate governance, financial performance and prospects via its website, https://investors.pointsbet.com.au/.

5.2 INVESTOR RELATIONS PROGRAMS

Through its shareholder communications, the Company aims to provide information that will enable existing and potential shareholders and financial analysts to make informed decisions about the Company's value.

The Company will conduct regular market briefings including interim and full year results presentations, investor roadshows, and also attends industry conferences in order to facilitate communication with investors and other stakeholders.

All presentation material is provided to the ASX prior to these events and subsequently uploaded to the Company's website ensure that all shareholders have timely access to information.

The Investor centre, located on the Company's website also provides important information regarding compliance and corporate governance. The Group aims to ensure that all shareholders are well informed of all major developments affecting the Company through its ongoing commitment to continuous disclosure obligations.

5.3 FACILITATE PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

Shareholders are encouraged to attend the Company's Annual General Meeting and to ask questions of Directors. The notice of meeting includes a process to enable shareholders to submit questions to the Board and the Company's auditor prior to the meeting.

5.4 FACILITATE ELECTRONIC COMMUNICATION

The Company provides its investors the option to receive communications from, and send communications to, the Company and the share registry electronically.

6. DIVERSITY

The Company recognises its legal and ethical obligations and is committed to promoting and achieving broader diversity across the Company as part of its sustainability strategy.

The Company's Diversity Policy is disclosed on the Company's website and sets out its objectives and reporting practices regarding diversity.

The Remuneration and Nominations Committee continues to review and report to the Board on the Company's diversity profile with a view to setting meaningful targets for the advancement of diversity within the Company.

The following diversity-related measurable objective supporting gender diversity have been endorsed by the Board for FY19/20:

- Increase the number of women in the 'Leadership Group[1]', comprising the Board, Executive Roles[2] and Management Roles[3].

1 Leadership Group comprises the Board, Executive Roles and those in Management Roles.
2 Executive Roles comprise the Group CEO and his direct reports.
3 Management Roles include direct reports to those in Executive Roles and Departmental Managers.

CORPORATE GOVERNANCE STATEMENT

FOR THE 12 MONTHS TO 30 JUNE 2020
CONTINUED

The following information is provided about the proportion of women across the Group as at 30 June 2020:

ITEM	MEN	WOMEN
Number of total employees (US and Australia)	183	31
%	85%	15%
Number of employees in Senior Management Roles	35	7
%	92%	8%
Board members	5	1
%	83%	16%

The Company has achieved its FY19 measurable objectives by increasing the number of women in the Leadership Group from 5 as at 30 June 2019 to 7 as at 30 June 2020 and promoted a total of 3 females into senior roles.

However, the Board acknowledges that the Company at its current stage of development does not presently demonstrate best practice in terms of diversity of the Board and Management team. This is a focus area for improvement over the next 12 months and beyond.

7. GOVERNANCE POLICIES

Details of the Company's Governance Policies are summarised below.

These Policies are available in the Governance section of the Company's website, https://investors.pointsbet.com.au/.

7.1 CONTINUOUS DISCLOSURE POLICY

The Company has adopted a Continuous Disclosure Policy and a Communications Policy and established a Disclosure Committee (comprising the Chair of the Board, Group CEO, Group CFO and Company Secretary or their delegates) to ensure compliance with these requirements.

The Continuous Disclosure Policy applies to all Directors, officers, employees and consultants of the Company.

7.2 COMMUNICATION WITH SHAREHOLDERS

The Company aims to communicate all important information relating to the Company to its Shareholders. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time.

To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company website, at the annual general meeting, through the Company's Annual Report and ASX announcements.

7.3 SECURITIES DEALING POLICY

The Company has adopted a Securities Dealing Policy which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and explain the Company's policy and procedure for the buying and selling of securities that protects the Company, Directors and employees against the misuse of unpublished information which could materially affect the price or value of securities.

The policy applies to Directors, officers, senior management and other employees, consultants and contractors of the Company.

7.4 CODE OF CONDUCT

The Board has adopted a formal Code of Conduct which outlines how the Company expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards.

All employees of the Company (including temporary employees, contractors, Company Directors, officers, consultants and other persons that act on behalf of the Company) must comply with the Code of Conduct.

The objective of the Code of Conduct is to:

- provide a benchmark for professional behaviour throughout the Company;
- support the Company's business reputation and corporate image within the community; and
- make Directors and employees aware of the consequences if they breach the policy.

7.5 DIVERSITY POLICY

The Board has formally adopted a Diversity Policy, which sets out the Company's vision for diversity, incorporating a number of different factors including gender, ethnicity, age and educational experience.

The Diversity Policy has been approved in order to actively facilitate a more diverse and representative management and leadership structure.

The Board will include in its annual report each year a summary of the Company's progress towards achieving the measurable objectives set under the Diversity Policy and the Company's most recent "Gender Equality Indicators" as defined by the Workplace Gender Equality Act 2012 (Cth) (the Act) or, where the Company is not required to comply with the Act, the proportion of women employees, senior executives and Board members.

7.6 WHISTLEBLOWER POLICY

The Company has adopted a Whistleblower Policy which encourages, supports and promotes honest and ethical behaviour by providing a framework for the escalation of 'reportable conduct'. This includes conduct that is any one or more of the following: dishonest, fraudulent, corrupt, illegal, in breach of local laws, unethical, an unsafe work practice or a repeated breach of Company policy or procedure (including breaches of the Code of Conduct).

7.7 ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

The Company has adopted a Anti-bribery and Anti-Corruption Policy. This policy is designed to bring awareness to all employees, directors, officers, contractors and consultants that certain types of payments may constitute corruption, an illegal benefit or an act of bribery and that any such payments are prohibited.

The Company applies a 'zero tolerance' approach to acts of bribery and corruption.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

ANNUAL REPORT – 30 JUNE 2020

These financial statements are the consolidated financial statements for the Group consisting of PointsBet Holdings Limited and its subsidiaries. A list of subsidiaries is included in Note 31. The financial statements are presented in the Australian dollar ($).

PointsBet Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

PointsBet Holdings Limited
Level 2, 165 Cremorne Street
Cremorne VIC 3121

The financial statements were authorised for issue by the directors on 28 August 2020. The directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020 $	2019 $
Continuing operations			
Revenue	6	**75,173,415**	25,615,267
Cost of sales		**(36,923,864)**	(14,760,922)
Gross profit		**38,249,551**	10,854,345
Other income/(other expense)	7(a)	**2,724,109**	(196,649)
Expenses			
Administration expenses		**(3,487,556)**	(2,382,144)
Consulting expenses		**(602,051)**	(801,303)
Depreciation and amortisation	8	**(5,119,045)**	(1,824,619)
Employee benefits expenses	8	**(30,943,450)**	(15,649,511)
Information technology costs		**(6,007,699)**	(1,938,956)
Occupancy expenses		**(288,183)**	(823,390)
Other expenses		**(726,579)**	(414,756)
Marketing expenses		**(35,372,866)**	(24,918,806)
Travel and accommodation expenses		**(953,388)**	(897,627)
Total expenses		**(83,500,817)**	(49,651,112)
Finance income	7(b)	**1,542,735**	122,456
Finance expenses	7(b)	**(478,968)**	(3,014,190)
Finance (costs)/income – net		**1,063,767**	(2,891,734)
Loss before income tax		**(41,463,389)**	(41,885,150)
Income tax expense	9	**–**	–
Loss for the year		**(41,463,389)**	(41,885,150)
Other comprehensive income			
Exchange differences on translation of foreign operations	26(a)	**(448,355)**	137,554
Total comprehensive loss for the year		**(41,911,744)**	(41,747,596)
Loss for the year attributable to:			
Owners of PointsBet Holdings Limited		**(41,463,389)**	(41,885,150)
Total comprehensive loss for the year is attributable to:			
Owners of PointsBet Holdings Limited		**(41,911,744)**	(41,747,596)
Loss per share for loss attributable to owners of PointsBet Holdings Limited:		**Cents**	Cents
Basic and diluted (loss) per share	34	**(29.9)**	(72.1)

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 30 JUNE 2020

	NOTES	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	10	**144,338,937**	75,885,880
Trade and other receivables	11	**272,151**	495,360
Other current assets	12	**1,477,128**	767,241
Total current assets		**146,088,216**	77,148,481
Non-current assets			
Financial assets at amortised cost	13	**220,028**	213,004
Plant and equipment	14	**3,236,312**	1,836,065
Intangible assets	15	**56,782,098**	14,783,989
Other non-current assets	17	**1,507,985**	559,354
Right-of-use assets	19	**8,337,220**	–
Total non-current assets		**70,083,643**	17,392,412
Total assets		**216,171,859**	94,540,893
LIABILITIES			
Current liabilities			
Trade and other payables	18	**14,643,611**	9,623,355
Employee benefit obligations	20	**1,256,029**	622,134
Provisions	21	**275,116**	247,283
Other financial liabilities	22	**1,523,913**	861,963
Other current liabilities	23	**7,876,186**	8,591,300
Lease liabilities	19	**874,810**	–
Total current liabilities		**26,449,665**	19,946,035
Non-current liabilities			
Other non-current liabilities	24	**4,344,570**	–
Employee benefit obligations	20	**83,677**	88,137
Lease liabilities	19	**8,168,651**	–
Total non-current liabilities		**12,596,898**	88,137
Total liabilities		**39,046,563**	20,034,172
Net assets		**177,125,296**	74,506,721
EQUITY			
Share capital	25	**261,758,201**	124,641,045
Other reserves	26(a)	**8,849,739**	1,884,931
Accumulated losses	26(b)	**(93,482,644)**	(52,019,255)
Total equity		**177,125,296**	74,506,721

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

		ATTRIBUTABLE TO OWNERS OF POINTSBET HOLDINGS LIMITED			
	NOTES	SHARE CAPITAL $	OTHER RESERVES $	ACCUMULATED LOSSES $	TOTAL EQUITY $
Balance at 1 July 2018		**14,329,174**	**198,408**	**(10,134,105)**	**4,393,477**
Loss for the year		–	–	(41,885,150)	(41,885,150)
Other comprehensive income	26(a)	–	137,554	–	137,554
Total comprehensive income/(loss) for the year		**–**	**137,554**	**(41,885,150)**	**(41,747,596)**
Exercise of options	25	1,411,360	–	–	1,411,360
Conversion of convertible notes to equity	25	26,974,876	–	–	26,974,876
Capital raising	25	10,395,136	–	–	10,395,136
Exercise of options (ESOP)	25	35,847	–	–	35,847
IPO Capital raising	25	75,000,000	–	–	75,000,000
Less: Share issue cost	25	(3,505,348)	–	–	(3,505,348)
Share options issue	26(a)	–	1,548,969	–	1,548,969
Total for the year		**110,311,871**	**1,548,969**	**–**	**111,860,840**
Balance at 1 July 2019		**124,641,045**	**1,884,931**	**(52,019,255)**	**74,506,721**
Loss for the year		–	–	(41,463,389)	(41,463,389)
Other comprehensive loss	26(a)	–	(448,355)	–	(448,355)
Total comprehensive loss for the year		**–**	**(448,355)**	**(41,463,389)**	**(41,911,744)**
Exercise of options (ESOP)	25	443,922	(199,274)	–	244,648
Capital raising	25	122,065,639	–	–	122,065,639
Issued capital – Penn Transaction	25	18,198,529	–	–	18,198,529
Less: Share issue costs	25	(3,590,934)	–	–	(3,590,934)
Share options issue	26(a)	–	7,612,437	–	7,612,437
Total for the year		**137,117,156**	**7,413,163**	**–**	**144,530,319**
Balance at 30 June 2020		**261,758,201**	**8,849,739**	**(93,482,644)**	**177,125,296**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**81,949,825**	28,235,129
Payments to suppliers and employees (inclusive of GST)		**(113,704,014)**	(55,361,778)
		(31,754,189)	(27,126,649)
Government grants received (including R&D Offset)		**187,500**	781,232
Interest received		**1,478,637**	74,669
Interest paid on lease liabilities		**(478,921)**	–
Net increase in player cash accounts		**243,966**	5,207,826
Net cash (outflow) from operating activities	33(a)	**(30,323,007)**	(21,062,922)
Cash flows from investing activities			
Payments for plant and equipment		**(2,374,840)**	(1,987,670)
Payments for intangible assets		**(17,867,905)**	(14,045,187)
Payment of software		**(146,781)**	–
Rental bond		**(1,002,190)**	(459,841)
Net cash (outflow) from investing activities		**(21,391,716)**	(16,492,698)
Cash flows from financing activities			
Proceeds from issue of shares (net of share issue costs)		**118,474,748**	106,443,047
Option exercises		**244,645**	–
Repayment of leases		**(467,917)**	–
Net cash inflow from financing activities		**118,251,476**	106,443,047
Net increase in cash and cash equivalents		**66,536,753**	68,887,427
Cash and cash equivalents at the beginning of the financial year		**75,885,880**	7,540,201
Effects of exchange rate changes on cash and cash equivalents		**1,916,304**	(541,748)
Cash and cash equivalents at end of year	10	**144,338,937**	75,885,880

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of PointsBet Holdings Limited and its subsidiaries.

(A) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. PointsBet Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the PointsBet Holdings Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities held at fair value through profit or loss (including derivative instruments)
- certain classes of plant and equipment – measured at fair value

(iii) New and amended standards adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases

The Group has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The impact on the financial performance and position of the Group from the adoption of this Accounting Standard is detailed in note 2(a).

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2020
CONTINUED

(iv) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

PRONOUNCEMENT	AASB 2018-6 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – DEFINITION OF A BUSINESS
NATURE OF THE CHANGE IN ACCOUNTING POLICY	This standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments: (a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; (b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; (c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; (d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and (e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2020.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	This standard is not applicable to the Group.

PRONOUNCEMENT	AASB 2018-7 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS – DEFINITION OF MATERIAL
NATURE OF THE CHANGE IN ACCOUNTING POLICY	The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.
EFFECTIVE DATE	Annual reporting periods beginning on or after 1 January 2020.
EXPECTED IMPACT ON THE FINANCIAL STATEMENTS	Unlikely to be any impact on the reported financial position, performance or cash flows in the financial statements.

(B) PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Financial Position respectively.

(C) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal management reports that have been provided to and 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.

(D) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars ($), which is PointsBet Holdings Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the Consolidated Statement of Profit or Loss, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit or Loss on a net basis within other income/(expenses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Consolidated Statement of Financial Position presented are translated at the closing rate at the date of that Consolidated Statement of Financial Position
- income and expenses for Consolidated Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(E) REVENUE RECOGNITION

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

Betting activities revenue

The Group reports the gains and losses on all betting activities 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. Revenue includes free bets, promotions, and bonuses. Open betting positions (pending bets) are accounted for as derivative financial instruments and are carried at fair value. Gains and losses arising on the positions are recognised in revenue.

All revenue is stated net of the amount of goods and services tax.

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Government Grants including R&D Tax Incentive

Grants that compensate the Group for expenditures incurred are recognised in profit or loss on a systematic basis in the periods in which the expenditures are recognised. R&D tax offset receivables will be recognised in profit before tax and depreciation and amortisation over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Such periods will depend on whether the R&D costs are capitalised or expensed as incurred.

For R&D costs that have been capitalised, the grants related to those assets have been deferred and will be recognised over the useful economic life of asset.

Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(F) INCOME TAX

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(G) CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(H) RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting year.

(J) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(K) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 11 for further information about the Group's accounting for trade receivables.

Other receivables are recognised at amortised cost, less any loss allowance.

(L) FINANCIAL ASSETS

(i) Classification

From 1 July 2019, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the following measurement category:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(iv) Impairment

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(M) DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting year.

(N) PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Office equipment 2 – 3 years
- Computer equipment 2 – 3 years
- Leasehold improvements 2 – 5 years
- Retail Sportsbook Assets 2 – 5 years
- Assets under construction Nil years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(O) INTANGIBLE ASSETS

(i) Licences and Market Access

Significant costs associated with licenses and US market access are capitalised and amortised on a straight line basis over a period of their expected benefit.

(ii) Software

Software costs are capitalised and amortised on a straight-line basis over the period of their expected benefit being their finite life of 5 years.

(iii) Betting platform development

Significant costs associated with the betting platform development are capitalised and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

(P) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(Q) LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(R) PROVISIONS

Provisions for legal claims, chargebacks and other obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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(S) EMPLOYEE BENEFITS

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated Statement of Financial Position.

(ii) Other long-term employee benefit obligations

In some countries, the Group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the year in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting year using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the end of the reporting year of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Consolidated Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(iv) Share-based payments

Equity-settled share-based compensation benefits are provided to employees, and where applicable other parties.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees, and where applicable other parties in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Binomial option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period; and
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(T) FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

(U) CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(V) EARNINGS PER SHARE

The Group presents basic and, when applicable, diluted earnings per share ("EPS") data for its ordinary shares.

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit/(loss) attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(W) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(X) PARENT ENTITY

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 36.

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2 CHANGES IN ACCOUNTING POLICIES

As explained in note 1(a) above, the Group has adopted new or revised accounting standards this year that have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

(A) ADJUSTMENTS RECOGNISED ON ADOPTION OF AASB 16

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	2019 $
Operating lease commitments disclosed as at 30 June 2019 (AASB 117)	**3,153,676**
Adjustment for non-allowable expenses	(272,745)
Adjustment for extension clauses	1,411,753
Operating lease commitments discount based on weighted average incremental borrowing rate of 6.2% (AASB 16)	(197,192)
Right-of-use assets (AASB 16)	**4,095,492**
Lease liabilities (AASB 16)	(4,095,492)
Additional accumulated losses as at 1 July 2019	–

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of market risk (foreign exchange and cash flow and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors ("the Board"). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Management identifies, evaluates and hedges financial risks within the Group and reports to the Board on a regular basis.

(A) MARKET RISK

(i) Foreign exchange risk

Exposure

The Group is exposed to foreign currency risk in respect of revenue, expenses, trade receivables, cash and cash equivalents, and other financial assets, and financial liabilities (primarily trade payables, accruals, and client liability balances) that are denominated in currencies that are not the functional currency of the Group, being Australian Dollar ("AUD"). The primary currencies that the Group is exposed to fluctuations are the US Dollar ("USD").

As at 30 June 2020, the Group's exposure to United States dollar at the end of the reporting period, expressed in Australian dollar, was as follows:

	30 JUNE 2020 AUD $	30 JUNE 2019 AUD $
Financial assets, cash and cash equivalents	**94,662,923**	62,220,539
Other assets	**2,114,245**	505,156
Trade and other payables and other liabilities	**(5,298,197)**	(5,091,952)
Derivative financial liabilities (pending bets)	**(901,429)**	(427,076)
Total	**90,577,542**	57,206,667

Instruments used by the Group

The Group operates internationally and is exposed to foreign exchange risk, primarily the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a current that is not the functional currency of the relevant group entity.

Whilst the Group does not actively hedge its foreign currency exposure on its trading cash flows, it monitors exposures to individual exposures and where appropriate and approved by the Board enter into spot or forward foreign exchange contracts.

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	2020 $	2019 $
Amounts recognised in profit or loss		
Net foreign exchange gains/(losses) included in other income/(other expense)	**2,300,963**	(682,442)
Total net foreign exchange gains/(losses) recognised in loss before income tax for the year	**2,300,963**	(682,442)
Net gains/(losses) recognised in other comprehensive income (note 26(a))		
Translation of foreign operations	**(448,355)**	137,544
Total net gains/(losses) recognised in other comprehensive income for the year	**(448,355)**	137,544

Sensitivity

The Group had financial assets (Term Deposits and Cash and Cash Equivalents) denominated in foreign currencies in Australia of $78,536,241 as at 30 June 2020 (2019: $45,195,444). Based on this exposure, had the Australian dollar weakened by 5%/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's loss before tax for the year would have been $3,926,812 lower/$7,853,624 higher and equity would have been $3,926,812 lower/$7,853,624 higher.

(ii) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk on certain of its cash and cash equivalents and any long term-borrowings. As at 30 June 2020, the Group did not hold any long-term borrowings (30 June 2019: $nil). Excess cash and cash equivalents, where applicable are invested in interest-bearing term deposits on which the interest rate is fixed for the term of the deposit. At call deposits attract low interest rates and therefore do not materially impact the interest income earned by the Group.

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(B) LIQUIDITY RISK

Liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities, and

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	INTEREST RATE %	1 YEAR OR LESS $	BETWEEN 1 AND 2 YEARS $	OVER 2 YEARS $	TOTAL CONTRACTUAL CASH FLOWS $
At 30 June 2020					
Non-derivatives					
Trade and other payables	**0%**	**14,643,611**	**–**	**–**	**14,643,611**
Other liabilities	**0%**	**7,876,186**	**–**	**–**	**7,876,186**
Lease liabilities	**6.2%**	**874,810**	**1,440,333**	**6,728,318**	**9,043,461**
Total non-derivatives		**23,394,607**	**1,440,333**	**6,728,318**	**31,563,258**
Derivatives					
Pending bets	**0%**	**1,523,913**	–	–	**1,523,913**
Total derivatives		**1,523,913**	–	–	**1,523,913**
At 30 June 2019					
Non-derivatives					
Trade and other payables	0%	9,623,355	–	–	9,623,355
Other liabilities	0%	8,591,300	–	–	8,591,300
Total non-derivatives		18,214,655	–	–	18,214,655
Derivatives					
Pending bets	0%	861,963	–	–	861,963
Total derivatives		861,963	–	–	861,963

(C) RECOGNISED FAIR VALUE MEASUREMENTS – FINANCIAL ASSETS AND LIABILITIES

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	LEVEL 1 $	LEVEL 2 $	LEVEL 3 $	TOTAL $
Recurring fair value measurements At 30 June 2020				
Financial Liabilities				
Pending bets	**–**	**–**	**(1,523,913)**	**(1,523,913)**
Total financial liabilities	**–**	**–**	**(1,523,913)**	**(1,523,913)**
Recurring fair value measurements At 30 June 2019				
Financial Liabilities				
Pending bets	–	–	(861,963)	(861,963)
Total financial liabilities	–	–	(861,963)	(861,963)

Disclosed fair values

There were no transfers between levels during the year.

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.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Pending bets have been valued based on the amount of unsettled bets at year end, adjusted for the average net win in each open market.

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(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 30 June 2020 and 30 June 2019:

	PENDING BETS $
Opening balance 1 July 2018	**321,338**
Bets placed	**884,590**
Bets settled	**(321,338)**
Fair value gains recognised in revenue	**(22,627)**
Closing balance 30 June 2019	**861,963**
Bets placed	**1,506,728**
Bets settled	**(794,213)**
Fair value gains recognised in revenue	**(50,565)**
Closing balance 30 June 2020	**1,523,913**

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

	FAIR VALUE AT			RANGE OF INPUTS (PROBABILITY – WEIGHTED AVERAGE)		
	30 JUNE 2020 $	30 JUNE 2019 $	UNOBSERVABLE INPUTS	2020	2019	SENSITIVITY
Pending bets	**1,523,913**	861,963	Average net win	**1% to 10%**	1% to 10%	1% change would result in increase/decrease fair value by $15,239.

4 CRITICAL ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

(A) SIGNIFICANT ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(B) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimation of useful life of assets

The Group determines the estimated useful lies and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(ii) Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(iii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Binomial model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

(iv) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(v) Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attribution rates and pay increases through promotion and inflation have been taken into account.

(vi) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to note 15 for further information.

(vii) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(viii) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

(ix) Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

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(x) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

5 SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES

The Group has determined that its operating segments are its reportable segments. The Group's reportable segments are as follows:

- Australian Trading;
- Technology; and
- United States.

This is based on the internal management reports that are reviewed by the Chief Executive Officer who is identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

Australian trading revenue includes revenue from sports and race 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 Technology segment derives its revenue from licensing fees charged to the Australian Trading segment and the Group's subsidiaries in the United States segment.

The United States segment derives revenue from sports betting services to United States customers.

Corporate administrative costs (Board, Finance, Legal, 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.

(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 and assets on a monthly basis. Information about segment revenue is disclosed as follows:

	AUSTRALIAN TRADING $	USA $	TECHNOLOGY $	CORPORATE $	TOTAL $
2020					
Segment revenue	**68,195,171**	**6,978,244**	**–**	**–**	**75,173,415**
Inter-segment revenue	**–**	**–**	**6,647,009**	**–**	**6,647,009**
Elimination of intersegment sales	**–**	**–**	**(6,647,009)**	**–**	**(6,647,009)**
Revenue from external customers	**68,195,171**	**6,978,244**	**–**	**–**	**75,173,415**
2019					
Segment revenue	26,336,518	(721,251)	–	–	25,615,267
Inter-segment revenue	–	–	1,627,107	–	1,627,107
Elimination of intersegment sales	–	–	(1,627,107)	–	(1,627,107)
Revenue from external customers	**26,336,518**	**(721,251)**	**–**	**–**	**25,615,267**

(C) EBITDA

EBITDA excludes discontinued operations and the effects of significant items of income and expenditure which may have an impact on the quality of earnings such as unrealised gains or losses on financial instruments.

Interest income and finance cost are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

	2020 $	2019 $
Australian Trading	**6,921,862**	(10,796,089)
USA	**(38,163,186)**	(19,983,810)
Technology	**(2,923,025)**	(2,726,776)
Corporate	**(5,544,725)**	(3,662,122)
Total EBITDA	**(39,709,074)**	(37,168,797)

EBITA reconciles to operation loss before income tax:

	2020 $	2019 $
Total EBITDA	**(39,709,074)**	(37,168,797)
Finance costs	**(478,968)**	(3,014,190)
Interest revenue	**1,542,735**	122,456
Depreciation and amortisation	**(5,119,045)**	(1,824,619)
Net foreign exchange gains/(losses)	**2,300,963**	–
Loss before income tax from continuing operations	**(41,463,389)**	(41,885,150)

(D) SEGMENT ASSETS

	2020 $	2019 $
Australian Trading	**7,157,816**	8,898,037
USA	**73,200,494**	26,379,441
Technology	**18,186,035**	8,098,375
Corporate	**266,103,049**	120,988,312
Total segment assets	**364,647,394**	164,364,165
Segment assets	**364,647,394**	164,364,165
Intersegment eliminations	**(148,475,535)**	(69,823,272)
Total assets as per the Consolidated Statement of Financial Position	**216,171,859**	94,540,893

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(E) SEGMENT LIABILITIES

	2020 $	2019 $
Australian Trading	**(16,749,943)**	(24,067,753)
USA	**(18,904,007)**	(5,768,914)
Technology	**(25,844,902)**	(11,253,444)
Corporate	**(619,391)**	(740,958)
Total segment liabilities	**(62,118,243)**	(41,831,069)
Intersegment eliminations	**23,071,680**	21,796,897
Total liabilities as per the Consolidated Statement of Financial Position	**(39,046,563)**	(20,034,172)

(F) UNDERSTANDING THE SEGMENT RESULTS

(i) Intersegment transactions

Transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

(ii) Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

(iii) 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 management reports provided to the CODM. The CODM is responsible for the allocation of resources to the operating segments and assessing their performance.

(iv) Major customers

There are no major customers that represented more than 10% of the segment revenue.

6 REVENUE

	2020 $	2019 $
Revenue received from customers (net of GST)	**108,420,966**	47,942,407
Less client promotion expenses (net of GST)	**(33,247,551)**	(22,327,140)
Total revenue from continuing operations	**75,173,415**	25,615,267

7 TOTAL OTHER INCOME/(OTHER EXPENSES) ITEMS

(A) TOTAL OTHER INCOME/(OTHER EXPENSES)

	2020 $	2019 $
Net foreign exchange gains/(losses)	**2,300,963**	(682,442)
Research and development income	**235,646**	485,793
Other income	**187,500**	–
Total other income/(other expenses)	**2,724,109**	(196,649)

(B) FINANCE INCOME AND COSTS

	2020 $	2019 $
Finance income		
Interest income	**1,542,735**	122,456
Finance income	**1,542,735**	122,456
Finance costs		
Interest expense on convertible notes	**–**	(1,815,935)
Interest expense others	**(47)**	(210)
Fair value losses on conversion of convertible notes	**–**	(1,198,045)
Interest expense on leases	**(478,921)**	–
Finance costs	**(478,968)**	(3,014,190)

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8 EXPENSES

	2020 $	2019 $
Employee benefits expenses		
Salaries	**21,965,482**	10,836,521
Superannuation	**1,256,701**	647,111
Fringe benefits tax	**27,717**	15,799
Payroll tax	**1,533,530**	647,683
Share option expense	**3,412,592**	1,548,969
Other employee expenses	**2,747,428**	1,953,428
Total employee benefits expenses	**30,943,450**	15,649,511
Depreciation and amortisation		
Depreciation	**2,426,056**	385,483
Amortisation	**2,692,989**	1,439,136
Total depreciation and amortisation	**5,119,045**	1,824,619

9 INCOME TAX EXPENSE

(A) INCOME TAX EXPENSE

	2020 $	2019 $
Current tax		
Current tax on profits for the year	**–**	–
Adjustments for current tax of prior periods	**–**	–
Total current tax expense	**–**	–
Deferred income tax		
Decrease/(increase) in deferred tax assets (note 16)	**–**	–
Total deferred tax expense/(benefit)	**–**	–
Income tax expense	**–**	–

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	2020 $	2019 $
Loss from continuing operations before income tax expense	**(41,911,389)**	(41,885,150)
Tax at the Australian tax rate of 30% (2019 – 27.5%)	**(12,573,417)**	(11,518,416)
Impact of foreign tax rate differences	**70,268**	1,358,876
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-deductible expenses related to separate R&D claim	**826,919**	137,500
Other permanent differences	**643,752**	1,201,589
Subtotal	**(11,032,478)**	(8,820,451)
Less: income tax losses utilised	**(1,582,903)**	–
Unrecognised deferred tax assets	**12,615,381**	8,820,451
Income tax expense	**–**	–

(i) Tax losses

	2020 $	2019 $
Unused tax losses for which no deferred tax asset has been recognised	**76,829,409**	12,122,114

10 CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Current assets		
Cash at bank and in hand	**57,305,432**	38,626,177
Player cash accounts	**8,965,326**	8,783,102
Term deposits	**78,068,179**	28,476,601
Total cash and cash equivalents	**144,338,937**	75,885,880

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11 TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Trade receivables	–	153,802
Less: Allowance for expected credit losses	–	(99,366)
	–	54,436
Other receivables (b)	**272,151**	440,924
Total trade and other receivables	**272,151**	495,360

(A) CLASSIFICATION AS TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(B) OTHER RECEIVABLES

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

(C) FAIR VALUE OF TRADE RECEIVABLES

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

12 OTHER CURRENT ASSETS

	2020 $	2019 $
Current assets		
Prepayments	**1,477,128**	767,241

13 FINANCIAL ASSETS AT AMORTISED COST

(A) FINANCIAL ASSETS AT AMORTISED COST

	2020			2019		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Term deposits	**–**	**220,028**	**220,028**	–	213,004	213,004
	–	**220,028**	**220,028**	–	213,004	213,004

(i) Impairment and risk exposure

All of the financial assets at amortised cost are denominated in Australian dollar. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk as the investments will be held to maturity.

14 PLANT AND EQUIPMENT

NON-CURRENT	OFFICE EQUIPMENT $	COMPUTER EQUIPMENT $	LEASEHOLD IMPROVEMENTS $	ASSETS UNDER CONSTRUCTION $	RETAIL SPORTSBOOK ASSETS $	TOTAL $
At 30 June 2019						
Cost	77,875	907,353	973,270	356,481	–	2,314,979
Accumulated depreciation	(14,717)	(402,905)	(61,292)	–	–	(478,914)
Net book amount	63,158	504,448	911,978	356,481	–	1,836,065
Year ended 30 June 2020						
Opening net book amount	63,158	504,448	911,978	356,481	–	1,836,065
Exchange differences	1,756	9,553	13,494	(19,039)	(969)	4,795
Additions	35,116	321,771	121,713	785,813	1,535,900	2,800,313
Disposals	–	(9,361)				(9,361)
Transfers	(2,692)	(2,036)	(6,181)	(391,376)	–	(402,284)
Depreciation charge	(34,954)	(420,042)	(279,388)	–	(258,832)	(993,216)
Closing net book amount	62,384	404,333	761,617	731,880	1,276,099	3,236,312
At 30 June 2020						
Cost	111,272	1,203,006	1,101,181	731,880	1,527,634	4,674,972
Accumulated depreciation	(48,888)	(798,673)	(339,564)	–	(251,535)	(1,438,660)
Net book amount	62,384	404,333	761,617	731,880	1,276,099	3,236,312

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15 INTANGIBLE ASSETS

	LICENCES AND MARKET ACCESS $	SOFTWARE $	BETTING PLATFORM DEVELOPMENT $	TOTAL $
At 30 June 2019				
Cost	8,555,540	125,228	7,918,691	16,599,459
Accumulated amortisation	(676,547)	(2,502)	(1,136,421)	(1,815,470)
Net book amount	7,878,993	122,726	6,782,270	14,783,989
Year ended 30 June 2020				
Opening net book amount	7,878,993	122,726	6,782,270	14,783,989
Exchange differences	(104,925)	1,077	(19,319)	(123,167)
Additions[(a)]	38,594,757	–	6,219,508	44,814,265
Disposals	–	–	–	–
Transfers	–	–	–	–
Amortisation charge	(886,219)	(13,112)	(1,793,658)	(2,692,989)
Closing net book amount	45,482,607	110,691	11,188,801	56,782,098
At 30 June 2020				
Cost	47,044,081	126,006	14,118,887	61,288,974
Accumulated amortisation	(1,561,474)	(15,315)	(2,930,086)	(4,506,876)
Net book amount	45,482,607	110,691	11,188,801	56,782,098

(a) In consideration of the market access granted to the Group in Ohio, Indiana, Missouri, West Virginia, and Louisiana, subject to enabling legislation (as relevant) and licensure in each of those states, the Group issued 6,127,451 new fully paid ordinary shares in the company (at issue date equivalent to a 5.28% stake) and 10,372,549 options on 1 August 2019 to Penn National Gaming. Refer note 25(b), note 35(b) and note 24. A market access intangible has been recognised as a non-cash addition during the period.

IMPAIRMENT TESTING

The licence and market access intangible assets belong to the USA operating segment which management has determined to be a separate cash-generating unit. The recoverable amount of the cash-generating unit has been determined by a value-in-use calculation using a discounted cash flow model, based on a 10 year projection period approved by management, together with a terminal value.

The length of the state licence and market access rights range between 10 to 25 years. Management is confident that these 10 year projections are reliable and they form part of the consolidated entity's long term US market strategy.

The following key assumptions were used in the discounted cash flow model for the USA operating segment:

- 14.3% pre-tax discount rate;
- The increase in Revenue has been determined based on the expected size of the market and management's assessment of market share gained within each state;
- The enabling legislation is expected to pass in Ohio, Kansas, Louisiana and Missouri within the next two years; and
- Cashflows from New York have been conservatively excluded by management due to uncertainties on the timing of legislation passing in that state.

The discount rate of 14.3% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the USA operating segment.

SENSITIVITY

As disclosed in note 4, the directors have made judgements and estimates in respect of impairment testing of non-financial assets other than goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur the resulting carrying amount of these assets may decrease.

The sensitivities are as follows:

- EBITDA would need to decrease by more than 28.7% for the USA operating segment before licence and market access intangible assets would need to be impaired, with all other assumptions remaining constant; and
- The discount rate would be required to increase by 5.7% for the USA operating segment before licence and market access intangible assets would need to be impaired, with all other assumptions remaining constant.

16 DEFERRED TAX ASSETS

	2020 $	2019 $
The balance comprises temporary differences attributable to:		
Tax losses	**22,891,747**	12,016,483
Less: temporary differences not recognised	**(25,390,845)**	(13,191,348)
Annual leave	**418,499**	350,229
Provisions for chargebacks	**23,746**	70,107
Black hole expenditure	**802,162**	956,921
Other accruals	**789,037**	396,849
Lease Liability	**2,554,173**	–
Provision for doubtful debts	**–**	27,326
Carry-forward R&D tax offset credits	**3,570,059**	514,449
Total deferred tax assets	**5,658,578**	1,141,016
Foreign currency translations and revaluations	**(180,827)**	(6,756)
Intangible assets	**(2,830,569)**	(884,835)
Plant and equipment	**(72,915)**	(249,425)
Prepayments	**(250,641)**	–
Right-of-use-asset	**(2,323,626)**	–
Total deferred tax liabilities pursuant to set- off provisions	**(5,658,578)**	(1,141,016)
Net deferred tax assets	**–**	–

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17 OTHER NON-CURRENT ASSETS

	2020 $	2019 $
Non-current assets		
Rental bond	**1,507,985**	559,354

18 TRADE AND OTHER PAYABLES

	2020			2019		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Trade payables	**7,476,563**	**–**	**7,476,563**	4,858,109	–	4,858,109
Accrued expenses	**5,229,621**	**–**	**5,249,510**	4,340,768	–	4,340,768
Other payables	**1,917,538**	**–**	**1,917,538**	424,478	–	424,478
Total trade and other payables	**14,643,611**	**–**	**14,643,611**	9,623,355	–	9,623,355

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

19 NON-CURRENT ASSETS – RIGHT-OF-USE ASSETS

As referenced as per note 2, AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

(A) MOVEMENTS IN RIGHT-OF-USE ASSETS

	$
Opening net book amount (1 July 2019)	**4,095,492**
Non-cash additions	**5,674,568**
Amortisation charge	**(1,432,840)**
At 30 June 2020	
Net book amount	**8,337,220**

Non-cash additions to the right-of-use assets during the year were $5,674,568.

The Group leases buildings for its offices under agreements of between three and five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases plant and equipment under agreements of between one to three years.

The Group leases office equipment under agreements of less than three years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

(B) LEASE LIABILITIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2020 $	2019 $
Current	**874,810**	–
Non-current	**8,168,651**	–
Total lease liabilities	**9,043,461**	–

(C) AMOUNTS RECOGNISED IN CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020 $	2019 $
Depreciation expense of right-of-use assets	**(1,432,840)**	–
Interest expense on lease liabilities	**(478,921)**	–
Total amount recognised in profit or loss	**(1,911,762)**	–

20 EMPLOYEE BENEFIT OBLIGATIONS

	2020			2019		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Leave obligations	**1,256,029**	**83,677**	**1,339,706**	622,134	88,137	710,271

LEAVE OBLIGATIONS

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required year of service and also for those employees that are entitled to pro-rata payments in certain circumstances. The entire amount of the annual leave provision of $1,256,029 (2019 – $622,134) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not to be expected to be taken or paid within the next 12 months.

21 PROVISIONS

	2020			2019		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Provision for chargebacks (a)	**79,157**	**–**	**79,157**	77,371	–	77,371
Provision for lease incentive (a)	**–**	**–**	**–**	169,912	–	169,912
Lease make good (a)	**195,959**	**–**	**195,959**	–	–	–
	275,116	**–**	**275,116**	247,283	–	247,283

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(A) INFORMATION ABOUT INDIVIDUAL PROVISIONS AND SIGNIFICANT ESTIMATES

Provision for chargebacks

Provision for chargebacks represents an estimate of expected payments for losses on fraudulent or disputed payment transactions.

Provision for lease incentive

Provision for lease incentives represents a rental lease incentive provided for the Group's office leases and amortised over the contractual lease incentive period.

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

(B) MOVEMENTS IN PROVISIONS

Movements in each class of provision during the financial year are set out below:

	PROVISION FOR CHARGEBACKS $	PROVISION FOR LEASE INCENTIVE $	LEASE MAKE GOOD $	TOTAL $
Consolidated – 2020				
Carrying amount at start of year	77,371	169,912	–	247,283
Charged/(credited) to profit or loss				
– additional provisions recognised	1,786	(169,912)	195,959	27,833
Amounts used during the year	–	–	–	–
Carrying amount at end of year	**79,157**	**–**	**195,959**	**275,116**
Consolidated – 2019				
Carrying amount at start of year	90,797	–	–	90,797
Charged/(credited) to profit or loss				
– additional provisions recognised	–	173,527	–	173,527
Amounts used during the year	(13,426)	(3,615)	–	(17,041)
Carrying amount at end of year	**77,371**	**169,912**	**–**	**247,283**

22 OTHER FINANCIAL LIABILITIES

	2020			2019		
	CURRENT $	NON-CURRENT $	TOTAL $	CURRENT $	NON-CURRENT $	TOTAL $
Pending bets – at fair value	**1,523,913**	**–**	**1,523,913**	861,963	–	861,963

23 OTHER CURRENT LIABILITIES

	2020 $	2019 $
Deferred income	**434,773**	670,161
Player cash accounts	**7,441,413**	7,921,139
	7,876,186	8,591,300

24 OTHER NON-CURRENT LIABILITIES

	2020 $	2019 $
Market access liability	**4,344,570**	–

25 CONTRIBUTED EQUITY

(A) SHARE CAPITAL

	2020 SHARES	2019 SHARES	2020 $	2019 $
Ordinary shares				
Fully paid	**152,835,021**	110,000,000	**261,758,201**	124,641,045

(B) MOVEMENTS IN ORDINARY SHARES:

DETAILS	DATE	SHARE PRICE $	NUMBER OF SHARES	TOTAL $
Opening balance 1 July 2018			383,784	14,329,174
Exercise of options	31/10/2018	134.06	10,528	1,411,360
Conversion of convertible notes to equity	8/03/2019	178.30	134,409	26,974,876
Capital raising	8/03/2019	222.87	46,641	10,395,136
Exercise of options – ESOP	30/04/2019	31.45	1,140	35,847
Balance Pre-Share Split			576,502	53,146,393
Shares on issue on 16 May 2019 upon Share Split	16/05/2019		72,500,000	53,146,393
IPO Capital raising	5/06/2019	2.00	37,500,000	75,000,000
Less: Share issue costs			–	(3,505,348)
Balance 30 June 2019			110,000,000	124,641,045
Exercise of options – ESOP	1/07/2019	1.19	81,994	97,385
Exercise of options – ESOP	30/09/2019	0.85	153,174	129,854
Exercise of options – ESOP	6/11/2019	1.70	75,957	128,962
Exercise of options – ESOP	18/02/2020	0.26	334,266	87,721
Capital raising	28/10/2019	3.60	16,666,667	60,000,001
Capital raising	28/11/2019	3.20	19,395,512	62,065,638
Issued capital – Penn transaction	1/08/2019	2.97	6,127,451	18,198,529
Less: Share issue costs			–	(3,590,934)
Balance 30 June 2020			**152,835,021**	**261,758,201**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2020
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(C) CAPITAL RAISING

in November 2019, the Group raised $122.1 million through a capital markets transaction, comprising an institutional placement of $60 million and a 1 for 6 accelerated pro rata renounceable entitlement offer with retail entitlements trading to raise $62.1 million.

(D) ISSUED CAPITAL

Penn transaction – on 1 August 2019, the Group entered into a subscription agreement with Penn National Gaming Inc. ("PNG") under which Penn Interactive Ventures LLC, a wholly owned subsidiary of PNG was issued 6,127,451 new fully paid ordinary shares in the company (at issue date equivalent to a 5.28% stake) on 1 August 2019.

(E) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares presents at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(F) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the Consolidated Statement of Financial Position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt as appropriate in managing its capital structure.

The Group would only look to raise capital when an opportunity to invest in the company and seen as value adding relative to the current company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

26 RESERVES AND ACCUMULATED LOSSES

(A) 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 year. A description of the nature and purpose of each reserve is provided below the table.

	NOTES	SHARE-BASED PAYMENTS $	FOREIGN CURRENCY TRANSLATION $	TOTAL OTHER RESERVES $
At 1 July 2018		**198,408**	**–**	**198,408**
Other currency translation differences		–	137,554	137,554
Transactions with owners in their capacity as owners				
Share-based payment expenses	35	1,548,969	–	1,548,969
At 30 June 2019		**1,747,377**	**137,554**	**1,884,931**
At July 1 2019		**1,747,377**	**137,554**	**1,884,931**
Other currency translation differences			(448,355)	(448,355)
Share-based payment – Penn transaction		4,199,845		4,199,845
Share-based payment – ESOP	35	3,412,592		3,412,592
Option exercises		(199,274)		(199,274)
At 30 June 2020		**9,160,540**	**(310,801)**	**8,849,739**

(i) 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 but not exercised.
- the grant date fair value of options issued to Penn ("PNG") but not exercised.

(ii) Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(B) ACCUMULATED LOSSES

Movements in accumulated losses were as follows:

	2020 $	2019 $
Balance 1 July	**(52,019,255)**	(10,134,105)
Loss for the year	**(41,463,389)**	(41,885,150)
Balance 30 June	**(93,482,644)**	(52,019,255)

27 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices.

(A) RSM AUSTRALIA PARTNERS

(i) Audit and other assurance services

	2020 $	2019 $
Audit and review of financial statements	**122,600**	148,200
Total remuneration for audit and other assurance services	**122,600**	148,200

(ii) Other services

Investigative accountant	**–**	36,500
Other services	**22,840**	–
Total remuneration for other services	**22,840**	36,500
Total auditors' remuneration	**145,440**	184,700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2020
CONTINUED

28 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no contingent liabilities nor contingent assets as at 30 June 2020 (2019: nil).

29 COMMITMENTS

(A) CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:

	2020 $	2019 $
Retail Sportsbook Fitout		
Within one year	**7,086,920**	6,814,466
Total	**7,086,920**	6,814,466
Licences and market access		
Within one year	**7,994,010**	15,891,912
Later than one year but not later than five years	**6,082,399**	7,129,615
Total	**14,076,409**	23,021,527

(B) OTHER COMMITMENTS

	2020 $	2019 $
Commitments for the payment of operational expenses under long-term contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	**3,965,628**	6,263,900
Later than one year but not later than five years	**14,481,902**	1,761,226
Total	**18,447,530**	8,025,126

30 RELATED PARTY TRANSACTIONS

(A) PARENT ENTITIES

The Group is controlled by the following entities:

NAME	TYPE	PLACE OF INCORPORATION	2020	2019
PointsBet Holdings Limited	Immediate and ultimate Group parent entity	Australia	**100%**	100%

(B) SUBSIDIARIES

Interests in subsidiaries are set out in note 31(a).

(C) KEY MANAGEMENT PERSONNEL AND NON-EXECUTIVE DIRECTOR REMUNERATION COMPENSATION

	2020 $	2019 $
Short-term employee benefits	**1,662,109**	1,034,292
Post-employee benefits	**106,639**	76,478
Long-term employee benefits	**48,844**	31,729
Share-based payments	**1,519,114**	712,047
	3,336,706	1,854,548

(D) TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

	2020 $	2019 $
Sales and purchases of goods and services		
Payment for services from AP Symons	**108,349**	490,153

AP Symons, a Non-Executive Director, is Managing Director and majority beneficial owner of Clarendon Lawyers, the company's Australian legal advisor and material services provider to the company.

(E) TERMS AND CONDITIONS

All transactions were made on normal commercial terms and conditions and at market rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2020
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31 INTEREST IN SUBSIDIARIES

(A) MATERIAL SUBSIDIARIES

The Group's principal subsidiaries at 30 June 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership interest held by the Group		
NAME OF ENTITY	PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	2020 %	2019 %	PRINCIPAL ACTIVITIES
PointsBet Australia Pty Ltd	Australia	**100**	100	Online sports betting
PointsBet Pty Ltd	Australia	**100**	100	Software development
PointsBet USA Holding Inc	USA	**100**	100	Holding company
PB Software Inc	USA	**100**	100	Dormant entity
PB Services Inc	USA	**100**	100	Holding company
PointsBet USA Inc	USA	**100**	100	Holding company
USA Bet LLC	USA	**100**	100	Marketing services
PB Tech & Advisory LLC	USA	**100**	100	Gaming support services
PointsBet New York LLC	USA	**100**	100	Dormant entity
PointsBet New Jersey LLC	USA	**100**	100	Online sports betting
PointsBet Colorado LLC	USA	**100**	100	Online and retail sports betting
PointsBet Illinois LLC	USA	**100**	100	Online and retail sports betting
PointsBet Iowa LLC	USA	**100**	100	Online and retail sports betting
PointsBet Michigan LLC	USA	**100**	–	Online sports betting
PointsBet Michigan Retail LLC	USA	**100**	–	Retail sports betting
PointsBet West Virginia LLC	USA	**100**	–	Online sports betting
PointsBet Indiana LLC	USA	**100**	–	Online sports betting
PointsBet Ohio LLC	USA	**100**	–	Online and retail sports betting
PointsBet Kansas LLC	USA	**100**	–	Online sports betting

32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

While the impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

33 CASH FLOW INFORMATION

(A) RECONCILIATION OF LOSS FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	NOTES	2020 $	2019 $
Loss for the year	26(b)	**(41,463,389)**	(41,885,150)
Adjustments for:			
Depreciation and amortisation	8	**5,119,045**	1,824,619
Share-based payments		**–**	854,844
Share option expense	26	**3,412,592**	1,548,969
Fair value loss on conversion of convertible notes		**–**	1,198,045
Other non-cash adjustments		**(98,915)**	–
Net foreign exchange (gains)/losses		**(2,300,963)**	695,981
Amortisation of R&D income		**(235,646)**	–
Interest expenses on convertible notes		**–**	1,815,935
Change in operating assets and liabilities:			
(Increase)/decrease in trade and other receivables		**223,209**	(369,775)
Decrease/(increase) in other assets		**(709,887)**	(133,453)
Increase in trade and other payables and deferred income		**5,255,903**	7,523,218
Increase/(decrease) in player cash accounts		**(182,224)**	5,207,826
Increase in provisions		**657,268**	656,019
Net cash (outflow) from operating activities		**(30,323,007)**	(21,062,922)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2020
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34 LOSS PER SHARE

(A) BASIC AND DILUTED LOSS PER SHARE

	2020 CENTS	2019 CENTS
From continuing operations attributable to the ordinary equity holders of the company	**(29.9)**	(72.1)
Total basic and diluted loss per share attributable to the ordinary equity holders of the company	**(29.9)**	(72.1)

(B) RECONCILIATIONS OF LOSSES USED IN CALCULATING LOSS PER SHARE

	2020 $	2019 $
Basic loss per share		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share:		
From continuing operations	**(41,463,389)**	(41,885,150)
	(41,463,389)	(41,885,150)

(C) WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED AS THE DENOMINATOR IN CALCULATING BASIC AND DILUTED LOSS PER SHARE

	2020 NUMBER	2019 NUMBER
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating basic loss per share	**138,625,805**	58,126,456
Adjustments for calculation of diluted loss per share:		
Options	**12,282,190**	9,883,150
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted loss per share	**150,907,995**	68,009,606

(D) INFORMATION CONCERNING THE CLASSIFICATION OF SECURITIES

(i) Options

Options granted to employees under the Employee Option Plan are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required vesting condition have been met based on the company share price performance and time-based vesting condition and to the extent to which they are dilutive. The options have not been included in determination of basic loss per share.

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

35 SHARE-BASED PAYMENTS

(A) EMPLOYEE OPTION PLAN

Employee Share Option Plan (ESOP) – The terms of the ESOP was 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:

	2020		2019	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION*	NUMBER OF OPTIONS*
As at 1 July	**$1.40**	**9,883,150**	$0.74	1,982,707
Granted during the year	**$4.28**	**3,335,452**	$1.83	8,043,802
Exercised during the year	**$0.31**	**(645,393)**	$0.25	(143,359)
Forfeited during the year	**$2.24**	**(291,019)**	–	–
As at 30 June (weighted average)	**$2.22**	**12,282,190**	$1.40	9,883,150
Vested and exercisable at 30 June	**$0.82**	**1,353,538**		

No options expired during the years covered by the above tables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Share options outstanding at the end of the year have the following expiry date and exercise prices:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	30 JUNE 2020	30 JUNE 2019
20 Feb 17	20 Feb 20	0.11	**–**	223,852
16 Mar 17	16 Mar 20	0.11	**–**	221,335
5 Jul 17	5 Jul 20	0.37	**48,794**	48,794
7 Aug 17	7 Aug 20	0.37	**19,619**	49,046
28 Sep 17	28 Sep 20	0.75	**112,554**	112,554
2 Oct 17	2 Oct 20	0.75	**13,959**	42,129
1 Nov 17	1 Nov 20	0.75	**348,980**	371,616
15 Jan 18	15 Jan 21	0.75	**28,170**	28,170
19 Feb 18	19 Feb 21	0.75	**28,170**	28,170
1 May 18	1 May 21	0.75	**45,147**	45,147
16 May 18	16 May 21	0.75	**5,660**	45,022
29 May 18	29 May 21	0.92	**23,517**	23,517
18 Jun 18	18 Jun 21	0.92	**140,597**	154,682
30 Jun 18	30 Jun 21	0.92	**411,607**	445,310
6 Aug 18	6 Aug 21	0.92	**122,111**	154,934
17 Sep 18	17 Sep 21	0.92	**4,653**	4,653
30 Jan 19	30 Jan 23	1.47	**2,326,532**	2,326,532
30 Jan 19	30 Jan 24	1.47	**2,125,916**	2,208,445
30 Jan 19	30 Jan 25	1.47	**2,095,457**	2,192,723
28 Jun 19	30 Jan 24	2.31	**558,094**	588,706
28 Jun 19	30 Jan 25	2.31	**537,201**	567,813
29 Aug 19	30 Jan 23	2.91	**312,500**	–
29 Aug 19	31 Mar 23	2.91	**288,250**	–
29 Aug 19	30 Jan 24	2.91	**423,125**	–
29 Aug 19	30 Jan 25	2.91	**386,577**	–
6 Jan 20	6 Jan 25	4.95	**612,500**	–
6 Jan 20	6 Jan 26	4.95	**612,500**	–
17 Feb 20	17 Feb 25	5.94	**325,000**	–
17 Feb 20	17 Feb 26	5.94	**325,000**	–
			12,282,190	9,883,150
Weighted average remaining contractual life of options at end of period			**3.50 years**	4.00 years

(i) Fair value of options granted

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
29 Aug 19	30 Jan 23	3.05	2.91*	50.00%	0.00%	0.70%	1.1088
29 Aug 19	31 Mar 23	3.05	2.91*	50.00%	0.00%	0.70%	1.1335
29 Aug 19	30 Jan 24	3.05	2.91*	50.00%	0.00%	0.70%	1.2495
29 Aug 19	30 Jan 25	3.05	2.91*	50.00%	0.00%	0.72%	1.3724
6 Jan 20	6 Jan 25	4.95	4.95*	50.00%	0.00%	0.88%	2.4444
6 Jan 20	6 Jan 26	4.95	4.95*	50.00%	0.00%	0.94%	2.6411
17 Feb 20	17 Feb 25	5.94	5.94*	50.00%	0.00%	0.74%	2.4643
17 Feb 20	17 Feb 26	5.94	5.94*	50.00%	0.00%	0.79%	2.6818

(B) PENN TRANSACTION

On 1 August 2019, PointsBet USA Inc. ("PointsBet"), a wholly owned subsidiary of PointsBet Holdings Limited ("the Group"), entered into an agreement with Penn National Gaming Inc. (NASDAQ: PENN) ("PNG") for digital and gaming services in the United States.

Under the Online Services Framework Agreement, PNG granted PointsBet the right to develop, own market and operate under the authority of the PNG's operating licenses, PointsBet branded online sportsbook and gaming operations in Ohio, Indiana, Missouri, West Virginia and Louisiana subject to enabling legislation (as relevant) and licensure in each of those states.

In consideration of the market access granted under the Agreement, the Group entered into a subscription agreement with PNG, under which Penn Interactive Ventures, LLC, a wholly owned subsidiary of PNG, was issued 6,127,451 new fully paid ordinary shares in the company (at issue date equivalent to a 5.28% stake) on 1 August 2019.

The company also issued PNG 10,372,549 options exercisable at $4.61* per option on or before 12 September 2021.

GRANT DATE	EXPIRY DATE	SHARE PRICE AT GRANT DATE	EXERCISE PRICE	EXPECTED VOLATILITY	DIVIDEND YIELD	RISK-FREE INTEREST RATE	FAIR VALUE AT GRANT DATE
1 Aug 2019	12 Sept 2021	2.95	4.61*	50.00%	0.00%	1.00%	0.4049

Exercise prices under note 35(a) and 35(b) have been adjusted following the completion of the accelerated pro-rate renouncement entitlement offer completed in November 2019.

(C) EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2020 $	2019 $
Options issued under employee option plan	**3,412,592**	1,548,969

(D) OTHER SHARE-BASED PAYMENT TRANSACTIONS

Total value of shares issued in consideration for Marketing related services were as follows:

	2020 $	2019 $
Shares issued in consideration for Marketing related services	–	854,844

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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36 PARENT ENTITY FINANCIAL INFORMATION

(A) SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2020 $	2019 $
Balance sheet		
Current assets	**117,555,569**	72,886,634
Non-current assets	**148,547,480**	48,389,021
Total assets	**266,103,049**	121,275,655
Current liabilities	**567,433**	708,865
Non-current liabilities	**51,958**	31,729
Total liabilities	**619,391**	740,594
Net assets	**265,483,658**	120,535,061
Shareholders' equity		
Share capital	**261,758,196**	124,641,045
Other reserves	**9,158,809**	1,747,377
Accumulated losses	**(5,433,347)**	(5,853,361)
Total equity	**265,483,658**	120,535,061
Gain/(loss) for the year	**420,014**	(5,814,519)
Total comprehensive gain/(loss)	**420,014**	(5,814,519)

(B) GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The parent entity did not enter any guarantees as at 30 June 2020 or 30 June 2019.

(C) CONTINGENT LIABILITIES OF THE PARENT ENTITY

The parent entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019. For information about guarantees given by the parent entity, please see above.

(D) CONTRACTUAL COMMITMENTS FOR THE ACQUISITION OF PLANT OR EQUIPMENT

The parent entity did not have contractual commitment as at 30 June 2020 or 30 June 2019.

(E) DETERMINING THE PARENT ENTITY FINANCIAL INFORMATION

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of PointsBet Holdings Limited. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting year as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

DIRECTORS' DECLARATION
30 JUNE 2020

In the directors' opinion:

(a) the financial statements and notes set out on pages 55 to 98 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

BRETT PATON
Chairman
Cremorne
28 August 2020

INDEPENDENT AUDITOR'S REPORT

RSM

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INDEPENDENT AUDITOR'S REPORT
To the Directors of PointsBet Holdings Limited

Opinion

We have audited the financial report of PointsBet Holdings Limited (the Company), and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Betting wins and losses Refer to Note 6 in the financial statements	
The Group earned revenue from customers of $75,173,415 from net betting wins. The completeness and accuracy of revenue recognised is dependent on the interfacing systems within the betting platform, and is reliant on the IT control environment and the manual controls around reconciling reports received from the betting platform. The accuracy of net revenue reported may be impacted by a failure of the betting platform to correctly measure wins and losses in accordance with AASB 9 Financial Instruments.	Our audit procedures in relation to betting wins and losses included: • Evaluating and testing the effectiveness of the manual controls in the revenue cycle including reconciliations of player cash accounts, pending bets, betting turnover and betting wins and losses by product class; • Testing IT general controls of the systems within the betting platform including the interface between these systems and the completeness and accuracy of reports generated from the betting platform; • Performing substantive analytical review procedures over betting wins and losses; • Performing detailed testing on a sample of bets placed to confirm their appropriate settlement and that the win or loss was recorded correctly; and • Performing detailed testing on a sample of player accounts to confirm the existence of the customer.
Share based payments Refer to Note 35 in the financial statements	
The Group has an employee share option plan ("ESOP") as part of the remuneration packages of employees. We identified share-based payments as a key risk due the complexity in the valuation of the options issued, and the estimates made by management in relation to the achievement of vesting conditions.	Our audit procedures in relation to share based payments included: • Reviewing the reasonableness of option valuation inputs into the Binomial Options Pricing Model including assessment of the share volatility rates applied in comparison to entities in the similar industry; and • Performing a recalculation of the Binomial Options Pricing Model for a sample of options issued; • Testing a sample of options issued to signed ESOP agreements; • Reviewing the accounting for the share-based payments in accordance with AASB 2 Share-based Payments; and • Reviewing the reasonableness of management's estimates of the likelihood of the achievement of vesting conditions for the options issued.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Impairment of intangible asset Refer to Note 15 in the financial statements	
The Group has $45,482,606 of US bookmaker licences and market access rights. We identified this area as a Key Audit Matter due to the size of the licence and market access balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them. For the year ended 30 June 2020 management have performed an impairment assessment over the licence and market access balance by: • Calculating the value in use for the CGU using a discounted cash flow model. These models used cash flows (revenues, expenses and capital expenditure) for the CGU for 10 years, with a terminal growth rate applied to the 10th year. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (WACC) adjusted for the CGU; and • Comparing the resulting value in use of the CGU to the respective book values. Management also performed a sensitivity analysis over the value in use calculation, by varying the assumptions used (EBITDA growth and WACC) to assess the impact on the valuations.	Our audit procedures in relation to management's assessment of impairment included: • Assessing management's determination that the licences and market access rights should be allocated to a single CGU based on the nature of the Group's business and the manner in which results are monitored and reported; • Assessing the valuation methodology used; • Challenging the reasonableness of key assumptions, including the cash flow projections, discount rates, and sensitivities used; • Checking the mathematical accuracy of the cash flow model, and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and • Reviewing the accuracy of disclosures of critical estimates and assumptions in the financial report in relation to the valuation methodologies.

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Key Audit Matters (continued)

Key Audit Matter	How our audit addressed this matter
Penn Transaction Refer to Note 15, 24, and 35 in the financial statements	
The Group entered into a contract with Penn Gaming Inc. for the right to develop, market and operate within five states in the United States. The consideration of the transaction consisted of shares, options and contingent consideration dependent on further legislation being passed. Due to the significant size and complexities of the transaction, it is deemed as a Key Audit Matter.	Our audit procedures in relation to the transaction included: • Reviewing the relevant agreements to understand the key terms and conditions, and ensuring that the transaction has been accounted for in compliance with the appropriate accounting standards; • Testing the initial consideration of the shares and options to the signed purchase agreement and other relevant documentation; • Reviewing the option valuation inputs in the Binomial Options Pricing Model, which include assessment of the share volatility rates applied in comparison to entities in the similar industry; and • Evaluating the fair value and assessment of the managements estimation of the potential market access fee payable.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of PointsBet Holdings Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

B Y CHAN
Partner

Dated: 28 August 2020
Melbourne, Victoria

SHAREHOLDER INFORMATION

DISTRIBUTION OF EQUITY SECURITIES AS AT 7 AUGUST 2020

RANGE	TOTAL HOLDERS	UNITS	% UNITS
1 – 1,000	**8,835**	**3,580,570**	2.34
1,001 – 5,000	**3,712**	**8,991,189**	5.87
5,001 – 10,000	**781**	**5,766,547**	3.76
10,001 – 100,000	**738**	**19,132,510**	12.49
100,001 Over	**119**	**115,710,668**	75.54
Rounding			0.00
Total	**14,185**	**153,181,484**	**100.00**

LESS THAN MARKETABLE PARCELS OF ORDINARY SHARES AT 7 AUGUST 2020

	MINIMUM PARCEL SIZE	HOLDERS	UNITS
Minimum $ 500.00 parcel at $ 6.2800 per unit	80	216	9,955

SUBSTANTIAL SHAREHOLDERS 7 AUGUST 2020

As at 7 August 2020, the following shareholders were registered by the Company as a substantial shareholder, having notified the Company of a relevant interest in accordance with Section 671B of the Corporations Act 2001 (Cth), in the voting shares below:

HOLDER OF EQUITY SECURITIES	CLASS OF EQUITY SECURITIES	NUMBER OF EQUITY SECURITIES HELD	% OF TOTAL ISSUED SECURITIES IN RELEVANT CLASS
Nicholas Fahey and Andrew Fahey	Ordinary Shares	11,562,778	8.19%
Pu Luo Chung VC Private Limited	Ordinary Shares	11,216,654	7.94%
Brett Paton	Ordinary Shares	10,469,733	7.41%

SHAREHOLDER INFORMATION
CONTINUED

TWENTY LARGEST ORDINARY SHAREHOLDERS AS AT 7 AUGUST 2020

RANK	NAME	UNITS	% UNITS
1	CITICORP NOMINEES PTY LIMITED	15,323,008	10.00
2	UBS NOMINEES PTY LTD	7,971,359	5.20
3	N J FAHEY PTY LTD <FAHEY FAMILY 1 A/C>	7,753,750	5.06
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,133,491	4.66
5	PENN INTERACTIVE VENTURES LLC	6,127,451	4.00
6	ELMSLIE SUPERANNUATION COMPANY PTY LTD <ELMSLIE FAMILY S/F A/C>	5,363,274	3.50
7	MR BRETT WILLIAM FISHER PATON + MRS VICKI ANNE PATON <BRETT PATON FAMILY SUPER A/C>	4,673,175	3.05
8	NATIONAL NOMINEES LIMITED	4,460,246	2.91
9	MRS MELISSAH JEAN MULLIN	4,181,846	2.73
10	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,878,455	2.53
11	N J FAHEY PTY LTD <FAHEY FAMILY 2 A/C>	3,376,162	2.20
12	VANESSA SWANELL <BIG SWAN A/C>	3,209,607	2.10
13	ARKINDALE PTY LTD <B N SINGER(NO 2)FAMILY A/C>	2,354,265	1.54
14	TYARA PTY LIMITED <BRUCE WC WILSON PROPERTY A/C>	2,078,000	1.36
15	MR RICHARD FISH	1,874,430	1.22
16	MR BRETT WILLIAM FISHER PATON	1,823,570	1.19
17	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,674,056	1.09
18	BRETT PATON SUPERANNUATION PTY LTD <BRETT PATON SUPER FUND A/C>	1,494,316	0.98
19	PENNINGTON INVESTMENTS PTY LTD <PENNINGTON SUPER FUND A/C>	1,484,671	0.97
20	UBS NOMINEES PTY LTD	1,467,334	0.96
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**87,702,466**	**57.25**
Total Remaining Holders Balance		**65,479,018**	**42.75**

SECURITIES SUBJECT TO VOLUNTARY ESCROW AS AT 7 AUGUST 2020

CLASS OF RESTRICTED SECURITIES	NUMBER OF SECURITIES	END DATE OF ESCROW PERIOD
Ordinary Shares	19,619	07/08/2020
Ordinary Shares	112,554	28/09/2020
Ordinary Shares	13,959	02/10/2020
Ordinary Shares	123,872	01/11/2020
Ordinary Shares	11,319	01/05/2021
Ordinary Shares	16,347	29/06/2021
Ordinary Shares	5,659	16/05/2021
Ordinary Shares	14,085	18/06/2021
Ordinary Shares	32,823	06/08/2021

UNQUOTED EQUITY SECURITIES AS AT 7 AUGUST 2020

The number of each class of unquoted equity securities on issue, and the number of holders in each such class, are as follows:

CLASS OF EQUITY SECURITIES	NUMBER OF UNQUOTED EQUITY SECURITIES	NUMBER OF HOLDERS
Securities subject to mandatory ASX Escrow	**22,216,235**	31
Options to acquire Ordinary Shares	**22,458,277**	57

VOTING RIGHTS

At meetings of shareholders, each shareholder may vote in person or by proxy, attorney or (if the shareholder is a body corporate) corporate representative. On a show of hands, every person present who is a shareholder or a representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy or attorney has one vote for each fully-paid ordinary share. Performance share right holders have no voting rights.

REGULATORY CONSIDERATIONS AFFECTING SHAREHOLDERS

PointsBet Holdings Limited and its subsidiaries could be subject to disciplinary action by wagering and gaming authorities in some jurisdictions if, after receiving notice that a person is unsuitable to be a shareholder, that person continues to be a shareholder. Because of the importance of licensing to the Company and its subsidiaries, the Constitution contains provisions that may require shareholders to provide information and also gives the Company powers to divest or require divestiture of shares, suspend voting rights and withhold payments of certain amounts to shareholders or other persons who may be unsuitable.

SHAREHOLDER ENQUIRIES

You can access information about PointsBet Holdings Limited and your holdings via the internet. PointsBet's investor website, https://investors.pointsbet.com.au/, has the latest information on Company announcements, presentations and reports. In addition, there is a link to the Australian Securities Exchange to provide current share prices. The share registry manages all your shareholding details. Visit https://www-au.computershare.com/investor/ and access a wide variety of holding information, make changes to your holding record and download forms. You can access this information via a security login using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

DIVIDENDS

The payment of dividends by the Company is at the complete discretion of the Directors. Given the stage of development of the Company, the Directors have no current intention to declare and pay a dividend.

In determining whether to declare future dividends, the Directors will have regard to PointsBet's earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.

USE OF CASH

The Company's use of cash (and assets in a form readily convertible to cash) that it had at the time of admission to the Australian Securities Exchange is consistent with its business objectives as set out in the Review of Operations forming part of this Annual Report.

OTHER INFORMATION

The Company is not currently conducting an on-market buy-back.

There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act that have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

CORPORATE DIRECTORY

DIRECTORS

BWF Paton
Non-Executive Chairman

S Swanell
Group Chief Executive Officer and Managing Director

PD McCluskey
Non-Executive Director

AP Symons
Non-Executive Director

BK Harris
Non-Executive Director

NJ Fahey
Group Chief Commercial Officer and Executive Director

COMPANY SECRETARY

AJ Hensher

GLOBAL HEADQUARTERS

PointsBet Holdings Limited

Level 2,
165 Cremorne Street
Cremorne VIC 3121
Australia

United States

New Jersey

Suite 1710,
185 Hudson Street,
Jersey City, New Jersey, 07311
United States of America

Denver

Level 5,
1331 17th Street
Denver, Colorado, 80202
United States of America

INVESTOR CONTACTS

Share Registry

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford, Victoria, 3067
Australia

Telephone: 1300 555 159 (Australia) and
+61 3 9415 4062 (Overseas)

Website: www-au.computershare.com/investor/

Auditor

RSM Australia

Level 21
55 Collins Street
Melbourne VIC 3000

Lawyers

Clarendon Lawyers

Level 29
55 Collins Street
Melbourne VIC 3000

AUSTRALIA STOCK EXCHANGE LISTING

PointsBet Holdings Limited Ordinary shares are listed on the Australian Securities Exchange

CODE: PBH

INTERNET SITE

https://investors.pointsbet.com.au/

INVESTOR EMAIL ADDRESS

Investors may send email queries to: investors@pointsbet.com

POINTSBET