13 October 2020

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Exchange Centre
20 Bridge Street
Sydney NSW 2000

PointsBet Holdings Limited
2020 AGM Notice of Meeting

In accordance with Listing Rule 3.17, please find attached the Notice of Meeting and Independent Expert Report for the Company's Annual General Meeting to be held on Tuesday, 17 November 2020.

The Annual Report for the 12 months to 30 June 2020 was previously released to the ASX on 28 August 2020.

A Notice and Access Form and the Annual Report will be dispatched to shareholders on Friday, 16 October 2020 in accordance with their elections.

Yours faithfully

A. Hensher

Andrew Hensher
Group General Counsel
and Company Secretary

POINTSBET HOLDINGS LIMITED

NOTICE OF 2020 ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

Tuesday, 17 November 2020 at 11.00am (Melbourne time)

via live webcast at https://web.lumiagm.com

2020 ANNUAL GENERAL MEETING

Dear Shareholder

2020 ANNUAL GENERAL MEETING

On behalf of the Board, I am pleased to invite you to attend the 2020 Annual General Meeting (**Meeting**) of PointsBet Holdings Limited (**Company** or **PointsBet**), which has been scheduled as follows:

Date:	Tuesday, 17 November 2020
Time:	11.00am (Melbourne time) with registration open from 10.00am
Attend Via:	https://web.lumiagm.com

Each Director eligible to vote intends to vote all the Shares he or she holds or controls in favour of all Resolutions proposed.

The Board considers that the health, safety and welfare of the Company's staff, its Shareholders and other stakeholders to be paramount. Accordingly, the number of physical attendees at the Meeting will be limited to the maximum number of attendees permitted based on the relevant Government regulations and guidelines in force at the time of the Meeting.

Accordingly, the Meeting will be hosted online as a live webcast at the following URL: https://web.lumiagm.com (Meeting ID: 325-634-622). Attendees can also access the live webcast via the Lumi AGM app from the Apple app store or Google Play store.

Under Rule 6.3(d) of the Company's constitution, Shareholders attending the online Meeting will be able to hear and view the Meeting on their own device, vote on the Resolutions and ask questions and will be treated as if they were present at the physical location of the Meeting.

In case you are not able to attend the Meeting to vote in person, the Board encourages you to lodge your votes online at www.investorvote.com.au. You will require the control number (found on the Notice and Access Form), your HIN/SRN and postcode/domicile code to access online voting.

I 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

NOTICE OF 2020 ANNUAL GENERAL MEETING

VIRTUAL PARTICIPATION

In accordance with the Corporation Act (as modified by the Corporations (Coronavirus Economic Response) Determination (No. 1) 2020), to facilitate Shareholder participation, the Board has determined that Shareholders will have the opportunity to participate in the Meeting via a live webcast.

The Meeting will be hosted online as a live webcast at the following URL: https://web.lumiagm.com (Meeting ID: 325-634-622). Attendees can also access the live webcast via the Lumi AGM app from the Apple app store or Google Play store.

If you choose to participate in this way, you will be able to view the Meeting live, lodge a direct vote in real time and ask questions online.

Shareholders participating in the Meeting will be able to cast direct votes between the commencement of the Meeting at 11.00am (Melbourne time) on Tuesday, 17 November 2020, and the closure of voting as announced by the Chairman during the Meeting.

Shareholders who participate in the Meeting using the online platform will be entitled to the same rights if they attended the Meeting in person, including:

- to be counted as being present at the Meeting for any purpose, including for the purpose of determining whether there is a quorum;
- to ask questions or make comments; and
- to vote on Resolutions they are entitled to vote on.

NOTICE OF 2020 ANNUAL GENERAL MEETING

BUSINESS OF THE MEETING

ORDINARY BUSINESS

Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2020.

Resolution 1: Election of Director – Mr Manjit Gombra Singh

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Manjit Gombra Singh, in accordance with clause 7.1(h) of the Constitution and for all other purposes, be appointed as a Director on the terms and conditions set out in the Explanatory Statement."

Note: Information about Mr Singh appears in the Explanatory Statement to this Notice.

Resolution 2: Ratification of Prior Issue of Placement Shares

To consider, and if thought fit, pass the following Resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior allotment and issue of 18,181,819 Shares on the terms and conditions set out in the Explanatory Statement".

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of a person who participate in the Placement or any associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

    (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 3: Adoption of Key Employee Equity Plan

To consider, and if thought fit, pass the following Resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.2, exception 13 and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled "Key Employee Equity Plan" and for the issue of Equity Securities under the Key Employee Equity Plan, on the terms and conditions set out in the Explanatory Statement".

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a person who is eligible to participate in the Key Employee Equity Plan or an associate of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

    (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 4: Issue of Performance Share Rights to Mr Sam Swanell under the Plan

To consider, and if thought fit, pass the following Resolution as an ordinary resolution:

"That, subject to the passing of Resolution 3, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 8,897 Performance Share Rights to Mr Sam Swanell (and/or his nominee) under the Key Employee Equity Plan, on the terms and conditions set out in the Explanatory Statement".

NOTICE OF 2020 ANNUAL GENERAL MEETING

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr Sam Swanell and a Director who is eligible to participate in the Plan and any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

 (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

 (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 5: Remuneration Report

To consider, and if thought fit, pass the following non-binding Resolution as an ordinary resolution:

"That the Remuneration Report for the Company (included in the Directors' Report) for the year ended 30 June 2020 be adopted."

Voting prohibition for Resolutions 3, 4 and 5: A vote on Resolutions 3, 4 and 5 must not be cast:

(a) by or on behalf of a member of KMP (in the case of Resolution 5, details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2020) or a Closely Related Party of such member (regardless of the capacity in which the vote is cast); or

(b) by a person appointed as a proxy, where that person is either a member of KMP or a Closely Related Party of such member,

unless the vote is cast as a proxy for a person permitted to vote on Resolutions 3, 4 or 5:

(c) in accordance with a direction as to how to vote on the Proxy Form; or

(d) by the Chairman pursuant to an express authorisation to exercise the proxy even though it is in connection with the remuneration of a member of KMP.

SPECIAL BUSINESS

Resolution 6: Approval of Issue of Subscription Securities to NBCUniversal Media, LLC

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*"That, subject to the passing of Resolution 7, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue to NBCUniversal Media, LLC (**NBCUniversal**):*

(a) 10,043,696 Shares at a deemed issue price of A$6.50 per Share; and

(b) 66,875,498 Subscription Options,

on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: The Company will disregard votes cast in favour of Resolution 6 by or on behalf of NBCUniversal and any other person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their associates.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

(b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

 (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the Resolution; and

 (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

Resolution 7: Acquisition of relevant interests by NBCUniversal Media, LLC

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to the passing of Resolution 6, for the purpose of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for NBCUniversal to acquire relevant interests in Shares by:

(a) the exercise of the Subscription Options in accordance with their terms; and

(b) the acquisition of further Shares in accordance with the Subscription Agreement, resulting in NBCUniversal having Voting Power in the Company of not more than 29.99%,

on the terms and conditions set out in the Explanatory Statement."

Voting exclusion: The Company will disregard votes cast in favour of Resolution 7 by or on behalf of NBCUniversal or any of its associates.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report contained in Schedule 4 of the Explanatory Statement. The Independent Expert has concluded that the NBCUniversal partnership and the Transaction is fair and reasonable to Shareholders not associated with NBCUniversal.

By order of the Board.

Andrew Hensher
Group General Counsel & Company Secretary
12 October 2020

NOTICE OF 2020 ANNUAL GENERAL MEETING

NOTES

These Notes and the following Explanatory Statement form part of the Notice.

If you are unable to attend the Meeting via the live webcast, but wish to appoint a proxy, please contact Computershare to request a Proxy Form via the instructions set out on your Notice of Access. Please note that completed Proxy Forms must be received prior to 11.00am (Melbourne time) on Sunday, 15 November 2020.

Determination of entitlement to attend and vote

For the purposes of determining an entitlement to vote at the Meeting, Shares will be taken to be held by the persons who are registered as Shareholders at 7:00pm (Melbourne time) on Sunday, 15 November 2020.

Proxies

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. If a Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

An instrument appointing a proxy must be signed by the Shareholder appointing the proxy or by the Shareholder's attorney duly authorised in writing or, if the Shareholder is a corporation, in accordance with the Corporations Act and the Shareholder's constitution. A proxy need not be a Shareholder and may be an individual or body corporate.

A proxy has the same rights as a Shareholder to speak at the Meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll.

A Proxy Form which is signed under power of attorney or other authority must be accompanied by that power of attorney or authority or a copy of that power of attorney or authority certified as a true copy by statutory declaration, unless it has previously been provided to and been accepted by the share registry.

Where more than one joint holder votes, the vote of the holder whose name appears first in the register of Shareholders shall be accepted to the exclusion of the others.

Shareholders who have appointed a proxy may still attend the Meeting. However, the proxy's rights to speak and vote are suspended while the Shareholder is present.

The Company encourages all Shareholders who submit proxies to direct their proxy whether to vote for or against or to abstain from voting on each Resolution. **The Chairman intends to vote all available undirected proxies in favour of each of the Resolutions.**

An instrument appointing a proxy must be lodged as follows by no later than 11.00am (Melbourne time) on Sunday, 15 November 2020 in order to be effective:

- online, by following the instructions on the Notice and Access Form;
- by mail, addressed to PointsBet Holdings Limited, C/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia;
- by fax to the share registry on 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia); or
- in person to the share registry, Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, Victoria, 3067, Australia.

Corporate representatives

A body corporate which is a Shareholder or which has been appointed as a proxy may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been provided to and been accepted by the share registry.

If such evidence is not received prior to the commencement of the Meeting, then the individual will not be permitted to act as the Shareholder's representative or representative of the Shareholder's proxy.

Voting

Voting on Resolutions set out in this Notice will be conducted by poll. Upon a poll, every Shareholder who is present in person or by proxy, representative or attorney will have one vote for each Share held by that Shareholder.

EXPLANATORY STATEMENT

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with information to assess the merits of the proposed Resolutions in the accompanying Notice.

The Directors recommend that Shareholders read the Explanatory Statement in full before making any decision in relation to the following.

PART A: ORDINARY BUSINESS

Financial Report, Directors' Report and Auditor's Report

This item of business calls for Shareholders to formally receive the Financial Report for the year ended 30 June 2020 (which includes all the financial statements and notes), Directors' Report and the Auditor's Report. The Financial Report, Directors' Report and Auditor's Report are set out in the Company's Annual Report. Shareholders who elected to receive a printed copy of the Annual Report should have received the Annual Report with this Notice. The Annual Report is available from the Company website, www.pointsbet.com.au/investors.

While Shareholders are not required to vote on the Financial Report, Directors' Report and Auditor's Report, there will be reasonable opportunity at the Meeting to raise questions on the reports and the management of the Company. The Auditor will be in attendance at the Meeting and can answer questions on the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Election of Director – Mr Manjit Gombra Singh

In accordance with Rule 7.1(h) of the Constitution, Shareholders may by resolution at a general meeting appoint an eligible person to be a Director, either as an addition to the existing Directors or to fill a casual vacancy.

The purpose of Resolution 1 is to seek Shareholder approval pursuant to Rule 7.1(h) of the Constitution of Mr Manjit Gombra Singh as a Director.

Brief biographical details of Mr Singh are set out below:

Occupation: Senior Executive / Director

Academic and professional qualifications: Master of Technology (Computer Science), University of Hyderabad.

Mr Singh was appointed as the Company's President, Technology and Product on 29 July 2019. He is the former Chief Technology Officer and Executive Vice President of leading global gaming technologies provider Aristocrat Leisure Limited (ASX:ALL), and an industry veteran with a track record in delivering leading product and technology strategy for mobile, social and traditional casino gaming products.

Mr Singh has a broad background in technology, with experience in gaming, cybersecurity, mobile and cloud technologies and global engineering management.

Mr Singh is a published author and speaker on modern technology trends and has previously held senior leadership roles at International Gaming Technology, Juniper Networks and Sun Microsystems.

In recent years, Mr Singh founded DruvStar, a cybersecurity company, and has helped several gaming and modern technology businesses as an advisor.

The Board considers that Mr Singh is a non-independent Director by virtue of his Executive role with the Company. However, the Board considers that Mr Singh's extensive technology experience and background in the gaming and wagering industry will deliver great benefit to the Company and its Shareholders.

Resolution 1 is an ordinary resolution.

The Directors support the election of Mr Singh as a Director and recommend that Shareholders vote in favour of Resolution 1.

Resolution 2: Ratification of Prior Issue of Placement Shares

On 4 September 2020, the Company announced that it had conducted a placement to institutional investors (**Placement**) together with an accelerated renounceable entitlement offer.

The Company issued 18,181,819 Shares at an issue price of $11.00 per Share (**Placement Shares**) to institutional investors on 10 September 2020 under the Placement.

The funds raised from the issue of the Placement Shares are being used to support:

- US marketing costs in target states, predominantly related to client acquisition and retention;
- technology and platform development;
- US business development comprising market access and government licensing fees and sportsbook fit-out costs; and
- costs of the capital raising.

The Placement Shares were issued pursuant to Listing Rule 7.1. Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares issued under Listing Rule 7.1.

EXPLANATORY STATEMENT

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying the issue of the Placement Shares, the subject of Resolution 2, the Company will retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior shareholder approval.

Resolution 2 is an ordinary resolution.

Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification the subject of Resolution 2:

(a) a total of 18,181,819 Shares were issued on 10 September 2020 to institutional investors introduced by Bell Potter Securities Limited and MST Financial Services Pty Limited;

(b) the issue price per Placement Share was $11.00;

(c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company, ranking equally with the existing Shares on issue;

(d) the funds raised are being used to support:

  (i) US marketing costs in target states, predominantly related to client acquisition and retention;

  (ii) technology and platform development;

  (iii) US business development comprising market access and government licensing fees and sportsbook fit-out costs; and

  (iv) costs of the capital raising; and

(e) a voting exclusion statement is included in the Notice for Resolution 2.

The Directors recommend that Shareholders vote in favour of Resolution 2, as it allows the Company to ratify the above issue of Placement Shares and retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

Resolution 3: Adoption of Key Employee Equity Plan

Resolution 3 seeks Shareholder approval for the adoption of an employee scheme titled "Key Employee Equity Plan" (**Plan**) in accordance with Listing Rule 7.2, exception 13(b) and to enable Performance Rights, Options and Shares upon exercise or conversion of those Performance Rights and Options to be issued under the Plan to eligible employees (including Executive Directors) and other persons that the Board determines to be eligible (**Incentive Securities**).

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, exception 13(b) sets out an exception to Listing Rule 7.1, which provides that issues under and an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Incentive Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Incentive Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

The Company's existing employee share option plan was established before the Company was admitted to the official list of ASX (terms of which were disclosed in its replacement prospectus dated 23 May 2019), which offered the opportunity for eligible employees and non-executive Directors to subscribe for Options. Resolution 3 seeks Shareholder approval to adopt the new and revised Plan to offer the opportunity for eligible participants to subscribe for Incentive Securities, in order to increase the range of potential incentives available for eligible participants.

Any future issue of Incentive Securities under the Plan to a related party or person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

EXPLANATORY STATEMENT

For this reason, the Company is also seeking approval under Resolution 4 for the issue of Performance Share Rights to Mr Sam Swanell pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 2. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 3 is an ordinary resolution.

Information required by Listing Rule 7.2

Pursuant to and in accordance with Listing Rule 7.2, exception 13(b), the following information is provided:

(a) the material terms of the Plan are summarised in Schedule 2;

(b) this is the first approval sought under Listing Rule 7.2, exception 13(b) with respect to the Plan and therefore no Incentive Securities have previously been issued under the Plan;

(c) the maximum number of Equity Securities proposed to be issued under the Plan within the three year period following Shareholder approval is 9,767,473, being 5% of the total number of Shares on issue as at the date of the Notice. This maximum is not intended to be a prediction of the actual number of Equity Securities to be issued under the Plan, but simply a ceiling for the purposes of Listing Rule 7.2, exception 13(b). Once that number is reached, any additional issues of Equity Securities under the Plan would not have the benefit of Listing Rule 7.2, exception 13 without a fresh Shareholder approval; and

(d) a voting exclusion statement is included in the Notice for Resolution 3.

Resolution 4: Issue of Performance Share Rights to Mr Sam Swanell under the Plan

General

The Company is listed on the ASX. Following the expansion into the United States, where a number of its senior leadership team is based, the Board considered remuneration practices in Australia and the United States and identified some meaningful differences, primarily in the design of long term incentive programs.

The Board concluded that it would be appropriate to consider taking a balanced approach to these differences in a way that considers the norms of both countries and results in a market-competitive long term incentive plan as a key component of a market competitive executive remuneration approach.

The Board determined that the award of performance share rights with the award linked to satisfactory performance and continuation of employment will provide the necessary motivation for key executives in Australia and the US to invest energies and commitment over time to create Shareholder value.

The Board has reviewed Mr Sam Swanell's remuneration arrangements in his role as Global CEO & Managing Director and has determined his remuneration for FY2021 will be as follows:

	AUD
Fixed Remuneration	$471,222
Short Term Incentive (Target)	$89,906
Long Term Incentive (Target)	$50,000
Total Target Remuneration	**$611,128**

The Board is satisfied that the remuneration arrangements are competitive relative to ASX market and industry peers and effectively incentivises Mr Swanell to deliver the Company's growth strategy and drive financial performance, in the interests of Shareholders.

Having regard to the above, the Board has decided to grant 8,897 Performance Share Rights (**PSRs**) to Mr Sam Swanell (and/or his nominee) in satisfaction of the long term incentive component of his remuneration package, subject to the adoption of the Plan (refer to Resolution 3) and obtaining Shareholder approval. The PSRs each have a face value of $5.62 (being the 5-trading day VWAP of Shares up to and including 30 June 2020) and are otherwise issued on the terms and conditions set out below.

The purpose of Resolution 4 is to seek Shareholder approval for the purposes of Listing Rule 10.14 to grant 8,897 PSRs to Sam Swanell under the Plan. If Shareholder approval is not obtained, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr Swanell.

EXPLANATORY STATEMENT

Terms and Conditions of PSRs

Performance Period and Vesting Conditions

The PSRs will be subject to the following vesting conditions, which will be tested over a period of three years:

- Mr Swanell must achieve 'Satisfactory Performance' during the performance period (1 July 2020 to 30 June 2021) (**Satisfactory Performance**); and
- where Mr Swanell has achieved Satisfactory Performance and remains employed:
  - as at 1 July 2022, 50% of the PSRs (4,449) will vest.
  - as at 1 July 2023, 50% of the PSRs (4,449) will vest,

(each a **Vesting Date**).

Testing and vesting

The vesting conditions will be tested at each Vesting Date. No retesting will occur. If the relevant vesting conditions are satisfied at the end of a Vesting Date then the relevant PSRs will vest.

Each PSR entitles Mr Swanell to one fully paid ordinary share in the Company on vesting. No amounts will be payable by Mr Swanell upon vesting of the PSRs.

If the relevant vesting conditions are not satisfied at the end of a Vesting Period then the relevant PSRs will lapse.

Once the PSRs have vested, the Board will decide at that time whether to purchase the Shares required on-market or to issue new Shares.

Voting and dividend rights

PSRs do not carry any voting rights and Mr Swanell is not entitled to dividends until the PSRs have vested and converted into Shares.

Shares allocated on vesting of the PSRs will carry full dividend and voting rights from the date of allocation.

Trading restrictions

Mr Swanell may not sell, transfer, mortgage or otherwise deal with or encumber any PSRs.

Shares allocated on vesting of the PSRs will be subject to the Company's share trading policy.

Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire securities under an employee incentive scheme without approval of shareholders:

(a) a director;

(b) an associate of a director; or

(c) a person whose relationship with the entity or a person referred to in (a) or (b) above is, in ASX's opinion, such that approval should be obtained.

Resolution 4 seeks Shareholder approval, pursuant to Listing Rule 10.14, for the proposed grant of the PSRs to Mr Swanell (and/or his nominee) because Mr Swanell is a Director.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the grant of PSRs to Mr Swanell pursuant to Resolution 4 will not reduce the Company's 15% placement capacity for the purposes of Listing Rule 7.1.

Information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided:

(a) the PSRs will be granted to Mr Sam Swanell, Managing Director and Chief Executive Officer of the Company (and/or his nominee);

(b) Mr Swanell falls within the category of Listing Rule 15.14.1 as he is a Director of PointsBet Holdings Limited;

(c) Mr Swanell (and/or his nominee) will be granted 8,897 PSRs. The actual number of PSRs that vest and will convert into Shares is dependent on the achievement of the vesting conditions as described in the PSR terms and conditions;

(d) Mr Swanell's remuneration arrangements for FY2021 as Global CEO & Managing Director are as follows:

	AUD
Fixed Remuneration	$471,222
Short Term Incentive (Target)	$89,906
Long Term Incentive (Target)	$50,000
Total Target Remuneration	**$611,128**

(e) as the Plan is being approved for the first time pursuant to Resolution 3, no person has previously been issued Incentive Securities under the Plan;

EXPLANATORY STATEMENT

(f) a summary of the material terms of the PSRs is set out in Schedule 2;

(g) the Company uses PSRs because they create alignment between executives and ordinary Shareholders but do not provide the executives with the full benefits of Share ownership (such as dividend and voting rights) unless and until the PSRs vest;

(h) the PSRs have a face value of $5.62 each, based on the 5-trading day VWAP of Shares up to and including 30 June 2020 (the day before the start of the performance period);

(i) the allotment and issue of the PSRs will occur as soon as practicable after the Meeting, but in any event no later than three years after the Meeting;

(j) the PSRs will be issued for nil consideration;

(k) a summary of the material terms of the Plan is set out in Schedule 2;

(l) there is no loan in relation to the proposed award of PSRs to Mr Swanell;

(m) details of any securities issued under the Plan will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

    Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after the Resolution is approved and who were not named in the Notice will not participate until approval is obtained under that rule; and

(n) a voting exclusion statement is included in the Notice for Resolution 4.

The Directors (with Mr Swanell abstaining) recommend that Shareholders vote in favour of Resolution 4.

Resolution 5: Remuneration Report

Section 300A of the Corporations Act requires the disclosure, in a dedicated part of the Directors' Report under the heading 'Remuneration Report', of the remuneration paid to the KMP of a listed company.

The Remuneration Report for the year ended 30 June 2020 is set out in the Directors' Report which forms part of the Annual Report. It is also available on the Company's website, www.pointsbet.com.au/investors.

Shareholders are asked to adopt the Remuneration Report, which sets out, in detail, the Company's policy for determining the remuneration for its Directors and other KMP, including:

- senior executive remuneration philosophy and framework;
- an explanation of the Board's policies in relation to the objectives and structure of remuneration;
- remuneration outcomes in FY2019/20 and links to business strategy and Groupperformance;
- a detailed summary of vesting conditions, why they were chosen and how performance is measured against them; and
- the remuneration details for each Non-Executive Director and for each of the Executive KMP of the Company.

A reasonable opportunity for discussion of the Remuneration Report will be provided at the Meeting.

In accordance with the Corporations Act, this Resolution is advisory only and does not bind the Company. However, the Board will take the outcome of the vote into consideration in future reviews of the remuneration policy for Directors and KMP.

Noting that each Director has a personal interest in his or her own remuneration from the Company as described in the Remuneration Report, the Board of Directors recommends that Shareholders vote in favour of Resolution 5.

EXPLANATORY STATEMENT

PART B: SPECIAL BUSINESS

PART B.1: OVERVIEW OF THE TRANSACTION

Subscription Agreement and Media Services Agreement

On 28 August 2020, the Company announced it had entered into a subscription and implementation agreement with NBCUniversal (**Subscription Agreement**). Simultaneous with its entry into the Subscription Agreement, the Company's subsidiary, PointsBet USA Inc. (**PB US**), entered into a media services agreement with NBCUniversal, under which NBCUniversal has agreed to provide certain advertising, content integrations and enhancements across certain of NBCUniversal's and Comcast's linear and digital platforms (i.e., media services) in the United States (**Media Services Agreement**).

Shareholder approval is being sought at the Meeting:

(a) for the issue of the Subscription Securities (defined below) to NBCUniversal; and

(b) for NBCUniversal to acquire further relevant interests in Shares:

   (i) on exercise of the Subscription Options; and

   (ii) as otherwise permitted under the Subscription Agreement result in it having Voting Power in the Company of not more than 29.99%,

as further set out in this Explanatory Statement (**Transaction**).

The effect of the approval is that NBCUniversal could acquire Voting Power of up to 29.99% (or more, in certain circumstances) in up to 5 years' time, without the need to make a takeover bid, seek further Shareholder approval, or otherwise comply at that time with one of the other exceptions to section 606 of the Corporations Act.

The approvals are being sought as an integral component of the wider partnership between the Company and NBCUniversal, including the services to be provided by NBCUniversal to the Company under the Media Services Agreement, which the Directors believe will provide significant benefits to the Company and create significant Shareholder value. The partnership enables the Company access to market-leading broadcast assets which span 184 million viewers and digital assets which span 60 million monthly active users. These assets will act as the cornerstone of the Company's marketing strategy and, combined with the Company's technology platform and experienced team, is expected to deliver client acquisition and retention efficiency as PointsBet seeks to scale its US business.

While the media partnership is not conditional on Resolutions 6 and 7 being approved, if the Resolutions are not passed, NBCUniversal has the right to terminate both the Subscription Agreement and the Media Services Agreement. If the Media Services Agreement is terminated, the Company will not be able to derive the benefits available to the Company from the NBCUniversal partnership.

The Directors unanimously believe that the benefits of the Transaction, including the broader commercial benefits that will flow to the Company and Shareholders as a result of the NBCUniversal partnership, outweigh its disadvantages and risks. In the Directors' opinion, the Transaction is in the best interests of Shareholders and unanimously recommend Shareholders vote in favour of the Transaction.

NBCUniversal

NBCUniversal is one of the world's leading media and entertainment companies. It develops, produces and distributes entertainment, news and information, sports, and other content for global audiences, and owns and operates theme parks worldwide. Among its assets are a diversified portfolio of U.S. national cable networks, including the NBC Sports Network and regional sports networks, and various digital properties, which include brand-aligned websites. It also operates the NBC and Telemundo television broadcast (i.e., free-to-air) networks, which together reach viewers in all 50 U.S. states, and owns NBC and Telemundo local broadcast television stations, the Universo cable network, broadcast television studio production operations, and various digital properties, which primarily include brand-aligned websites. In July 2020, NBCUniversal launched its own direct-to-consumer digital platform called "Peacock".

In exchange for preferred access and other rights under the Media Services Agreement, PB US has committed to make escalating minimum quarterly payments to NBCUniversal, in aggregate totaling a minimum of US$393.1 million across the five-year term (such amount being convertible into credits that can be applied towards media services in the same quarter as the payment).

In partial satisfaction of PB US's obligation to make minimum quarterly payments under the Media Services Agreement, NBCUniversal will acquire an initial equity stake of 4.9% in the Company through the issue of approximately A$65.3 million worth of Shares (being 10,043,696 Shares at a deemed issue price of A$6.50 per Share) (**Subscription Shares**), positioning it as a long term strategic investor. NBCUniversal will also be issued 66,875,498 Options with an exercise price of A$13.00 (**Subscription Options**).

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If the Subscription Options are exercised on a cash basis in accordance with their terms, this will contribute a further approximately A$869.4 million and would increase NBCUniversal's interest in the Company to 28.3% (calculated on the assumption that the Subscription Options are exercised in full, on a cash basis, and the Company has not undertaken any reorganisation of capital between the date of issue of the Subscription Options and the date on which the Subscription Options are exercised). If the Company undertook some form of reorganisation which reduced the number of Shares on issue (e.g., a buy-back or some forms of capital reduction), the percentage interest NBCUniversal would acquire in the Company on exercise of the Subscription Options could be higher, and could exceed 29.99%. This is because the number of Shares issued on exercise of the Subscription Options would comprise a higher percentage of the Company's overall issued capital on that scenario. For the avoidance of doubt, if no such reorganisation as referred to above is undertaken prior to the Subscription Options being exercised, then NBCUniversal's interest in the Company would not exceed 29.99% upon the exercise of the Subscription Options.

Refer to Schedule 3 for the full terms and conditions of the Subscription Options.

Shareholder approvals required

The issue of the Subscription Shares and Subscription Options (together, the **Subscription Securities**) is subject to Shareholder approval, pursuant to Resolution 6, for the purposes of Listing Rule 7.1.

In addition, Shareholder approval is also being sought pursuant to Resolution 7 also for the purposes of item 7 of section 611 of the Corporations Act to allow NBCUniversal to acquire a relevant interest in Shares by the exercise of the Subscription Options in accordance with their terms, and by acquiring further Shares in accordance in the Subscription Agreement resulting in NBCUniversal having Voting Power in the Company of not more than 29.99% (on a fully diluted basis, including taking into account the Subscription Options and any other rights to acquire Equity Securities in the Company).

In the event Resolutions 6 and 7 are not approved and the Subscription Securities are not issued to NBCUniversal, the Media Services Agreement will continue to operate in accordance with its terms, but NBCUniversal will have a right to terminate the Media Services Agreement within six months of the termination of the Subscription Agreement.

If the Subscription Securities are not issued and the Media Services Agreement is not terminated, then PB US will not be able to apply the value of the Subscription Securities against its minimum payment obligations under the Media Services Agreement and as a result the total minimum spending commitment across the five year term by PB US will need to be paid in cash, resulting in an estimated total increase in the cash that will need to be paid over the term of the Media Services Agreement of US$123.1 million.

If the Media Services Agreement is terminated in those circumstances, the Company would not be able to derive the benefits available to the Company from the NBCUniversal partnership.

Refer to Part B.7 and the section entitled "Detailed Summary of the Transaction Documents" for further details.

NBCUniversal's future intentions for the Company

If the relevant Shareholder approvals are obtained and the Subscription Securities are issued, NBCUniversal will initially hold Voting Power of only 4.9% in the Company, and therefore will not have a substantial interest in the Company at that point. In addition, prior to the exercise of the Subscription Options, NBCUniversal will not have the right to nominate any individuals for appointment as directors of the Company.

Under the terms of the Subscription Agreement and the Subscription Option Terms, the circumstances in which NBCUniversal's Voting Power in the Company could increase above 4.9% prior to the scheduled time at which the Subscription Options are due to become exercisable (being 57 calendar months from the date of the Subscription Agreement) are limited, for example if:

- a Liquidity Event occurs which resulted in an acceleration of the exercisability of the Subscription Options; or
- an exception to the standstill (which prevents NBCUniversal from acquiring further Shares for a period of 5 years following completion of the Transaction, and which exceptions are described in further detail below) applies. It is an exception to the standstill, for example, for NBCUniversal to acquire further Shares up to a shareholding (taking into account the Subscription Options and the Subscription Shares) of 29.99% at any given time.

Accordingly, it is not currently expected that NBCUniversal's Voting Power in the Company would increase above 4.9% for approximately 5 years. At that level, NBCUniversal is not capable of influencing the strategic decisions made regarding the business of the Company, the employment of its employees, or the deployment of its assets.

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Given that NBCUniversal is not currently anticipated to have the ability to influence those matters for a period of up to 5 years, NBCUniversal does not currently have any intentions with respect to those matters. NBCUniversal would form any such intentions having regard to the relevant circumstances at that future time.

Independent Expert's conclusion

The Independent Expert has concluded that the NBCUniversal partnership and the Transaction is fair and reasonable to existing Shareholders. In coming to this view, the Independent Expert assessed:

- fairness by comparing the full underlying value of PointsBet (including a control premium) prior to the Transaction to the fair market value of a portfolio interest in PointsBet following the transaction; and
- reasonableness by also considering the advantages and disadvantages of the NBCUniversal partnership, the Transaction and other significant factors.

The assessment is set out in summary form in the Explanatory Statement. Refer to Part B.6 for further details relating to the Independent Expert's recommendation.

Directors' recommendation

The Directors consider that the terms of the Media Services Agreement and Subscription Agreement, the value of the Subscription Securities to be issued, and the rights of NBCUniversal to acquire further Shares under the terms of the Subscription Agreement and the Subscription Option Terms (as further detailed in this Explanatory Statement) are appropriate and in the best interest of Shareholders, and unanimously recommend Shareholders vote in favour of Resolutions 6 and 7.

EXPLANATORY STATEMENT

PART B.2: QUESTIONS AND ANSWERS

QUESTION	ANSWER	REFERENCE
THE TRANSACTION		
What is the NBCUniversal media partnership?	PointsBet USA Inc, a wholly-owned subsidiary of PointsBet Holdings Limited, has entered into a five year media services agreement with NBCUniversal Media, LLC (**Media Services Agreement**). Under the Media Services Agreement, PointsBet will become the Official Sports Betting Partner of NBC Sports. As part of the five year marketing agreement, PoinstBet and NBCUniversal have also entered into the Subscription Agreement.	Part B.1
Who is NBCUniversal and what is NBC Sports?	NBCUniversal is one of the world's leading media and entertainment companies. It develops, produces and distributes entertainment, news and information, sports, and other content for global audiences, and owns and operates theme parks worldwide. NBCUniversal owns and operates NBC Sports. NBC Sports has leading national and regional television and digital assets in the United States, with the largest sports audience of any US media company, accessing over 184 million viewers. NBC Sports serves sports fans 24/7 with premier live events, insightful studio shows, and compelling original programming. The sports media company consists of NBC Sports, NBCSN, Golf Channel, Olympic Channel: Home of Team USA, NBC Sports Regional Networks, NBC Sports Audio Network and NBC Sports Digital, which includes NBCSports.com, NBCOlympics.com, GolfChannel.com, the digital assets of the NBC Sports Regional Networks, Rotoworld, the NBC Sports Talk franchise, multiple apps, and two transactional sports businesses, GolfNow and SportsEngine, and a direct-to-consumer product NBC Sports Gold. NBC Sports possesses an unparalleled collection of media rights agreements, partnering with some of the most prestigious sports properties in the world: the International Olympic Committee and United States Olympic and Paralympic Committee, the NFL, NHL, NBA, MLB, NASCAR, INDYCAR, PGA TOUR, The R&A, PGA of America, USGA, Churchill Downs, Premier League, Tour de France, French Open, and many more.	Part B.1
What benefits will PointsBet derive from the NBCUniversal partnership?	Through the Media Services Agreement, PointsBet will gain access to market-leading broadcast assets which span 184 million viewers and digital assets which span 60 million monthly active users. These assets will act as the cornerstone of the Company's marketing strategy and, combined with the Company's technology platform and experienced team, is expected to deliver client acquisition and retention efficiency as PointsBet seeks to scale its US business. As Official Sports Betting Partner of NBC Sports, PointsBet will have rights to: – exclusive gameday integrations across NBC Sports Regional Networks; – exclusive partner of NBC Sports Predictor app, (NBC Sports' free-to-play games platform); – first look rights to sports betting partnership opportunities across new NBC Sports properties, platforms and products; and – premium placement and agreed pricing structure across NBC Sports television and digital assets.	Part B.3

EXPLANATORY STATEMENT

QUESTION	ANSWER	REFERENCE
What are the key terms of the Media Services Agreement?	The Media Services Agreement provides for total committed marketing spend during the five-year period of approximately US$393.1 million, allocated in progressively increasing amounts over the five year term, together with incentives payable to NBCUniversal for customer referrals. The combined value of the Subscription Shares and Subscription Options (described below) will offset the total committed marketing spend and reduce the cash commitment across the five-year term. The Media Services Agreement also provides PointsBet with the ability for committed spend to be deferred into future periods in defined circumstances.	Part B.7
What are the key terms of the Subscription Agreement?	Under the Subscription Agreement, NBCUniversal will be issued with new fully paid ordinary shares in the Company representing a 4.9% ownership interest post Shareholder approval (**Subscription Shares**) and 66,875,498 options maturing in five years (**Subscription Options**). The issue of Subscription Shares and Subscription Options is subject to the approval of Shareholders. The Subscription Shares will have a deemed price of A$6.50 per Share, representing the average daily VWAP across the 20 days up to and including 26 August 2020.	Part B.7
What are the key terms of the Subscription Options	Each Subscription Option will entitle NBCUniversal to subscribe for one Share upon exercise and will be exercisable at A$13.00 per Subscription Option on the date that is 57 calendar months after the date of the Subscription Agreement (being 28 May 2025) (or earlier, in the event of a Liquidity Event). As an alternative to exercising the Subscription Options, NBCUniversal may elect to receive an amount of approximately A$105.3 million, representing a refund of the value of the Subscription Options, following which the Subscription Options will immediately lapse and be cancelled. If all of the Subscription Options are exercised on a cash basis, the Company will receive further funding of approximately A$869.4 million. Alternatively, NBCUniversal may elect to exercise the Subscription Options on a cash-free basis. There are no participation rights or entitlements inherent in the Subscription Options and NBCUniversal will not be entitled to participate in new issues of capital offered to Shareholders unless NBCUniversal has exercised the Subscription Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.	Part B.7 and Schedule 3
What will NBCUniversal's Voting Power be as a result of the Transaction being approved?	NBCUniversal will initially have a Voting Power of 4.9% in the Company through the issue of the Subscription Securities. If the Subscription Options are exercised on a cash basis in accordance with their terms, this would increase NBCUniversal's Voting Power in the Company to 28.3% (calculated on the assumption that the Subscription Options are exercised in full, on a cash basis, and the Company has not undertaken any reorganization of capital between the date of issue of the Subscription Options and the date on which the Subscription Options are exercised). If the Company undertook some form of reorganisation which reduced the number of Shares on issue (e.g., a buy-back or some forms of capital reduction), the percentage interest NBCUniversal would acquire in the Company on exercise of the Subscription Options could be higher, and could exceed 29.99%. This is because the number of Shares issued on exercise of the Subscription Options would comprise a higher percentage of the Company’s overall issued capital on that scenario. For the avoidance of doubt, if no such reorganisation as referred to	Part B.4

EXPLANATORY STATEMENT

QUESTION	ANSWER	REFERENCE
	above is undertaken prior to the Subscription Options being exercised, then NBCUniversal's interest in the Company would not exceed 29.99% upon the exercise of the Subscription Options. Refer to Part B.4 for further details of the impact of the Transaction on the capital structure of the Company and NBCUniversal's expected Voting Power.	
In what other circumstances could NBCUniversal acquire additional Shares or Voting Power if approval is granted?	The Voting Power in the Company NBCUniversal will acquire as a result of the issue of the Subscription Shares and the Shares issued on exercise of the Subscription Options is 28.3% (calculated on the assumption that the Subscription Options are exercised in full, on a cash basis, and the Company has not undertaken any reorganisation of capital between the date of issue of the Subscription Options and the date on which the Subscription Options are exercised). NBCUniversal may also acquire Voting Power in the Company of up to 29.99% pursuant to its rights under the Subscription Agreement (e.g., as an exception to the standstill, allowing NBCUniversal to acquire further Shares up to a shareholding (taking into account the Subscription Options and the Subscription Shares) of 29.99% at any given time). In certain circumstances, NBCUniversal may increase its Voting Power in the Company above 29.99%, including if the Company undertook some form of reorganisation which reduced the number of Shares on issue (e.g., a buy-back or some forms of capital reduction). This is because the number of Shares issued on exercise of the Subscription Options would comprise a higher percentage of the Company's overall issued capital on that scenario. For the avoidance of doubt, if no such reorganisation as referred to above is undertaken prior to the Subscription Options being exercised, then NBCUniversal's interest in the Company would not exceed 29.99% upon the exercise of the Subscription Options.	Part B.7
When is the Transaction expected to be implemented?	If Shareholders approve the Transaction, the Subscription Securities will be issued to NBCUniversal within 5 business days of the Meeting. The Subscription Options will become exercisable 57 calendar months after the date of the Subscription Agreement (being 28 May 2025), or earlier, in the event of a Liquidity Event. It is not known if the Subscription Options will be exercised, but if they are exercised, it is expected the underlying Shares will be issued within five business days of the receipt of a notice of exercise and (if the Subscription Options are exercised on a cash basis) payment of the exercise price, or such other time as permitted under Subscription Option Terms	Part B.7
ASSESSMENT OF THE TRANSACTION		
What are the Directors' recommendation?	The Directors consider that the terms of the Media Services Agreement and Subscription Agreement, the value of the Subscription Securities to be issued, and the rights of NBCUniversal to acquire further Shares under the terms of the Subscription Agreement and the Subscription Option Terms are appropriate and in the best interest of Shareholders, and unanimously recommend Shareholders vote in favour of the Transaction. Each Director intends to vote in favour of the Transaction in respect of all the Shares they hold or control.	Part B.1
What is the opinion of the Independent Expert?	The Independent Expert has concluded that the NBCUniversal partnership and the Transaction is fair and reasonable to existing Shareholders. In coming to this view, the Independent Expert assessed: – fairness by comparing the full underlying value of PointsBet (including a	Part B.6 and Schedule 4

EXPLANATORY STATEMENT

QUESTION	ANSWER	REFERENCE
	control premium) prior to the Transaction to the fair market value of a portfolio interest in PointsBet following the transaction; and – reasonableness by also considering the advantages and disadvantages of the NBCUniversal partnership, the Transaction and other significant factors. The assessment is set out in summary form in the Explanatory Statement. Shareholders are strongly encouraged to read the Independent Expert's Report, a fully copy of which is set out in Schedule 4.	
What are the reasons to vote in favour of, or against the Transaction?	The Directors are of the view that the following are some of the reasons why Shareholders may decide to vote in favour of the Transaction: – (**Commercial benefits of the NBCUniversal partnership**) Through the Media Services Agreement, PointsBet will gain access to market-leading broadcast assets which span 184 million viewers and digital assets which span 60 million monthly active users. These assets will act as the cornerstone of the Company's marketing strategy and, combined with the Company's technology platform and experienced team, is expected to deliver client acquisition and retention efficiency as PointsBet seeks to scale its US business.If the Transaction is not approved, NBCUniversal has the right to terminate the Media Services Agreement. If the Media Services Agreement were terminated, these benefits would not be available to the Company. – (**Reduced cash obligation**) The value of the Subscription Securities will be applied against the minimum payment obligations by PB US under the Media Services Agreement, which reduces the Company's cash obligations across the five year term of the Media Services Agreement. This will allow the Company to maintain a strong cash balance which may be applied by to other areas of the Company's operations. The Directors are of the view that the following are some of the reasons why Shareholders may decide to vote against the Transaction: – (**Dilution to Voting Power**) Current Shareholders will have their Voting Power in the Company diluted. Upon issue of the Subscription Securities, the Voting Power of Shareholders not associated with NBCUniversal will be reduced to 95.1% (on an undiluted basis) and further diluted to 71.7% if the Subscription Options are exercised (on an undiluted basis and assuming the Subscription Options are exercised in full on a cash basis). If the Company undertook some form of reorganisation which reduced the number of Shares on issue (e.g., a buy-back or some forms of capital reduction), the extent of this dilution may be higher. – (**Impact on Share price**) As a result of the Transaction, NBCUniversal will obtain a 4.9% shareholding in the Company (and options to acquire an additional significant shareholding in the Company), which may dissuade potential acquirers of the Company from making a takeover offer in the future. This may adversely affect the Share price and reduce the opportunity for Shareholders to receive a takeover premium in the future. As at the date of this Notice, the Company is not engaged in any discussions in relation to any potential takeover proposal. While the Directors acknowledge that there are reasons to vote against the Transaction, they believe the advantages of the Transaction significantly outweigh the disadvantages. The Independent Expert also identifies a number of advantages and disadvantages of the NBCUniversal partnership which Shareholders should carefully consider.	Part B.3, Part B.6 and Schedule 4

EXPLANATORY STATEMENT

QUESTION	ANSWER	REFERENCE
What are the potential risks associated with the transaction?	There are also a number of risks associated with the implementation of the Transaction which Shareholders should have regard. These include: – (**Ineffectiveness of spending**) There is no guarantee that the Media Services Agreement will actually be effective in generating sufficient additional clients (who, in turn, generate sufficient turnover) and deliver a lifetime client value and client acquisition unit cost at a level that enables the Company to be competitive. Accordingly, there is a risk that the committed expenditure is ineffective if wasted and the Company client acquisition costs become unacceptably high. – (**Decline in NBCUniversal audience**) NBCUniversal will represent a majority of the Company's marketing expenditure over the next five years. There is a risk that NBCUniversal may be unable to maintain is market leadership and audience reach, in which case the Company may be unable to realise the full benefits of the Media Services Agreement which could materially and adversely affect the operations, financial performance and prospects of the Company. – (**Capital requirements**) In the event the Transaction is not approved, but NBCUniversal does not exercise its right to terminate the Media Services Agreement, the value of the Subscription Securities which would have been applied against the minimum payment obligations of PB US under the Media Services Agreement will instead need to be paid in cash. Failure to obtain sufficient financing may result in the Company being in breach of the Media Services Agreement. – (**Breakdown in relations**) To maximise the benefits of the NBCUniversal partnership and the Media Services Agreement, there needs to be a strong working relationship between the Company and NBCUniversal. In the event there is a breakdown of that relationship, the Company may be unable to realise the full benefits of the Media Services Agreement. However, there are strong incentives on both sides to keep relations positive and to resolve any emerging difficulties. – (**US regulatory risk**) There is no guarantee that US States will move to legalise wagering or, should enabling legislation be enacted, the Company will be able to secure the requisite commercial licence to operate in the State. In those circumstances, the Company may be unable to realise the benefits of the Media Services Agreement which could materially and adversely affect the operations, financial performance and prospects of the Company.	Part B.3
SHAREHOLDER APPROVAL		
Why is Shareholder approval being sought?	Shareholder approval is being sought for the issue of the Subscription Shares and Subscription Options for the purposes of Listing Rule 7.1, so that it will not impact on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period. Under section 606 of the Corporations Act, a person is prohibited from acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's Voting Power in the company increases from (a) 20% or below to more than 20% or (b) a starting point that is above 20% and below 90%. The Subscription Agreement and exercise of the Subscription Options will result in NBCUniversal having the right to acquire Voting Power in the Company of up to	Part B.1

QUESTION	ANSWER	REFERENCE
	29.99% (or more, in certain circumstances) and therefore, Shareholder approval is being sought for the purposes of item 7 of section 611 of the Corporations Act as an exception to section 606 of the Corporations Act. The effect of this approval is that NBCUniversal could acquire Voting Power of up to 29.99% (or more, in certain circumstances) in up to 5 years' time, without the need to make a takeover bid, seek further shareholder approval, or otherwise comply at that time with one of the other exceptions to section 606 of the Corporations Act.	
What will happen if the Resolutions are not approved or the Transaction does not otherwise proceed?	If Shareholder approval is not obtained, the deemed value of the Subscription Shares and Subscription Options will not offset the total committed marketing spend, and NBCUniversal will have a right, upon providing 90 days' notice, to terminate the NBCUniversal Media Partnership within 6 months of termination of the Subscription Agreement. If the Media Services Agreement is not terminated in those circumstances, the total minimum spending commitment across the five year term which would have been offset by the value of the Subscription Shares and Subscription Options will need to be paid in cash, resulting in an estimated total increase in the cash that will need to be paid over the term of the Media Services Agreement of US$123.1 million. If the Media Services Agreement is terminated in those circumstances, the Company would not be able to derive the benefits available to the Company from the NBCUniversal partnership.	Part B.5
Where can Shareholders find out further information?	For further details on the terms of the Media Services Agreement and Subscription Agreement, see the Company's announcement in relation to the NBCUniversal Media Partnership on 28 August 2020 (available on the Company's website and www.asx.com.au).	-

EXPLANATORY STATEMENT

PART B.3: CONSIDERATIONS RELEVANT TO YOUR VOTE

Reasons to vote in favour of the Transaction

The Directors are of the view that the following are some of the reasons why Shareholders may decide to vote in favour of the Transaction:

(a) (**Commercial benefits of the NBCUniversal partnership**) Through the Media Services Agreement, PointsBet will gain access to market-leading broadcast assets which span 184 million viewers and digital assets which span 60 million monthly active users. These assets will act as the cornerstone of the Company's marketing strategy and, combined with the Company's technology platform and experienced team, is expected to deliver client acquisition and retention efficiency as PointsBet seeks to scale its US business.

As Official Sports Betting Partner of NBC Sports, PointsBet will have rights to:

(i) exclusive gameday integrations across NBC Sports Regional Networks;

(ii) exclusive partner of NBC Sports Predictor app, (NBC Sports' free-to-play games platform);

(iii) first look rights to sports betting partnership opportunities across new NBC Sports properties, platforms and products; and

(iv) premium placement and agreed pricing structure across NBC Sports television and digital assets.

If the Transaction is not approved, NBCUniversal has the right to terminate the Media Services Agreement. If the Media Services Agreement were terminated, these benefits would not be available to the Company.

(b) (**Reduced cash obligation**) The value of the Subscription Securities will be applied against the minimum payment obligations by PB US under the Media Services Agreement, which reduces the Company's cash obligations across the five year term of the Media Services Agreement. This will allow the Company to maintain a strong cash balance which may be applied by to other areas of the Company's operations.

(c) (**Board experience**) When NBCUniversal becomes entitled to nominate one or more persons to the Board as a Director, its nominee(s) will provide additional knowledge and experience to the Board.

Reasons why you may choose to vote against the Transaction

The Directors are of the view that the following are some of the reasons why Shareholders may decide to vote against the Transaction:

(a) (**Dilution to Voting Power**) Current Shareholders will have their Voting Power in the Company diluted. Upon issue of the Subscription Securities, the Voting Power of Shareholders not associated with NBCUniversal will be reduced to 95.1% (on an undiluted basis) and further diluted to 71.7% if the Subscription Options are exercised (on an undiluted basis and assuming the Subscription Options are exercised in full on a cash basis). If the Company undertook some form of reorganisation which reduced the number of Shares on issue (e.g., a buy-back or some forms of capital reduction), the extent of this dilution may be higher.

(b) (**Impact on Share price**) As a result of the Transaction, NBCUniversal will obtain a 4.9% shareholding in the Company (and options to acquire an additional significant shareholding in the Company), which may dissuade potential acquirers of the Company from making a takeover offer in the future. This may adversely affect the Share price and reduce the opportunity for Shareholders to receive a takeover premium in the future. As at the date of this Notice, the Company is not engaged in any discussions in relation to any potential takeover proposal.

(c) (**Restrictions on resolutions**) Upon exercise of the Subscription Options, NBCUniversal will obtain a significant shareholding in the Company (approximately 28.3% if exercised on a cash basis and assuming that the Company has not undertaken any reorganisation of capital between the date of issue of the Subscription Options and the date on which the Subscription Options are exercised). NBCUniversal also has the right under the Subscription Agreement to acquire further Shares up to Voting Power of 29.99% (on a fully diluted basis, including taking into account the Subscription Options and any other rights to acquire Equity Securities in the Company). While not a majority stake, NBCUniversal's Voting Power will represent a significant proportion which can have the effect of passing ordinary resolutions and blocking the approval of special resolutions.

(d) (**NBCUniversal's Voting Power**) If the Transaction is approved, NBCUniversal will be entitled to acquire Voting Power in the Company in the order of approximately 30% in reliance on the Shareholder approvals provided for in Resolution 7, without the need for it to make a takeover bid or obtain a further Shareholder approval (or otherwise comply at that time with one of the other exceptions to section 606 of the Corporations Act in section 611 of the Corporations Act).

While the Directors acknowledge that there are reasons to vote against the Transaction, they believe the advantages of the Transaction significantly outweigh the disadvantages.

Potential risks associated with the Transaction

In assessing the Transaction, Shareholders should consider the following non-exhaustive potential risk factors which may arise from the Transaction:

(a) (**Ineffectiveness of spending**) There is no guarantee that the Media Services Agreement will actually be effective in generating sufficient additional clients (who, in turn, generate sufficient turnover) and deliver a lifetime client value and client acquisition unit cost at a level that enables the Company to be competitive. Accordingly, there is a risk that the committed expenditure is ineffective if wasted and the Company client acquisition costs become unacceptably high.

(b) (**Decline in NBCUniversal audience**) NBCUniversal will represent a majority of the Company's marketing expenditure over the next five years. There is a risk that NBCUniversal may be unable to maintain is market leadership and audience reach, in which case the Company may be unable to realise the full benefits of the Media Services Agreement which could materially and adversely affect the operations, financial performance and prospects of the Company.

(c) (**Capital requirements**) If the Transaction is not approved, NBCUniversal will have the right to terminate the Media Services Agreement within six months of the termination of the Subscription Agreement. If NBCUniversal elects not to terminate the Media Services Agreement, leaving it to continue to operate in accordance with its terms, the value of the Subscription Securities which would have been applied against the minimum payment obligations of PB US under the Media Services Agreement will instead need to be paid in cash, resulting in an estimated total increase in the cash that will need to be paid over the term of the Media Services agreement of US$123.1 million.

In those circumstances, the Company may need additional financing to meet the additional cash expenditure, which may be a combination of debt and/or equity financing. Any additional equity financing would be potentially more dilutive to Shareholders than the Transaction, depending on their participating in any equity raising and debt financing, if available, may involve certain restrictions on operating activities or other financings. There is no assurance that such equity or debt financing will be available or that they would be available on terms favourable to the Company, if at all. Failure to obtain sufficient financing may result in the Company being in breach of the Media Services Agreement.

(d) (**Breakdown in relations**) To maximise the benefits of the NBCUniversal partnership and the Media Services Agreement, there needs to be a strong working relationship between the Company and NBCUniversal. In the event there is a breakdown of that relationship, the Company may be unable to realise the full benefits of the Media Services Agreement. However, there are strong incentives on both sides to keep relations positive and to resolve any emerging difficulties.

(e) (**US regulatory risk**) Consistent with the Company's growth strategy, the media partnership with NBCUniversal represents a key step in its expansion into the US wagering industry. While 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, there is no guarantee that States will move to legalise wagering or, should enabling legislation be enacted, the Company will be able to secure the requisite commercial licence to operate in the State. In those circumstances, the Company may be unable to realise the benefits of the Media Services Agreement which could materially and adversely affect the operations, financial performance and prospects of the Company.

EXPLANATORY STATEMENT

PART B.4: IMPACT OF THE TRANSACTION ON THE COMPANY

Capital Structure

The impact of the Subscription Agreement on the Company's capital structure will ultimately depend on a number of factors, including:

(a) whether and when NBCUniversal exercises the Subscription Options;

(b) to the extent NBCUniversal exercises the Subscription Options, whether it does so on a cash-free or cash basis;

(c) the number of Shares on issue at the time the Subscription Options are exercised; and

(d) whether any other convertible securities are issued and exercised or converted, or the Company undertakes any reorganisation of its capital, between the date of the Subscription Options are issued and when they are exercised.

Table 1 shows the potential impact of the Subscription Agreement on the entire capital structure of the Company (both Shares and other convertible Equity Securities), taking into account the Subscription Options being exercised either on a cash-free or cash basis.

Voting Power

If the Transaction is approved by Shareholders, existing Shareholders will have their interest in the Company diluted by the issue of the Subscription Shares and the Shares issued to NBCUniversal on exercise of the Subscription Options.

The Voting Power in the Company NBCUniversal will acquire as a result of the issue of the Subscription Shares and the Shares issued on exercise of the Subscription Options is 28.3% (assuming the Subscription Options are exercised in full on a cash basis and the Company has not undertaken any reorganization of capital between the date of issue of the Subscription Options and the date on which the Subscription Options are exercised). NBCUniversal may also acquire Voting Power in the Company of up to 29.99% (on a fully diluted basis, including taking into account the Subscription Options and any other rights to acquire Equity Securities in the Company) at any given time pursuant to its rights under the Subscription Agreement.

In certain circumstances, NBCUniversal may increase its Voting Power in the Company above 29.99% including, if the Company undertook some form of reorganisation which reduced the number of Shares on issue (e.g., a buy-back or some forms of capital reduction). This is because the number of Shares issued on exercise of the Subscription Options would comprise a higher percentage of the Company's overall issued capital on that scenario. For the avoidance of doubt, if no such reorganisation as referred to above is undertaken prior to the Subscription Options being exercised, then NBCUniversal's interest in the Company would not exceed 29.99% upon the exercise of the Subscription Options.

Table 2 sets out the ownership in the Company by NBCUniversal and current Shareholders assuming the Transaction completes and the dilution to existing Shareholders on the basis that:

(a) all of the Subscription Options are exercised;

(b) no other convertible Equity Securities are exercised or converted;

(c) no further Shares are issued by the Company; and

(d) the Company has not undertaken any form of reorganisation which reduces the number of Shares on issue.

EXPLANATORY STATEMENT

Table 1: Capital structure

	Shares	Options	Employee Options	Performance Share Rights[1]	NBCUniversal Interest
Current issued capital	195,342,427	22,155,741	11,622,988	640,445	Nil
Subscription Securities issued under the Subscription Agreement	10,043,696	66,875,498	-	-	-
Total issued capital at completion under the Subscription Agreement	205,386,123	89,031,239	11,622,988	640,445	4.9%
Shares to be issued on exercise of the Subscription Options on a cash-free basis[2]	22,291,832	-	-	-	-
Total issued capital on exercise of the Subscription Options on a cash-free basis	227,677,955	22,155,741	11,622,988	640,445	14.2%
Shares to be issued on exercise of the Subscription Options on a cash basis	66,875,498	-	-	-	-
Total issued capital on exercise of the Subscription Options on a cash basis	272,261,621	22,155,741	11,622,988	640,445	28.3%

Note:
1. Assumes Resolutions 3 and 4 are passed and 8,897 PSRs are issued to Mr Sam Swanell and an additional 631,548 PSRs are issued to other eligible participants.
2. Assumes a A$19.50 VWAP of Shares over 10 trading days (being a 50% premium to the Subscription Option exercise price).

Table 2: Voting Power[1]

	Current		Following issue of Subscription Securities		Following exercise of Subscription Options on a cash-free basis[3]		Following exercise of Subscription Options on a cash basis	
NBCUniversal	**No. of Shares**	**Voting Power**	**No. of Shares**	**Voting Power**	**No. of Shares**	**Voting Power**	**No. of Shares**	**Voting Power**
Undiluted[2]	Nil	0%	10,043,696	4.9%	32,335,528	14.2%	76,919,194	28.3%
	PointsBet undertakes a buy-back of up to 10% of its issued Share capital				32,335,528	15.8%	76,919,194	31.4%
Fully Diluted[2]	Nil	0%	10,043,696	4.2%	32,335,528	12.3%	76,919,194	25.1%
	NBCUniversal acquires additional Shares as exception to the standstill up to 29.99%				78,602,929	29.99%	91,973,570	29.99%
	PointsBet undertakes a buy-back of up to 10% of its issued Share capital				32,335,528	13.7%	76,919,194	27.9%

Note:
1. Assumes no further equity securities are issued, converted and/or exercised between the issue and exercise of the Subscription Options.
2. Assumes completion of the Capital Raising.
3. Assumes a A$19.50 VWAP of Shares over 10 trading days (being a 50% premium to the Subscription Option exercise price).

EXPLANATORY STATEMENT

Board of Directors

The Board is currently constituted by six members. Under the terms of the Subscription Agreement, for so long as NBCUniversal and its Related Bodies Corporate hold in aggregate at least 10% or more of the Shares, NBCUniversal may nominate a number of representatives to the Board that is commensurate to the proportion its shareholding bears to the aggregate number of Shares on issue at the relevant time.

The right is subject to NBCUniversal having exercised the Subscription Options which do not become exercisable until 57 calendar months after the date of the Subscription Agreement (being 28 May 2025), or earlier, in the event of a Liquidity Event. Accordingly, there will not be any change to the Board immediately following completion of the Transaction, as a result of the Subscription Agreement.

EXPLANATORY STATEMENT

PART B.5: CONSEQUENCES OF THE TRANSACTION NOT BEING APPROVED

If the Transaction is not approved, NBCUniversal will be entitled to terminate the Media Services Agreement within six months.

If the Media Services Agreement is not terminated by NBCUniversal within that time, PB US will not be able to apply the value of the Subscription Securities against its minimum payment obligations under the Media Services Agreement and as a result the total minimum spending commitment across the five year term by PB US will need to be paid in cash, resulting in an estimated total increase in the cash that will need to be paid over the term of the Media Services Agreement of US$123.1 million

If the Transaction is not approved and the Media Services Agreement is terminated, the Company would not be able to derive the benefits available to the Company from the NBCUniversal partnership.

The Company would instead continue to operate as it did before proposing the Transaction. In this situation, the Company will utilise its existing working capital (being cash reserves) to continue its current business operations and continue to identify prospective media partnerships.

PART B.6: INDEPENDENT EXPERT'S RECOMMENDATION

In order to assist Shareholders to assess the Subscription Agreement and consider whether to vote in favour of the Transaction, the Company appointed Grant Samuel & Associates Pty Limited (**Independent Expert**) as an independent expert and commissioned it to prepare a report (**Independent Expert's Report**) to provide an opinion as to whether or not the Transaction is fair and reasonable to existing Shareholders.

The Independent Expert's Report was prepared to satisfy the recommendations of the ASIC Regulatory Guide 74 'Acquisitions approved by members'. If the Transaction is approved, NBCUniversal may ultimately acquire Voting Power of more than 20% in the Company.

The Independent Expert has concluded that the NBCUniversal partnership and the Transaction, the subject of Resolutions 6 and 7, is **fair and reasonable** to existing Shareholders. In coming to this view, the Independent Expert assessed:

- fairness by comparing the full underlying value of PointsBet (including a control premium) prior to the Transaction to the fair market value of a portfolio interest in PointsBet following the transaction; and
- reasonableness by also considering the advantages and disadvantages of the NBCUniversal partnership, the Transaction and other significant factors.

The Independent Expert estimated the fair market value of PointsBet shares post the Transaction to be in the range of $10.00 to $12.00, implying a value for PointsBet’s operating business of $1.63 to $2.06 billion. It determined that the risk adjusted value (including a control premium) of PointsBet’s business prior to the Transaction was significantly less than $2 billion, based on discounted cash flow analysis utilising a range of scenarios incorporating different assumptions primarily as to total market size (for US sports betting) and PointsBet’s market share. Accordingly, the Independent Expert opined that the Transaction is fair.

As the Transaction is fair, it is also reasonable. The expert formed the view that, in any event, the advantages outweighed the disadvantages.

The advantages identified by the Independent Expert are:

(a) (**Enhancement of potential revenue**) The primary benefit is the potential of the comprehensive access to NBC Sports' large and diverse sports media assets and distribution platforms to generate an uplift in the Company expected market share relative to the level that might otherwise have been achieving without the partnership.

The Media Services Agreement provides the Company with exclusive access to, and integration with, certain of NBC Sports' media assets. The NBCUniversal partnership should add instant credibility to the Company's offering (including the "Official Sports Betting Partner" designation) to allow it to build a sustaining and meaningful market share in the US.

(b) (**Marketing spend efficiency**) The partnership with NBCUniversal has several features that should contribute materially to maximising the efficiency of the Company's spending in the US, including preferred rates that are well below the "rack rates", integrations with programs which give more "bang for the buck" than conventional spot advertising and the ability with the cable networks and digital assets to target specific geographies, communities or types of clients.

(c) (**Risk reduction**) The NBCUniversal partnership materially changes the Company's risk profile of having little or no brand recognition in the US . The power of NBC Sports audience reach and the benefit of the detailed media arrangements mean that there can be a much higher level of confidence in the Company's ability to deliver on its business plan.

(d) (**Speed**) Planning and activating campaigns, either in new markets or for targeted events in more mature markets, should be quicker, easier and more coordinated under the NBCUniversal partnership than under alternative partnerships (and more so if the Company was buying media on a piecemeal basis).

(e) (**Incentive for NBCUniversal**) NBCUniversal's shareholding gives NBCUniversal an incentive to maximise the effectiveness of the Company's marketing and promotion across its platform to fully exploit any new opportunities that arise.

(f) (**Negotiating leverage**) If the NBCUniversal partnership proves to be successful in delivering a strong market share performance for the Company, it will be better positioned when it comes to negotiate new commercial access arrangements with licence holders in the US where the Company does not currently have such arrangements, which could lead to better financial terms than it could achieve in the absence of the NBCUniversal partnership.

The disadvantages identified by the Independent Expert include:

(a) (**Ineffectiveness of spending**) There is no guarantee that the significant committed financial spend of US$393 million over the five-year term will actually be effective in generating sufficient additional client value and client acquisition unit cost at a level that enables the Company to be competitive.

(b) (**Decline in NBCUniversal audience**) As NBCUniversal will represent the majority of the Company's marketing expenditure over the next five years, the Company will be heavily dependent on NBCUniversal maintaining its market leadership and audience reach. The two primary concerns in this regard are the potential loss of key sporting rights and the media industry evolving rapidly, resulting in disruptive shifts to way the media is consumed.

(c) (**Breakdown in relations**) To maximise the benefits of the NBCUniversal partnership, there needs to be a strong working relationship between the two parites underpinned by goodwill and close cooperation. There is a risk that the relationship could breakdown at some point during the term of the Media Service Agreement, the result of which could be detrimental to Shareholders.

(d) (**Non-exercise of Subscription Options**) As NBCUniversal can elect to either exercise the Subscription Options or require the option premium be refunded, NBCUniversal is carrying far less risk than that normally attached to options. Moreover, if the refund is elected, the Company will need to find approximately A$105.3 million in cash to pay out NBCUniversal that could have been deployed in developing the business.

(e) (**Dilution**) The Subscription Securities mean that NBCUniversal has a potential effective ~30% share in the value upside in Shares over the next five years. This represents a material dilution of Shareholders' existing 100% exposure for what is only a five year agreement.

The Independent Expert's assessment of the Subscription Agreement is based on a number of assumptions. Shareholders are strongly encouraged to read the Independent Expert's Report (a fully copy of which is set out in Schedule 4).

The Independent Expert has consented to the use of the Independent Expert's Report in the form and context in which it appears.

EXPLANATORY STATEMENT

PART B.7: ADDITIONAL INFORMATION

DETAILED SUMMARY OF THE TRANSACTION DOCUMENTS

Media Services Agreement

Described below are certain key terms of the Media Services Agreement that was executed in connection with the Subscription Agreement. Under the terms of the Media Services Agreement, PB US will have certain preferred access to media services across certain of NBCUniversal's media platforms in the United States for a period of five years in the categories of sports betting, online casino wagering, fantasy sports and free-to-play sports games (**Media Categories**). The Media Services Agreement may be terminated by NBCUniversal if Shareholders do not approve the issuance of the Subscription Securities.

Exclusivity and Share of Voice

- **Integrations**. PB US has an exclusive right in the United States to certain advertising integrations and enhancements for the Media Categories (**Integrations**) (i) within certain pre-game, post-game and in-game sports content on selected linear platforms of NBCUniversal and Peacock and (ii) on certain of NBCUniversal's other digital platforms.

- **Advertising - Digital Platforms**. PB US has an exclusive right in the United States to run advertising in the Media Categories on certain of NBCUniversal's digital platforms and Peacock. Notwithstanding such exclusive right, while PB US may purchase standard video advertising from the division of NBCUniversal that is primarily responsible for the exhibition of sports content (i.e., the NBC Sports Group) on the digital platforms (**Digital Video Inventory**), it does not have an exclusive right to Digital Video Inventory. However, PointsBet may purchase a significant share of voice available in any Media Category (the **SoV Right**).

- **Advertising - Linear Platforms**. PB US also has an SoV Right and right to premium placement of advertisements on certain of NBCUniversal's linear platforms. In addition, NBCUniversal cannot run other advertising in the Media Categories within certain temporal proximities of standard commercial units run by PB US.

PB US's exclusive rights with respect to Integrations as well as certain advertising on NBCUniversal's digital platforms in any contract year will lapse to the extent that PB US declines to execute Integrations in the media plan for such year and does not pay NBCUniversal an exclusivity reservation fee for exclusivity in such platform in such year.

Agreed Pricing

The Media Services Agreement provides for an agreed pricing structure on certain purchases by PB US of media services from NBCUniversal. The exact nature of the preferred pricing varies based on, among other things, the asset on which the media service will run and the nature of the media service.

Official and Exclusive Partner Designations

The Media Services Agreement also entitles PB US execute co-marketing under the designation "official and exclusive sports betting partner" of NBC Sports, the NBC Sports Regional Networks, NBC Sports Predictor, and any other assets approved by NBCUniversal.

NBCUniversal has a right to terminate its official and exclusive designation if certain competitors of NBCUniversal acquires control of PointsBet. If the designation is terminated in these circumstances, then the Media Services Agreement shall nonetheless remain in effect, with no reduction in the payment obligations of PB US.

NBCUniversal also has a right to suspend the official and exclusive designation in certain circumstances where PointsBet is brought into public disrepute, contempt, scandal, or ridicule.

Payments by PB US

In exchange for the rights to exclusivity, share of voice, preferred pricing and the preferred partner designations, PB US must make certain payments to NBCUniversal, such payments being satisfied either in the form of cash or partially through the value of the Subscription Securities.

- **Minimum Quarterly Payments to NBCUniversal**. PB US must make escalating minimum payments to NBCUniversal in each quarter of the five-year term of the Media Services Agreement in aggregate totaling US$393.1 million. During any period of time when PointsBet has an outstanding unpaid minimum quarterly payment, PointsBet is prohibited from purchasing any form of material new media spend (e.g., advertising, sponsorships, integrations or enhancements not previously committed to by PointsBet), including entering into agreements to purchase media services from third parties.

  In exchange for the quarterly minimum payments, PB US will receive an equivalent amount of credit from NBCUniversal that can be applied in the corresponding quarter against PB US's purchases of media services in such quarter, payments for the reservation of exclusivity in unactivated markets and investments in the co-development of the NBC Sports Predictor mobile application. PB US's ability to spend such credits on platforms and programs that are acquired or developed by NBCUniversal after the execution of the Media Services Agreement is capped at 15% of the credits available during the five-year term. Any media services purchased on such new platforms and programs in excess of such cap must be paid for in additional cash by PB US.

Notwithstanding the foregoing, subject to limited exceptions, the minimum payments must be made to NBCUniversal even if desired media inventory is not available (e.g., due to laws, arrangements with sports leagues and teams and NBCUniversal's internal advertising standards).

The value of the Subscription Securities will be set off against such minimum quarterly payment obligations, resulting in a reduction of an estimated US$123.1 million of the cash payments that will be due under the Media Services Agreement should Shareholders approve Resolutions 6 and 7.

- **Affiliate Payments to NBCUniversal**. In addition to the minimum quarterly payments, PB US will pay NBCUniversal certain referral fees for first-time bettors on PointsBet's sportsbook.

Term and Termination

The Media Services Agreement has a five-year term, but may be terminated under certain circumstances.

The Media Services Agreement contains customary termination rights, including the right for either NBCUniversal or PB US to terminate the agreement early in the event of:

(a) an uncured material breach by the other party;

(b) the insolvency or bankruptcy of the other party; or

(c) a direction to terminate by a regulatory authority.

Subscription Agreement

General

Under the terms of the Subscription Agreement, NBCUniversal has agreed to subscribe for (and the Company has agreed to issue):

- 10,043,696 Shares at a deemed issue price of A$6.50 per Share (**Subscription Shares**), giving NBCUniversal Voting Power of 4.9% in the Company (calculated on the basis that the Capital Raising has completed, the issue of the Subscription Shares has occurred, and no other convertible securities are issued and exercised or converted); and
- 66,875,498 Options with an exercise price of A$13.00 (**Subscription Options**) which, if exercised on a cash basis in accordance with their terms, will contribute a further approximately A$869.4 million and increase NBCUniversal's Voting Power in the Company to approximately 28.3% (calculated on the assumption that the Subscription Options are exercised in full, on a cash basis, and the Company has not undertaken any reorganisation of capital between the date of issue of the Subscription Options and the date on which the Subscription Options are exercised). If the Company undertook some form of reorganisation which reduced the number of Shares on issue (e.g., a buy-back or some forms of capital reduction), the percentage interest NBCUniversal would acquire in the Company on exercise of the Subscription Options could be higher, and could exceed 29.99%. This is because the number of Shares issued on exercise of the Subscription Options would comprise a higher percentage of the Company's overall issued capital on that scenario. For the avoidance of doubt, if no such reorganisation as referred to above is undertaken prior to the Subscription Options being exercised, then NBCUniversal's interest in the Company would not exceed 29.99% upon the exercise of the Subscription Options.

As set out in further detail in the Subscription Option Terms, the Subscription Options will generally become exercisable:

- on the date that is 57 calendar months after the date of the Subscription Agreement (being 28 May 2025); or
- if a Liquidity Event occurs, immediately upon the occurrence of the Liquidity Event.

Upon the Subscription Options becoming exercisable (other than due to the occurrence of a Liquidity Event), NBCUniversal will have a period of three months to exercise all, and not only part, of the Subscription Options. The period in which NBCUniversal may exercise the Subscription Options where they become exercisable due to the occurrence of a Liquidity Event varies depending on the nature of the Liquidity Event.

In either case, the Subscription Options may be exercised either on a:

- **cash basis**, by payment of the A$13.00 exercise price multiplied by the number of Subscription Options exercised; or
- **cash-free basis**, where the number of Shares issued will be equal to the number of Subscription Options exercised multiplied by the difference between the exercise price otherwise payable for the Subscription Options and the then market value of the Shares at the time of exercise (determined at the VWAP of Shares on

the exercise date) *divided by* the then market value of the Shares at the time of exercise.

Shares issued upon exercise of the Subscription Options must be issued within five business days of receipt of a notice of exercise and (if the Subscription Options are not exercised on a cash-free basis) payment of the exercise price. Where the Subscription Options are exercised due to the occurrence of a Liquidity Event, the Company must issue the Shares in sufficient time for NBCUniversal to be recorded on the register of the Company as the holder of the Shares on or before the record date for determining entitlements to participate in the Liquidity Event.

Alternatively, NBCUniversal may elect to irrevocably waive the exercise of the Subscription Options and be paid, within six months of such election, a cash sum of approximately A$105.3 million (**Cash Out Amount**), following which the Subscription Options will immediately lapse and be cancelled.

Refer to Schedule 3 for the full terms and conditions of the Subscription Options.

Conditions precedent

Completion under the Subscription Agreement and the issue of Subscription Securities is conditional on (i) Shareholders approving the issue and allotment of the Subscription Securities, and the exercise of the Subscription Options, for all purposes (including for the purposes of item 7 of section 611 of the Corporations Act and for all relevant purposes under the Corporations Act and the Listing Rules) and (ii) the Media Services Agreement having not been terminated.

The Media Services Agreement was entered into on 28 August 2020 and continues to operate. Therefore, provided that it is not terminated prior to completion, completion under the Subscription Agreement remains only subject to Shareholder approval of Resolutions 6 and 7.

Voluntary lock up

NBCUniversal's initial 4.9% equity stake (i.e., the Subscription Shares) is subject to voluntary lock up for a period of three years, during which NBCUniversal must not, either directly or indirectly (among other things), sell, assign, transfer or otherwise dispose of the Subscription Shares. The voluntary lock-up is subject to certain exceptions, including:

(a) to enable a disposal in circumstances where NBCUniversal would acquire a relevant interest in excess of 4.9% prior to it exercising the Subscription Options (or the Subscription Options lapsing without having been exercised);

(b) to enable a disposal in certain circumstances where the Media Services Agreement has terminated and NBCUniversal has elected to dispose of a portion of the Subscription Shares that is attributable to the value of media services which has not yet been provided;

(c) to allow NBCUniversal to accept into a bona fide third party takeover bid, or to transfer or cancel the Subscription Shares as part of a scheme of arrangement;

(d) to enable a disposal in circumstances where NBCUniversal is required by a government agency (see below) or applicable law to dispose of some or all of the Subscription Shares;

(e) in a transaction or series of transactions by NBCUniversal:

  (i) which results in a sale, assignment, transfer or other disposition of any securities in NBCUniversal (or any successor-in-interest to NBCUniversal) or of all or substantially all of the assets of NBCUniversal (or any successor-in-interest to NBCUniversal); or

  (ii) where the Subscription Shares are sold, assigned, transferred or otherwise disposed of together with a majority of the assets of the NBC Sports group; or

(f) any dealing following the termination of the Media Services Agreement.

Prohibited by a government agency

In the event NBCUniversal exercises, or notifies the Company of its intention to exercise, the Subscription Options but a government agency (which includes the gaming authorities from which the Company holds its gaming licences or the National Hockey League):

(a) prohibits the issuance of the Shares upon exercise of the Subscription Options (either at all or in the absence of any approval which NBCUniversal does not have), makes the issue subject to the satisfaction of any conditions by NBCUniversal or indicates in writing that it proposes to do, or to take any regulatory action with the objective of doing, any of those things and NBCUniversal subsequently waives, or rescinds the exercise of, the Subscription Options; or

(b) after the issuance of the Shares upon exercise of the Subscription Options, requires NBCUniversal to divest such Shares, the Company will, at the election of NBCUniversal, procure (at the cost of NBCUniversal) a nationally recognised broker firm to assist NBCUniversal in placing the Subscription Shares or Subscription Options (as applicable) to one or more third parties. In the event described in paragraph (a), NBCUniversal may, alternatively, elect for the Company to pay it the Cash Out Amount.

Standstill

NBCUniversal has agreed to a five year standstill period, during which it will not, whether directly or indirectly, (among other things) purchase, agree or offer to purchase equity securities in the Company (or any relevant interest in equity securities in the Company). The Standstill is subject to customary exceptions, including:

(a) the acquisition of equity securities up to a shareholding of 29.99% on a fully diluted basis (taking into account the Subscription Options and any other rights to acquire equity securities of the Company) at any given time;

(b) to acquire Shares on-market for a period of three months to maintain its 4.9% shareholding, in circumstances where the options issued to Penn Interactive Ventures, LLC have been exercised; or

(c) to participate in a change of control transaction with respect to, or pro rata entitlement offer or bonus issue conducted by, the Company.

The standstill will cease to have effect if:

(a) the Company has given notice to NBCUniversal of a proposed third-party control transaction pursuant to its notification obligations (further details of which are set out below);

(b) any third party and/or their associates acquire, or propose to acquire (i) Voting Power of more than 20% of the Shares then on issue or (ii) assets of the Company (or its subsidiaries) representing (in aggregate) more than 20% of the consolidated earnings of the Company; or

(c) the Media Services Agreement is terminated.

Notice of Change of Control Transactions

For a period of five years after completion (or, if earlier, for the period from completion to the date of termination of the Media Services Agreement), the Company has undertaken to inform NBCUniversal if it receives any confidential approach with respect to a proposed bona fide Control Transaction in respect of which the Board, acting in good faith, considers it would, or would likely be prepared to, accept and recommend to Shareholders. The Company's obligation to inform NBCUniversal extends only to the fact of, and not the identity of the person or any terms of, such proposed Control Transaction.

The Company must not enter into an agreement, arrangement or understanding in relation to such Control Transaction for 30 days following such notice having been given or publicly recommend Shareholders to take any action in relation to the proposed Control Transaction, but is otherwise not prohibited from:

(a) continuing its discussions with the third party proposing such Control Transaction in anticipation of entering into such an agreement, arrangement or understanding after the end of the 30-day notice period;

(b) publicly disclosing the fact of, and any information in relation to, the proposed Control Transaction; and

(c) providing further guidance to Shareholders (including a recommendation) following expiration of the 30 day period.

Board appointment right

Following completion under the Subscription Agreement and exercise of the Subscription Options by NBCUniversal, and for so long as NBCUniversal and its related bodies corporate hold in aggregate at least 10% or more of the Shares, it has the right to nominate such number of representatives proportional to its shareholding in the Company to be appointed as a non-executive Director (subject to the nominee(s) satisfying any requirements as to Board membership under any applicable law or Listing Rule).

Subject to NBCUniversal continuing to satisfy the 10% shareholding requirement, if any NBCUniversal nominee Director ceases to hold office for any reason, NBCUniversal is entitled to nominate a replacement person to act as its nominee Director.

NBCUniversal's Board representation right will cease and expire as soon as NBCUniversal and its related bodies corporate cease to hold in aggregate 10% or more of the Shares.

EXPLANATORY STATEMENT

Termination of Subscription Agreement

The Subscription Agreement may be terminated prior to the issue of the Subscription Securities:

(a) by either the Company or NBCUniversal if the other is in material breach of any provision of the Subscription Agreement, provided that the Company or NBCUniversal (as the case may be) has given written notice to the other setting out the details of the breach and stating its intention to terminate the Subscription Agreement and the relevant breach has not been remedied within five business days from the date such notice is given;

(b) by the Company or NBCUniversal, if the Media Services Agreement is terminated by that party in accordance with its terms;

(c) by the Company, if an insolvency event occurs in respect of NBCUniversal, or by NBCUniversal, if an insolvency event occurs with respect to the Company or PB US; or

(d) by mutual agreement between the Company and NBCUniversal.

Early termination of the Media Services Agreement

In the event the Media Services Agreement is terminated prior to the expiry of its initial five-year term, NBCUniversal:

(a) will be entitled to retain all the Subscription Shares without making any further payments; and

(b) depending on the nature of the event leading to the termination, if there is a shortfall between the value of the media services which have been provided and the value of the Subscription Shares, elect to either (i) pay the Company in cash or in the form of additional media services, an amount equal the value of media services which has not yet been provided and that is attributable to the value of the Subscription Shares or (ii) dispose of a portion of the Subscription Shares that is attributable to the value of media services which has not yet been provided, with the proceeds to be retained by the Company.

Similarly in the case of the Subscription Options, NBCUniversal will be entitled to retain all of the Subscription Options and, to the extent there is any media value which has not yet been provided and that is attributable to the value of the Subscription Options, the exercise price of the Subscription Options will be increased accordingly.

Other

The Subscription Agreement also contains a number of terms and conditions, indemnities, representations and warranties from NBCUniversal and the Company. These are in the form which are considered standard for an agreement of its nature, relating to the issue of Shares and Options.

EXPLANATORY STATEMENT

ITEM OF BUSINESS RELATING TO THE TRANSACTION

Resolutions 6 and 7: NBCUniversal Media, LLC Proposal

General

Resolutions 6 and 7 seek Shareholder approval pursuant to and in accordance with:

(a) Listing Rule 7.1 for the Company to issue NBCUniversal the Subscription Securities (being 10,043,696 Shares and 66,875,498 Subscription Options) (**Resolution 6**); and

(b) item 7 of section 611 of the Corporations Act for NBCUniversal to acquire a relevant interest in Shares by:

   (i) the exercise of the Subscription Options in accordance with their terms; and

   (ii) the acquisition of further Shares in accordance with the Subscription Agreement resulting in NBCUniversal having Voting Power in the Company of not more than 29.99%,

   (**Resolution 7**).

Resolutions 6 and 7 are ordinary resolutions.

Listing Rule 7.1

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, exception 8 states that Listing Rule 7.1 does not apply to an issue of securities approved by Shareholders for the purposes of item 7 of section 611 of the Corporations Act.

Listing Rule 7.2, exception 9 states that Listing Rule 7.1 does not apply to an issue on the conversion of convertible securities. The entity must have issued the convertible securities before it was listed or complied with the Listing Rules when it issued the convertible securities.

By approving Resolution 6, the issue of the Subscription Securities will be approved for the purposes of Listing Rule 7.1. Shareholder approval under Listing Rule 7.1 is not required in relation to the issue of Shares on exercise of the Subscription Options as Listing Rule 7.2, exceptions 8 and 9 apply (i.e., the Shares underlying the Subscription Options are issued pursuant to a convertible security and will be approved for the purposes of item 7 section 611 of the Corporations Act)

Section 606 and item 7 of section 611 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's voting power in the company increases from:

(a) 20% or below to more than 20%; or

(b) a starting point that is above 20% and below 90%.

The voting power of a person in a company is determined by reference to section 610 of the Corporations Act. A person's voting power in a company is the total of the votes attaching to the shares in the company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.

Under section 608 of the Corporations Act, a person will have a relevant interest in shares if:

(a) the person is the registered holder of the shares;

(b) the person has the power to exercise or control the exercise of votes or disposal of the shares; or

(c) the person has over 20% of the voting power in a company that has a relevant interest in the shares, then the person has a relevant interest in said shares.

Section 611 of the Corporations Act contains exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders of a company may approve an issue of shares to a person which results in that person's or another person's voting power in the company increasing from:

(a) 20% or below to more than 20%; or

(b) a starting point that is above 20% and below 90%.

Resolution 7 seeks Shareholder approval, for the purpose of item 7 of section 611 of the Corporations Act, to allow NBCUniversal to acquire a relevant interest in Shares by:

- exercise of the Subscription Options in accordance with their terms; and
- the acquisition of further Shares in accordance with the Subscription Agreement which results in NBCUniversal having Voting Power of not more than 29.99% of the issued share capital of the Company.

The effect of this approval is that NBCUniversal could acquire Voting Power of up to 29.99% (or more, in certain circumstances) in up to 5 years' time, without the need to make a takeover bid, seek further shareholder approval, or otherwise comply at that time with one of the other exceptions to section 606 of the Corporations Act.

Information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided:

(a) the Subscription Securities will be issued NBCUniversal;

(b) a maximum of 10,043,696 Shares and 66,875,498 Subscription Options will be issued;

(c) the Subscription Shares will rank equally with existing fully paid ordinary shares on issue. The terms of the Subscription Options are set out in Schedule 3;

(d) it is expected that the Subscription Securities will be issued within 5 business days after the Meeting, but in any event no later than three months after the Meeting;

(e) the Subscription Securities are being issued in partial satisfaction of PB US's obligation to make minimum quarterly payments under the Media Services Agreement;

(f) a summary of the material terms of the Subscription Agreement is set out in Part B.7 in the section entitled "Detailed Summary of the Transaction Documents" in the Explanatory Statement; and

(g) a voting exclusion statement is included in the Notice for Resolution 6.

Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

Pursuant to and in accordance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74, the following information is provided:

(a) **The identity of the person proposing to make the acquisition and their associates**:

The acquisition will be made by NBCUniversal. NBCUniversal is a subsidiary of Comcast Corporation, and accordingly NBCUniversal's associates include all other related companies in the Comcast group (**NBCUniversal Associates**). So far as NBCUniversal is aware, neither NBCUniversal nor any NBCUniversal Associate holds any relevant interest in Shares as at the date of this Explanatory Statement.

(b) **The maximum extent of the increase in that person's voting power in the Company**:

If Resolutions 6 and 7 are passed and the Transaction is completed, NBCUniversal will initially have a Voting Power of 4.9% in the Company. Assuming:

(i) the Subscription Options become exercisable and NBCUniversal exercises those Subscription Options on a cash basis;

(ii) no other convertible Equity Securities are issued, exercised or converted;

(iii) no further Shares are issued by the Company;

(iv) the Company does not undertake any capital reorganisation (such as a buy-back) which reduces the Company's share capital between the date of issue of the Subscription Options and the date on which they are exercised,

the maximum Voting Power NBCUniversal may acquire in the Company under the Subscription Agreement and the Subscription Option Terms will not exceed 29.99%.

If there was a capital reorganisation (such as a buy-back) which reduced the total number of Shares on issue, then the percentage Voting Power of NBCUniversal on exercise of the Subscription Options could correspondingly increase because NBCUniversal would hold a fixed number of Subscription Options and the overall number of Shares in the Company would have decreased (such that the Subscription Options would convert, on exercise, into a higher percentage of the overall issued Shares).

(c) **The voting power the person would have as a result of the acquisition**:

In circumstances outlined in paragraph (b) above, the Transaction may ultimately result in NBCUniversal's Voting Power in the Company increasing to 29.99%.

If there was a capital reorganisation (such as a buy-back) which reduced the total number of Shares on issue, then the percentage Voting Power of NBCUniversal on exercise of the Subscription Options could correspondingly increase because NBCUniversal would hold a fixed number of Subscription Options and the overall number of Shares in the Company would have decreased (such that the Subscription Options would convert, on exercise, into a higher percentage of the overall issued Shares).

EXPLANATORY STATEMENT

(d) **The maximum extent of the increase in the voting power of each of the acquirer's associates that would result from the acquisition**:

Accordingly, the maximum extent of the NBCUniversal Associates' Voting Power acquired in connection with the Subscription Agreement and the Subscription Option Terms will be equivalent to the increase in Voting Power of NBCUniversal, being 29.99% (or more in certain circumstances).

If there was a capital reorganisation (such as a buy-back) which reduced the total number of Shares on issue, then the percentage Voting Power of NBCUniversal on exercise of the Subscription Options could correspondingly increase because NBCUniversal would hold a fixed number of Subscription Options and the overall number of Shares in the Company would have decreased (such that the Subscription Options would convert, on exercise, into a higher percentage of the overall issued Shares).

(e) **The voting power that each of the acquirer's associates would have as a result of the acquisition**:

The Voting Power that the NBCUniversal Associates would acquire will be equivalent to the Voting Power that NBCUniversal would acquire.

(f) **An explanation of the reasons for the proposed acquisition**:

The Transaction is an integral component of the wider partnership between the Company and NBCUniversal, which includes the services to be provided by NBCUniversal to the Company under the Media Services Agreement.

Through the Media Services Agreement, PointsBet will gain access to market-leading broadcast assets which span 184 million viewers and digital assets which span 60 million monthly active users. These assets will act as the cornerstone of the Company's marketing strategy and, combined with the Company's technology platform and experienced team, is expected to deliver client acquisition and retention efficiency as PointsBet seeks to scale its US business.

The Transaction is being proposed as partial satisfaction of the Company's obligation to make minimum payments for under the Media Services Agreement. Such payments are to be applied against various media purchases, many with preferred pricing, from NBCUniversal, which amounts to US$393.1 million over the five year term of the Media Services Agreement.

The Board has considered the preferred pricing, exclusivity and share of voice rights relative to the value of the Subscription Securities to be issued and has determined that the terms are appropriate and in the best interest of Shareholders.

(g) **When the proposed acquisition is to occur**:

If Resolutions 6 and 7 are passed and the Transaction is completed, the Subscription Securities will be issued to NBCUniversal within 5 business days of the Meeting.

The Subscription Options will become exercisable 57 calendar months after the date of the Subscription Agreement (being 28 May 2025), or earlier, in the event of a Liquidity Event. It is not known if the Subscription Options will be exercised, but if they are exercised, it is expected the underlying Shares will be issued within five business days of the receipt of a notice of exercise and (if the Subscription Options are exercised on a cash basis) payment of the exercise price, or such other time as permitted under the Subscription Option Terms.

Where the Subscription Options are exercised due to the occurrence of a Liquidity Event, the Company must issue the Shares in sufficient time for NBCUniversal to be recorded on the register of the Company as the holder of the Shares on or before the record date for determining entitlements to participate in the Liquidity Event.

(h) **The material terms of the proposed acquisition**:

Refer to Part B.7 and the section entitled "Detailed Summary of the Transaction Documents" in the Explanatory Statement for a summary of the Subscription Agreement.

(i) **Details of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition**:

While the Media Services Agreement is not conditional on approval of the Transaction, NBCUniversal may, in its sole discretion, terminate the Media Services Agreement within six months of the termination of the Subscription Agreement. If Shareholders do not approve the Transaction, the Subscription Agreement will likely be terminated.

Refer to Part B.7 and the section entitled "Detailed Summary of the Transaction Documents" in the Explanatory Statement for a summary of the Media Services Agreement.

(j) **A statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition**:

If the relevant Shareholder approvals are obtained and the Subscription Shares and the Subscription Options are issued, NBCUniversal will initially hold Voting Power of only 4.9% in the Company, and therefore will not have a substantial interest in the Company at that point. In addition, prior to the exercise of the Subscription Options, NBCUniversal will not have the right to nominate any individuals for appointment as directors of the Company.

Under the terms of the Subscription Agreement and the Subscription Option Terms, the circumstances in which NBCUniversal's Voting Power in the Company could increase above 4.9% prior to the scheduled time at which the Subscription Options are due to become exercisable (being 57 calendar months from the date of the Subscription Agreement) are limited, for example if:

- a Liquidity Event occurs which resulted in an acceleration of the exercisability of the Subscription Options; or
- an exception to the standstill (which prevents NBCUniversal from acquiring further Shares for a period of 5 years following completion of the Transaction, and which exceptions are described in further detail in the Explanatory Statement) applies. It is an exception to the standstill, for example, for NBCUniversal to acquire further Shares up to a shareholding (taking into account the Subscription Options and the Subscription Shares) of 29.99% at any given time.

Accordingly, it is not expected that NBCUniversal's Voting Power in the Company would increase above 4.9% for approximately 5 years. At that level, NBCUniversal is not capable of influencing the strategic decisions made regarding the business of the Company, the employment of its employees, or the deployment of its assets.

Given that NBCUniversal is not currently anticipated to have the ability to influence those matters for a period of up to 5 years, NBCUniversal does not currently have any intentions with respect to those matters. NBCUniversal would form any such intentions having regard to the relevant circumstances at that future time.

(k) **The interests that any director has in the acquisition or any relevant agreement disclosed under paragraph (i) above**:

Other than the interest Directors have in the acquisition by reason of their ownership of securities in the Company, no Director has an interest in the Transaction.

(l) **Details about any person who is intended to become a director if members approve the acquisition**:

Under the terms of the Subscription Agreement, NBCUniversal will have a right to nominate one or more persons as its nominee to the Board (proportional to its shareholding in the Company). However, the right does not come into effect until after NBCUniversal has exercised the Subscription Options and it and its related bodies corporate hold in aggregate at least 10% or more of the Shares.

As the Subscription Options do not become exercisable until 57 calendar months after the date of the Subscription Agreement (being 28 May 2025) (or earlier, in the event of a Liquidity Event), NBCUniversal has yet to determine who it may appoint as its nominee(s) and therefore the Company is unable to advise at this stage who may become a Director if Shareholders approve the acquisition.

Schedule 1 - Definitions

In the Notice and this Explanatory Statement, unless the context otherwise requires:

$, A$ or **dollar**	means Australian dollars, the lawful the currency of the Commonwealth of Australia.
ASX	means ASX Limited (ACN 008 624 691) or the securities market which it operates, as the case may be.
Auditor	means the Company's auditor from time to time (being RSM Australia Partners as at the date of the Notice).
Auditor's Report	means the Auditor's report on the Financial Report.
Board	means the board of Directors of the Company.
Cash Out Amount	has the meaning given in the Subscription Option Terms.
Capital Raising	means the fully underwritten institutional Placement and accelerated renounceable entitlement offer announced on 2 September 2020, which is expected to raise approximately A$353 million (before costs).
Chairman	means the person appointed to chair the Meeting convened by the Notice.
Closely Related Party	means in relation to a member of a KMP: (a) a spouse or child of the member; or (b) has the meaning given in section 9 of the Corporations Act.
Company or **PointsBet**	means PointsBet Holdings Limited (ACN 621 179 351).
Control Transaction	means: (a) a takeover offer under Chapter 6 of the Corporations Act for more than 50% of all Shares made by a person or an entity (either alone or together with any associate of that person or entity); (b) a scheme of arrangement under Part 5.1 of the Corporations Act with Shareholders whereby a person or entity (either alone or together with any associate of that person or entity) would acquire more than 50% of all Shares; or (c) any other transaction made, announced or proposed by a person or entity (either alone or together with any associate of that person or entity) which would have the result upon implementation of the person or entity (either alone or together with any associate of that person or entity): (i) acquiring, directly or indirectly, a legal, beneficial or economic interest in, or control of, more than 50% of all Shares; (ii) acquiring control of the Company; or (iii) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the Company's (or its subsidiaries') business or assets.
Corporations Act	means the *Corporations Act 2001 (Cth)*.
Director	means a director of the Company.
Directors' Report	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
Equity Securities	has the meaning given to that term in the ASX Listing Rules.

Schedule 1 - Definitions

Explanatory Statement	means this explanatory statement which forms part of the Notice.
Financial Report	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
Independent Expert	means Grant Samuel & Associates Pty Limited (ABN 28 050 036 372).
Independent Expert's Report	means the report prepared by the Independent Expert which is annexed to this Notice as Schedule 4.
Key Management Personnel or **KMP**	means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Meeting	means the meeting of Shareholders to be held on Tuesday, 17 November 2020 at 11.00am (Melbourne time).
NBCUniversal	means NBCUniversal Media, LLC (a Delaware limited liability company).
Listing Rules	means the listing rules of ASX.
Notice	means the notice of meeting for the AGM which accompanies this Explanatory Statement.
Option	means an option to subscribe for one Share.
Placement	means the institutional placement of Shares to sophisticated and professional investors announced on 2 September 2020 as part of the Capital Raising.
Placement Shares	means the 18,181,819 Shares issued to sophisticated and professional investors under the Placement.
Plan	means an employee incentive scheme titled Key Employee Equity Plan
Proxy Form	means the proxy form attached to the Notice.
Remuneration Report	means the remuneration report of the Company contained in the Directors' Report.
Resolution	means a resolution proposed pursuant to the Notice.
Schedule	means a schedule to this Explanatory Statement.
Share	means a fully paid ordinary share in the Company.
Shareholder	means a holder of Shares.
Subscription Agreement	means the subscription and implementation agreement between the Company and NBCUniversal, dated 28 August 2020.
Subscription Option	means an option issued to NBCUniversal pursuant to the Subscription Agreement, subject to the Subscription Option Terms.
Subscription Option Terms	means the terms and conditions of the Subscription Options, set out in Schedule 3 to this Explanatory Statement.
Transaction	means the issue of the Subscription Securities to NBCUniversal in accordance with the terms of the Subscription Agreement.
Voting Power	has the meaning given in Chapter 6 of the Corporations Act.

Schedule 1 - Definitions

VWAP	means: (a) where used in Part A of the Explanatory Statement, volume weighted average price; and (b) where used in Part B of the Explanatory Statement in connection with the Subscription Agreement or Subscription Securities, in respect of any particular reference date, the volume weighted average sale price per Share on ASX (or, if the Shares are no longer listed on ASX at such time, other main securities exchange on which the Shares are then listed) on each Trading Day, averaged over the 10 Trading Days immediately preceding (but not including) the relevant reference date, but does not include any trades which are outside the ordinary course of trading, such as off-market trades including but not limited to any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over the Shares.
US$	means United States dollars, the lawful currency of the United States of America.

Schedule 2 - Terms of Key Employee Equity Plan

Eligibility

Offers may be made at the Board's discretion to employees of the Company (including the Executive Directors) and any other person that the Board determines to be eligible to receive a grant under the Plan.

Types of securities

The Plan Rules provide flexibility for the Company to grant one or more of the following securities as incentives, subject to the terms of individual offers:

- performance rights, which are an entitlement to receive Shares upon satisfaction of applicable conditions;
- options, which are an entitlement to receive Shares upon satisfaction of applicable conditions and payment of the applicable exercise price; and
- restricted shares, which are Shares that are subject to dealing restrictions, vesting conditions or other restrictions or conditions.

Offers under the Plan

The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer performance rights, options and restricted shares in individual offer documents.

Offers must be accepted by the employee and can be made on an opt-in or opt-out basis.

Plan limit

Where an offer is made in reliance on ASIC Class Order 14/1000, the total number of Shares issued (or in the case of performance rights and options, the total number of Shares which would be issued if those performance rights or options were exercised) must not exceed 5% of the total number of Shares on issue.

Issue price

Unless the Board determines otherwise, no payment is required for a grant of a performance right, option or restricted share under the Plan.

Vesting

Vesting of performance rights, options and restricted shares 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 employee and the employee is required to pay the exercise price before Shares are allocated.

Subject to the Plan Rules and the terms of the specific offer document, any performance rights, options or restricted shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.

Cessation of employment

Under the Plan Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating employee ceases 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 performance rights, options or restricted shares will vest or cease to be subject to restrictions on a change of control event in accordance with the Plan Rules.

Reconstructions and corporate actions

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, participants will be free to deal with their incentives, subject to the Securities Dealing Policy.

Other terms

The Plan contains customary and usual terms of dealing with administration, variation, suspension and termination of the Plan.

Schedule 3 - Subscription Option Terms and Conditions

1. Entitlement

Upon payment of the Option Premium Amount to the Company as contemplated in clause 3.5 of the Subscription Agreement, the Subscription Options shall be granted to the Holder. Subject to these Terms, each Subscription Option entitles the Holder to subscribe for one Share upon exercise.

2. Issue

2.1 The Subscription Options will be issued at Completion, and will become exercisable:

(a) on the date that is 57 calendar months from the date of the Subscription Agreement; and

(b) if a Liquidity Event occurs, immediately upon the occurrence of that Liquidity Event,

(**Exercise Trigger Date**).

2.2 The Company must promptly notify the Holder in writing as soon as it becomes aware of a Liquidity Event having occurred.

3. Exercise Price, Expiry Date and Exercise Period

3.1 Each Subscription Option will have an exercise price of A$13.00, subject to adjustment pursuant to these Terms (**Exercise Price**).

3.2 Each Subscription Option is exercisable from any Exercise Trigger Date until:

(a) in a case where the Subscription Options have become exercisable as a result of a Liquidity Event:

(i) in the case of a takeover offer referred to in paragraph (a) of the definition of 'Change of Control Event', the later of 5 Business Days after notice is given under section 2.2 and the end of the offer period (as defined in the Corporations Act) for the takeover offer;

(ii) in the case of a scheme of arrangement referred to in paragraph (b) of the definition of 'Change of Control Event', 5 Business Days after the scheme of arrangement is approved by the Court (in which case the Company must ensure that the record date for the scheme of arrangement is after the date when any Shares would be issued on exercise of the Subscription Options);

(iii) in the case of any other transaction referred to in paragraph (c) of the definition of 'Change of Control Event', 5 Business Days after the transaction becomes unconditional, or becomes conditional only upon the Holder exercising the Subscription Options (in which case the Company must ensure that the record date for the relevant transaction is after the date when any Shares would be issued on exercise of the Subscription Options); or

(iv) in the case of any other Liquidity Event, 20 Business Days after notice is given under section 2.2;

(b) in a case where the Subscription Options have become exercisable but have been transferred, or are contemplated to be transferred, in accordance with the terms of the Subscription Agreement (including clause 6.9), the later of:

(i) 30 days after the Subscription Options have been transferred; and

(ii) the date that is 60 calendar months from the date of the Subscription Agreement; or

(c) in all other cases, the date that is 60 calendar months from the date of the Subscription Agreement,

(**Exercise Period**).

3.3 Each Subscription Option will expire on the applicable date specified in section 3.2 (Expiry Date).

3.4 If the Subscription Options become exercisable as a result of a Liquidity Event having occurred, and the Holder does not exercise the Subscription Options within the relevant Exercise Period set out in section 3.2(a), then, subject to section 6, the Subscription Options will continue in accordance with their terms and will become exercisable on the next Exercise Trigger Date.

3.5 Without limiting the Company's obligations under section 3.2, if the timing at which a Liquidity Event occurs is such that there will not be sufficient time for the Holder to exercise the Subscription Options and for the Shares issued pursuant to the exercise of those Subscription Options to be eligible to participate in the relevant Liquidity Event, the Company will accelerate or extend the Exercise Period as required so that, to the extent in the Company's control, there is sufficient time for the Subscription Options to be exercised and the Shares issued pursuant to them to participate in the relevant Liquidity Event on the same basis as other shareholders.

Schedule 3 - Subscription Option Terms and Conditions

4. Cash Out Amount

4.1 Subject to section 3.4, if:

(a) the Subscription Options are not exercised on or before the Expiry Date; or

(b) the Holder elects, by written notice to the Company at any time before the Expiry Date, to irrevocably waive the exercise of the Subscription Options,

the Company must pay to the Holder (or in the case of section 4.1(a), to the person who was the Holder on the Expiry Date) within six months of such Expiry Date or election, a cash sum of A$105,324,471 (as reduced pursuant to the immediately succeeding sentence (if applicable) (**Cash Out Amount**), representing a refund of the Option Premium Amount, following which any Subscription Options which remain on issue will immediately lapse and be cancelled. If the Media Services Agreement was terminated in the circumstances referred to in clauses 10.3 or 10.4 of the Subscription Agreement with effect prior to the expiration of its initial 5-year term and, at the time such termination became effective, there was an Option Subscription Shortfall, then the Cash Out Amount shall be reduced by such Option Subscription Shortfall (it being understood that, for such calculation, the Option Subscription Shortfall shall be converted from US$ to A$ using the US$ to A$ spot exchange rate published by Bloomberg at 4pm Australian Eastern Standard Time on 26 August 2020).

4.2 Where the Cash Out Amount is paid to the Holder by the Company, the Holder accepts this is a refund of the original Option Premium Amount paid to the Company under the terms of the Subscription Agreement.

4.3 Any notice of the Holder's irrevocable waiver of its right to exercise the Subscription Options and to receive payment of the Cash Out Amount must be given:

(a) in the case of a Third Party Control Transaction, within 45 days (or such longer period as permitted by the Company, acting reasonably) of the Company notifying the Holder of the Third Party Control Transaction; or

(b) in all other cases, at any time prior to the Expiry Date.

5. Exercise of Options - General

5.1 The Subscription Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and:

(a) for so long as the Holder has a Voting Power in at least 80% of the Subscription Shares (or, if the Holder disposed of any Subscription Shares in connection with a Triggering Action or a Regulatory Action, at least 80% of the Subscription Shares held by the Holder immediately after any such disposal) at the time it gives a Notice of Exercise:

(i) payment of the aggregate Exercise Price for the Subscription Options being exercised in accordance with the following formula:

$$Aggregate\ Exercise\ Price = O \times EP$$

Where:

O = Number of Subscription Options exercised by the Holder.

EP = Exercise Price; or

(ii) an election to use the Cashless Exercise Facility in respect of the Subscription Options being exercised; or

(b) where the Holder has a Voting Power in less than 80% of the Subscription Shares (or, if the Holder disposed of any Subscription Shares in connection with a Triggering Action or a Regulatory Action, at least 80% of the Subscription Shares held by the Holder immediately after any such disposal) at the time it gives a Notice of Exercise, use the Cashless Exercise Facility in respect of the Subscription Options being exercised.

5.2 The Holder may only exercise all, and not only part, of the Subscription Options it holds.

6. Exercise of Options - Third Party Control Transaction

6.1 Within 45 days (or such longer period as permitted by the Company, acting reasonably) of being notified by the Company of reasonable details of a Third Party Control Transaction which is recommended by the Board and, if completed in accordance with its terms, would result in the Third Party acquiring all of the Shares, including by way of a shareholder and court approved scheme of arrangement (or, in the case of a takeover bid, the bidder acquiring a Voting Power of at least 90% of the Shares in the Company), the Holder must give written notice to the Company electing (subject to the relevant Third Party acquiring all of the Shares and other equity securities of the Company, including by way of a shareholder and court approved scheme of arrangement (or, in the case of a takeover bid, the Third Party acquiring a Voting Power of at

Schedule 3 - Subscription Option Terms and Conditions

least 90% of the Shares in the Company)):

(a) to exercise the Subscription Options in accordance with section 5.1 and relevantly:

(i) in the case of a shareholder and court approved scheme of arrangement, participate in that scheme of arrangement as a transferring shareholder together with all other shareholders of the Company; and

(ii) in the case of a takeover bid, to accept the takeover bid in respect of the Shares issued on exercise of the Subscription Options; or

(b) to waive the exercise of the Subscription Options and be paid the Cash Out Amount in accordance with section 4.

6.2 In the event of an election pursuant to section 6.1(a), such election will become effective on the Third Party acquiring all of the Shares and other equity securities of the Company (or, in the case of a takeover bid, the bidder acquiring 90% of the Shares in the Company), immediately following which the Holder shall do all things necessary or expedient to give effect to that election to the extent that the Holder has not already done so.

6.3 If the Holder fails to give notice in accordance with section 6.1, the Holder will be deemed to have elected the course of action which would result in the higher amount of consideration being paid to the Holder (for which purpose the consideration the Holder would have received by making an election under clause 6.1(a) will be calculated by multiplying (a) the sum of (i) the VWAP of the Shares as at the date the election is taken to be made *less* (ii) the Exercise Price by (b) the number of Shares which are subject of the Subscription Options).

7. Intention of exercise

7.1 At any time that is 47 months following the date of the Subscription Agreement, the Company may request the Holder to notify the Company in writing, whether it intends to exercise the Subscription Options during the Exercise Period by:

(a) payment of the aggregate Exercise Price for the Subscription Options being exercised; or

(b) use the Cashless Exercise Facility.

7.2 Such election must be made within 30 days of the Company making the written request on the Holder and when made by the Holder will be binding on the Holder in the event the Holder chooses to exercise the Subscription Options in accordance with these Terms, but does not limit the Holder from electing to be paid the Cash Out Amount in accordance with sections 4.1 and 4.2. For the avoidance of doubt, the election does not oblige the Holder to exercise the Subscription Options, but only as to the modalities of such exercise.

8. Cashless Exercise Facility

8.1 If the Holder wishes to exercise the Subscription Options, they may, at the time of exercise, elect to pay the Exercise Price by setting off the total applicable Exercise Price against the number of Shares which they are entitled to receive upon exercise (**Cashless Exercise Facility**) in accordance with the following formula:

$$S = \frac{O \times (MV - EP)}{MV}$$

Where:

S = Number of Shares to be issued upon exercise of the Subscription Options using the Cashless Exercise Facility.

O = Number of Subscription Options exercised by the Holder using the Cashless Exercise Facility.

MV = Market value of a Share at the time of exercise using the Cashless Exercise Facility (calculated using the VWAP on the date the Notice of Exercise is received).

EP = Exercise Price.

8.2 The Cashless Exercise Facility may only be used by the Holder if the difference between the Exercise Price and the market value per Share at the time of exercise is greater than zero.

9. Shares issued upon exercise

Shares issued upon exercise of the Subscription Options rank equally with the existing Shares of the Company.

10. Timing of issue of Shares and quotation of Shares upon exercise

Within 5 Business Days after the later of the following:

(a) receipt of a Notice of Exercise given in accordance with these Terms and (i) payment of the Exercise Price for each Subscription Option being exercised or (ii) the Holder has elected to use the Cashless Exercise Facility; and

(b) such later date as the Holder, in its discretion, may agree,

the Company will:

Schedule 3 - Subscription Option Terms and Conditions

(c) allot and issue the Shares to the Holder pursuant to the exercise of the Subscription Options;

(d) issue or procure the issue of a holding statement to the Holder with respect to those Shares;

(e) as soon as reasonably practicable:

(i) and in any event within 5 Business Days after issuing the Shares, give ASX a notice in accordance with sections 708A(5)(e) and 708A(6) of the Corporations Act; or

(ii) lodge a Disclosure Document (as defined in the Corporations Act) with ASIC that qualifies the Shares issued upon exercise of the Subscription Options for resale under section 708A(11) of the Corporations Act (which, if a notice is not lodged under section 10(e)(i) above, must be lodged with ASIC within 15 Business Days after issuing the Shares); and

(f) as soon as reasonably practicable and in any event within 2 Business Days after issuing the Shares, apply for, and use best endeavours to obtain, official quotation on ASX (or, if the Company is no longer listed on ASX, to the securities exchange on which its Shares are admitted for quotation) of Shares issued pursuant to the exercise of the Subscription Options,

provided that:

(g) in all circumstances where a Notice of Exercise is given as a result of the occurrence of a Liquidity Event, the Company must, to the extent in the Company's control, issue the Shares in sufficient time for the Holder to be recorded on the register of the Company as the holder of the Shares on or before the record date for determining entitlements to participate in the Liquidity Event, and must, to the extent in the Company's control, set a record date for the relevant Liquidity Event which allows sufficient time for the Subscription Options to be exercised and the Shares issued upon their exercise to be registered in the name of the Holder; and

(h) where a Notice of Exercise is given as a result of the occurrence of a Change of Control Event, the Company will take the actions set out in paragraphs 10(c) to 10(f) within 2 Business Days of the later of (i) the date of receipt of a Notice of Exercise given in accordance with these Terms and (ii) payment of the Exercise Price for each Subscription Option being exercised, unless the Holder has elected to use the Cashless Exercise Facility.

11. Participation in new issues

There are no participation rights or entitlements inherent in the Subscription Options and the Holder will not be entitled to participate in new issues of capital offered to shareholders of the Company unless the Holder has exercised the Subscription Options before the record date for determining entitlements to the new issue of securities and participates as a result of holding Shares.

12. Adjustment for bonus issues of Shares

If, following the issue of the Subscription Options, the Company makes a bonus issue of Shares or other securities to existing shareholders of the Company (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(a) the number of Shares which must be issued upon the exercise of a Subscription Option will be increased by the number of Shares which the Holder would have received if the Subscription Options had been exercised before the record date for the bonus issue; and

(b) no change will be made to the Exercise Price.

13. Adjustment for rights issue

If, following the issue of the Subscription Options, the Company makes an issue of Shares pro rata to existing shareholders of the Company (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment) the Exercise Price of a Subscription Option will be reduced according to the following formula:

$$New\ exercise\ price = O - \frac{E[P-(S+D)]}{N+1}$$

Where:

O = Old Exercise Price of the Subscription Option.

E = Number of underlying Shares into which one Subscription Option is exercisable.

P = Average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.

Schedule 3 - Subscription Option Terms and Conditions

S = Subscription price of a Share under the pro rata issue.

D = The dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = Number of Shares with rights or entitlements that must be held to receive a right to one new Share.

14. Adjustments for reorganisations

If there is any reorganisation of the issued share capital of the Company, the rights of the Holder will be varied to comply with the Listing Rules which apply to the reorganisation at the time of the reorganisation, in the manner which achieves the most favourable treatment for the Holder which is permitted under the Listing Rules.

15. Adjustments for early termination of the Media Services Agreement

If the Media Services Agreement is terminated in the circumstances referred to in clauses 10.3 or 10.4 of the Subscription Agreement with effect prior to the expiration of its initial 5-year term, the Exercise Price will be increased in accordance with clauses 10.3(b)(ii) or 10.4(e) of the Subscription Agreement (as applicable).

16. Cumulative Adjustments

Clauses 12 to 15 will be applied separately and cumulatively to each transaction to which they apply.

17. Notice of Adjustments

Whenever the number of Shares over which a Subscription Option is exercisable, or the Exercise Price, is adjusted pursuant to this Agreement, the Company must give notice of the adjustment to the Holder as soon as reasonably practicable and in any event, within 3 Business Days.

18. Quotation of Subscription Options

No application for quotation of the Subscription Options will be made by the Company.

19. Subscription Options non-transferable

The Subscription Options may only be transferred to enable their sale in accordance with the terms of the Subscription Agreement (including pursuant to clause 6.9 thereof) or with the prior written approval of the Board, and subject at all times to compliance with the Corporations Act.

20. Amendments

These Terms may only be amended by written agreement between the Company and the Holder and subject to compliance with the Listing Rules (or the rules of the relevant securities exchange on which its Shares are admitted for quotation).

21. Lodgement instructions

The Exercise Price may be paid by cheque or electronic funds transfer to an account nominated by the Company. Cheques must be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares upon exercise of the Subscription Options with the appropriate remittance should be lodged at the Company's share registry.

22. Governing law

These Terms and the rights and obligations of the Holder is governed by the laws of Victoria, Australia. The parties irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of Victoria and waive any claim or objection based on absence of jurisdiction or inconvenient forum.

23. Definitions

Capitalised terms used but not otherwise defined in these Terms have the same meanings given in the Subscription Agreement.

In these Terms:

$, A$ or **dollar** means, unless otherwise explicitly set forth, Australian dollars, the lawful currency of the Commonwealth of Australia.

Associate has the meaning given in section 12 of the Corporations Act.

Board means the board of directors of the Company.

Cashless Exercise Facility means the facility to exercise the Subscription Options in accordance with section .

Change of Control Event means:

(a) a takeover offer for the Company under Chapter 6 of the Corporations Act is made by a person or entity (either alone or together with any of its Associates) and the person or entity making the takeover offer has acquired Voting Power of more than 50% in the Company; or

Schedule 3 - Subscription Option Terms and Conditions

(b) a scheme of arrangement of the Company under Part 5.1 of the Corporations Act pursuant to which a person or entity (either alone or together with any of its Associates) will acquire all the Shares that:

   (i) is approved by shareholders of the Company at a Court convened meeting of shareholders, by the necessary majorities; and

   (ii) is approved by the Court; or

(c) any other transaction made, announced or proposed by a person or entity (either alone or together with any of its Associates) which would have the result upon implementation of the person or entity (either alone or together with any of its Associates):

   (i) acquiring, directly or indirectly, a legal, beneficial or economic interest in, or control of, more than 50% of all Shares;

   (ii) acquiring Control of the Company; or

   (iii) directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the Company's (or its Subsidiaries') business or assets,

   and that transaction becomes unconditional, or becomes conditional only upon the Holder exercising the Subscription Options and accepting the offer (if applicable).

Company means PointsBet Holdings Limited (ABN 68 621 179 351).

Corporations Act means *Corporations Act 2001* (Cth).

Holder means a holder of a Subscription Option.

Liquidity Event means:

(a) a Change of Control Event;

(b) a sale is announced of all of or substantially all of the assets of the Company (in one transaction or a series of related transactions, provided that where it is a series of related transactions, each successive announced transaction is a further Liquidity Event);

(c) a proposal is announced for the Shares to be delisted from the ASX and any other nationally recognised securities exchange in Australia or the United States;

(d) the Company proposes a resolution for the voluntary winding-up of the Company; or

(e) a person commences proceedings to seek an order for the compulsory winding-up of the Company.

Share means a fully paid ordinary share in the capital of the Company.

Subscription Agreement means the Subscription and Implementation Agreement dated 28 August 2020 between the Company, PointsBet USA, Inc. and NBCUniversal Media, LLC.

Subscription Shares means the Shares issued to the Holder under the Subscription Agreement to which these Terms are attached as a schedule.

Terms means these terms and conditions of Subscription Options.

Voting Power has the meaning given in Chapter 6 of the Corporations Act.

Schedule 4 - Independent Expert's Report

12 October 2020

The Directors
PointsBet Holdings Limited
Level 2, 165 Cremorne Street
Melbourne VIC 3121

Dear Directors

NBC Partnership Proposal

1 Introduction

On 28 August 2020, PointsBet Holdings Limited ("PointsBet" or the "Company") announced a media partnership with NBCUniversal Media, LLC ("NBCUniversal") that is designed to transform the prospects for its business in the United States[1] (the "NBC Partnership Proposal").

NBCUniversal is a subsidiary of Comcast Corporation, one of the world's largest telecommunications and media organisations. NBCUniversal operates national broadcast television networks, local television stations, cable television networks, film studios and theme parks and produces television content and filmed entertainment in the United States and internationally. Its NBC Sports division has the largest television sports audience in the United States and has national or local broadcast rights for several major US and international sports including National Football League ("NFL"), National Hockey League, Major League Baseball, National Basketball Association, selected major golf tournaments, the *Premier League* and the *Olympics*.

The key features of the NBC Partnership Proposal are:

- PointsBet will become the Official Sports Betting Partner of NBCUniversal for a term of five years ("Media Agreement"). The Media Agreement provides, among other things:
  - exclusive game-day integrations across most NBC Sports Regional Sports Networks;
  - premium placements and agreed pricing structures (for the full five-year term) across NBC Sports' traditional broadcasting and digital platforms;
  - an exclusive partnership with *NBC Sports Predictor* free-to-play mobile app including integration of content and promotions on a geotargeted basis; and
  - first look rights to sports betting partnership opportunities across new NBC Sports properties, platforms and products.

  As part of the Media Agreement, PointsBet has committed to spend a total of US$393[2] million (paid in a combination of cash and equity) on advertising and marketing activities on NBCUniversal's various platforms over a five-year period. The quantum is progressively increased over the term of the agreement to align with the expected increase in PointsBet's marketing expenditure as its footprint expands;
- part of the consideration of US$393 million payable to NBCUniversal is to be satisfied by the issue to NBCUniversal under a Subscription Agreement of:

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[1] Also referred to in this report as "US".
[2] All $ are Australian dollars unless specifically denominated in other currencies (e.g. US$).

- approximately 10.0 million fully paid ordinary shares in PointsBet ("the NBC Placement") representing 4.9% of the expanded issued capital of PointsBet (including the contemporaneous capital raising (see below)). The shares have a notional issue price of $6.50 per share; and
- approximately 66.9 million options ("the NBC Options") to subscribe for new shares in PointsBet at an exercise price of $13.00. The NBCUniversal Options expire on 28 August 2025 and are only exercisable during the three-month period prior to expiry date (subject to acceleration in case of certain liquidity events).

The options have an "agreed value" of approximately $105.3 million ($1.57 per option). Together, these security issues contribute approximately US$123 million (at the agreed exchange rate) towards the US$393 million spending commitment. The balance of approximately US$270 million ($375 million) is to be paid by PointsBet in cash over the term of the agreement;

- NBCUniversal can either exercise the NBCUniversal Options at expiry (or any accelerated date) and receive shares in PointsBet or, as an alternative to exercise, at any time elect to receive a refund in cash of the agreed value of approximately $105.3 million. NBCUniversal can also elect a "cashless exercise" whereby the number of shares issued is reduced to reflect the non payment of the exercise price so as to deliver value equivalent to the intrinsic value of the options;
- during the five year term of the agreement, there are restrictions on NBCUniversal's ability to buy shares in PointsBet (subject to certain exceptions, including permitting NBCUniversal to acquire further shares such that its interest in PointsBet, taking into account the NBCUniversal Options, is 29.99% at any given time) and, during the first three years, on its ability to sell the NBC Placement shares (subject to certain exceptions). PointsBet has obligations to inform NBCUniversal of any bona fide approach involving a change of control that the board of PointsBet would otherwise consider accepting;
- the Media Agreement is not subject to business performance criteria by either party but there are limited termination rights in certain circumstances; and
- all of the elements of the NBC Partnership Proposal are interconditional.

Following the announcement of the NBC Partnership Proposal, PointsBet undertook a capital raising comprising an Institutional Placement and an accelerated renounceable pro rata rights issue ("Entitlement Offer"), raising a total of $353 million.

The NBC Options, if exercised, together with any other share purchases permitted under the Subscription Agreement, could result in NBCUniversal acquiring a relevant interest of up to 29.99% of the issued voting capital of PointsBet (or more, in certain circumstances)[3]. Consequently, PointsBet is seeking shareholder approval under Item 7 of Section 611 of the Corporations Act to allow:

- the future exercise of the NBC Options; and
- NBCUniversal to make other permitted share acquisitions which result in it having voting power in the Company of not more than 29.99%.

In conjunction with that approval process, the directors of PointsBet have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the NBC Partnership Proposal is fair and reasonable to the shareholders of PointsBet and to state the reasons for that opinion. The report will accompany the notice of meeting and explanatory statement (the "Explanatory Statement") to be sent to shareholders by PointsBet.

[3] The options, if exercised, would currently result in NBCUniversal owning 28.3% of the expanded issued capital but NBCUniversal has the right to buy additional shares prior to exercise that can take its potential holding to a maximum of 29.99% of the fully diluted capital. The actual percentage at the time of exercise could be higher than 29.99% and will depend on the extent of any share issues, share buybacks or other capital transactions undertaken by PointsBet between implementation of the NBC Partnership Proposal and the exercise of the options as well as any share purchases by NBCUniversal during the period.

2 Opinion

In Grant Samuel's opinion, the NBC Partnership Proposal is fair and reasonable to the shareholders of PointsBet.

3 Summary of Conclusions

The NBC Partnership Proposal is a transformational agreement that should help PointsBet build a significantly more valuable business in the United States as a result of improved market share, enhanced marketing cost efficiency and faster penetration of new markets. It also reduces the execution risk of the Company's business plan.

NBC Sports has:

- a television audience of over 180 million, the largest in the United States, and over 60 million average monthly users on a variety of digital platforms;
- a national free to air broadcast network covering the whole of the United States;
- seven owned and one operated[4] regional (pay television) sports broadcast networks that cover many of the most populous regions across the US;
- a large and diversified portfolio of sports rights covering major US and international sports including several "marquee" events (such as *Sunday Night Football*, *US Open* (golf) and the *Olympics)*; and
- extensive reach into the Hispanic community through Telemundo.

Among other things, the NBC Partnership Proposal provides for:

- designation of PointsBet as NBC Sports' Official Sports Betting Partner on television and digital platforms;
- exclusive game-day integrations with NBC Sports' Regional Sports Networks, with priority access to premium advertising spots;
- marketing campaigns that can be customised to local markets down to the neighbourhood or ZIP code level;
- flexibility (within quarterly commitments) to spend in any manner PointsBet sees fit (subject to media planning requirements);
- the ability to use the NBC Sports logo on PointsBet's app;
- partnership with NBC's *Sports Predictor* app and access to other digital assets including the *Peacock* streaming service and specialist platforms; and
- first look rights in relation to new properties, platforms and assets.

The association with NBC Sports should add instant credibility to the PointsBet offering across all of its target markets.

A media partnership is fundamental to PointsBet's strategy in the United States and, in the absence of the NBC Partnership Proposal, the Company would have been likely to form a partnership with another group (or groups). However:

- other prime candidates have already established partnerships with other online betting businesses. The remaining opportunities available to PointsBet apart from NBCUniversal would have involved media groups with a less attractive set of sports rights, more limited audience reach and less diversity

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[4] *SportsNet New York*, in which Comcast has an 8% interest.

of product and delivery platform. PointsBet could have stitched together several different relationships if it wanted to cover the full spectrum but this is generally less effective; and

- NBCUniversal ran a structured process to select its sports betting partner. If PointsBet was not the chosen party, it would almost certainly be facing a situation where one of its key competitors was enjoying the benefits of integration with the NBC Sports platform.

Having regard to all of the above, it is reasonable to believe that the NBC Partnership Proposal will deliver a meaningful increase in market share relative to the alternatives available to PointsBet.

There are other features that should also help to enhance shareholder value:

- PointsBet's media spending should be more efficient because of:
  - preferred rates compared to "rack rates" that would be payable in more "run-of-the-mill" media spending;
  - agreed pricing structures for the five-year term; and
  - the ability to target specific geographies, communities or types of clients;
- the partnership should enable PointsBet to activate targeted marketing campaigns in new markets more quickly than otherwise thus accelerating the gaining of market share; and
- the issue of shares and options to NBCUniversal (together with any permitted acquisitions) gives it a potential effective ~30% interest in any long-term accretion in PointsBet's market value (above a base level). As a result, it has a very powerful and direct incentive to try to maximise the effectiveness of PointsBet marketing and promotion across its platform (and gives it a strong incentive to renew the partnership after the initial five-year term).

The other key benefit is risk reduction. The US sports betting industry is in its infancy and is intensely competitive as numerous entrants are aggressively chasing clients and market share. There are significant first mover advantages in such circumstances. While PointsBet has managed to achieve a very creditable 6.5% market share in New Jersey:

- it has little or no brand recognition in the United States; and
- it faces competitors that have strong existing brands, client bases and client data and/or tie ups with major media groups.

Accordingly, there are significant risks and uncertainties as to PointsBet's ability to quickly achieve and then sustain market shares that will cover costs and deliver an attractive return on investment. The NBC Partnership Proposal materially changes that risk profile. The power of NBC Sports audience reach and the benefit of the detailed media arrangements mean that there can be a much higher level of confidence in PointsBet's ability to deliver on its business plan. This factor is likely to have been a significant contributor to the increase in the PointsBet share price following the announcement of the NBC Partnership Proposal.

There are, of course, disadvantages, costs and risks attached to the NBC Partnership Proposal:

- the good relations necessary to maximise the potential of the partnership could break down during the course of the next five years for any number of reasons. However, there is no prima facie reason for it to do so. The NBCUniversal and PointsBet teams have worked together in person for a period of several months to develop the NBC Partnership Proposal and there is alignment of economic interests through the NBC Placement and the NBC Options;
- media partnerships involve a very substantial financial commitment by the non-media partner (in this case US$393 million over five years). There is no guarantee that all the spending will be effective in generating sufficient additional clients (who, in turn, generate sufficient turnover) to justify the expenditure and keep client acquisition unit costs at a level that enables the company to be

competitive. Certainly, recent history in the betting industry has examples of tie-ups that have been manifestly unsuccessful. On the other hand:

- media advertising is central to PointsBet's plan for developing its US business whether the NBC Partnership Proposal is implemented or not. PointsBet generally targets spending approximately 30% of mature market revenues on marketing. Under its current strategic plan, the planned marketing expenditure in the US over the next five years is well in excess of US$393 million. The expenditure with NBC Sports is not incremental expenditure, it's part of what PointsBet would have spent in any event. It is true that it will likely represent the majority of PointsBet expenditure leaving fewer funds to spend on alternative traditional media (e.g. other broadcast networks) or on digital channels (e.g. Google, Facebook). The real question is whether spending under the NBC Partnership Proposal is likely to be more effective than these alternatives. For the reasons set out above, Grant Samuel believes this is likely to be the case; and
- sports on television is an important part of the landscape in the United States – 21 of the 25 most watched programs in 2019 were sports events. Advertising and promotion of sports betting in traditional linear media around and during live sports is generally considered very effective and will play a major role for industry participants over the next few years (even if audiences are diminishing over time). PointsBet's key competitors are also making substantial commitments to other large sports broadcasters so they clearly believe in the efficacy of it;

- PointsBet will be heavily dependent on NBC Sports maintaining its market leadership and audience reach. There are two primary concerns:
  - potential loss of key sporting rights. Sports broadcast rights are regularly renegotiated or auctioned off and bidding is intensely competitive. Some of NBCUniversal's key properties have relatively short terms (e.g. NFL – 2022); and
  - the media industry (in particular, distribution) is rapidly evolving and there could be disruptive shifts such as the sports themselves moving to a direct-to-consumer model, bypassing traditional broadcasters. In any event, television audiences for several sports appear to be declining.

  However, NBC Universal is as well positioned as any media business to weather these storms. It enjoys:
  - a large and highly diversified portfolio of rights;
  - a long history of rights retention and acquisition of new properties;
  - a comprehensive and diversified presence across digital platforms; and
  - a strong financial position and earnings base.

  Moreover, the NBC Partnership Proposal has a five-year term which gives PointsBet greater flexibility than a long term arrangement to change course if the media landscape does alter adversely;
- the aggregate spending commitment is predicated on the continued progress of legalisation of online sports betting across the United States over the next five years. If this does not occur as anticipated or is significantly delayed, the value derived by PointsBet from the committed spending could be adversely impacted. However, while PointsBet will seek to maximise opportunities as they arise, its strategic plans for the next five years are based on a limited number of States;
- the agreements include various termination rights[5] in favour of NBCUniversal but these are not out of the ordinary for such transactions. There are also requirements to make minimum payments even if advertising inventory is not available (for specific reasons). PointsBet does not believe these provisions are likely to come in to play;

[5] There are also rights to terminate the official partner designation in certain circumstances.

- NBCUniversal can elect to either exercise its option or require the option premium (valued at approximately $105.3 million) to be refunded. It would be likely to require the refund if PointsBet shares are trading at less than $14.57. In this respect, NBCUniversal is carrying far less risk than that normally attached to options (loss of the option premium in a downside case). Moreover, if the refund is elected, PointsBet will need to find $105 million in cash to pay out NBCUniversal that could have been deployed in developing the business;
- the NBC Placement and NBC Options mean that NBCUniversal has an effective ~30% share in the value upside in PointsBet shares (above $14.57 in respect of the options) over the next five years and potentially beyond. This represents a material dilution of shareholders' existing 100% exposure for what is only a five-year agreement but:
  - the pre announcement share price was circa $7, so NBCUniversal only shares in the upside once shareholders have broadly doubled their value;
  - this dilution needs to be considered against the potential value enhancement from the NBC Partnership Proposal; and
  - the next five years will be the critical period in determining the Company's long run success; and
- if and when NBCUniversal exercises its options and if it exercises them in such a manner as to maximise its interest, the resultant ~30% shareholding could act as a deterrent to a third party making a takeover offer for PointsBet. However, given NBCUniversal's core business is media and entertainment rather than gambling, there is no reason to assume it would not be prepared to accept an attractively priced offer.

Under ASIC's regulatory guidelines, "fairness" for the purposes of Section 611 proposal involves a comparison between the estimated full underlying value of PointsBet, including a control premium, prior to the proposal (the asset being "given up" by shareholders) and the market value of a portfolio interest in shares in PointsBet following the proposal (the "consideration" they are receiving). A proposal is fair if the post transaction market value of shares is equal to or greater than the pre transaction control value. This is a stringent test and, as a consequence, it is not unusual for Section 611 transactions to be deemed "not fair" (but nevertheless "reasonable"). In this case, the virtual doubling of the share price immediately following announcement of the NBC Partnership Proposal on 28 August 2020 suggests a market perception that the net benefits are very substantial and that the fairness test may be met.

The value of PointsBet's business is subject to extreme uncertainty and is largely speculative given the early stage of both the US sports betting market and the Company's business operations in the United States (effectively in start-up mode). The range of credible scenarios is wide and there is no basis for high levels of confidence in any specific forecast parameters.

Accordingly, it is not realistic to form a definitive view of value within the kind of range normally adopted in corporate valuations. To do so would suggest a spurious degree of accuracy. Instead, Grant Samuel has determined fairness by forming a view as to whether it is likely that the full underlying value of PointsBet's business operations (on a pre transaction basis) could credibly exceed the actual or expected post transaction fair market value of PointsBet shares.

There have been six weeks of trading in PointsBet shares subsequent to the announcement of the NBC Partnership Proposal. The shares traded in the range $10.15-15.25[6] (at a VWAP[7] of $12.22) prior to the capital raising and in the range $10.00-12.10 (with a VWAP of $11.13) after the Entitlement Offer Record Date. The closing price on 9 October 2020 was $11.53. There is no reason to believe that these trading prices do not reflect the fair market value of a portfolio interest in PointsBet post the proposal. Another indicator of value is the $11 per share pricing of the Institutional Placement that occurred in the week after

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6 All prices adjusted for the dilutionary impact of the Entitlement Offer.
7 Volume weighted average price.

the announcement (raising $200 million). On this basis, Grant Samuel has adopted a trading range of $10-12. The width of the range reflects the inherent volatility of PointsBet shares.

At these share prices, the operating business of PointsBet is valued at $1.63-2.06 billion[8]. The essential question is therefore whether the full underlying value of PointsBet business operations (including a control premium) in the absence of the NBC Partnership Proposal could, on any reasonable basis, have exceeded $2 billion.

In forming a view on the full underlying value of PointsBet, Grant Samuel has primarily relied on discounted cash flow ("DCF") analysis. Other methodologies such as earnings multiples or even revenue multiples or client lifetime value were not considered appropriate or sufficiently reliable as a basis of valuation. The DCF analysis projects cash flows for the ten-year period to 30 June 2030 and assumes that PointsBet enters 15 State markets. The analysis utilises forecasts of "mature" market revenues for each State prepared by Eilers & Krejcik and assumes these are realised over a four year ramp up period. PointsBet is assumed to progressively reach a mature market share over three years. In the first instance (Scenario A), the mature market share is assumed to be 7.5%. The cash flows are discounted to a net present value ("NPV") at 1 July 2020 using a discount rate (cost of equity) of 10%. Scenario A produces an NPV of $905 million, roughly in line with the value implied by PointsBet's share price during the month prior to the announcement of the NBC Partnership Proposal. Other scenarios incorporate higher levels of total available market, market share and, in some cases, iGaming revenue and entry into additional States (New York).

The following key assumptions are necessary to produce an NPV of $1.98 billion:

- US total market size at maturity 20% above the baseline forecasts (Eilers & Krejcik);
- a PointsBet market share in each State stabilising at 10% (in the third year); and
- inclusion of New York State.

There are additional upsides to this NPV including entering more new States (most are expected to legalise some time prior to 2030) and iGaming (some commentators believe it will be ultimately larger than the sports betting market).

However, Grant Samuel does not believe that corporate acquirers would, at the present time:

- assume market shares of 10% (in the absence of a partnership with NBCUniversal) on top of an aggressive total market forecast. A share of 6-8% is a more appropriate risk adjusted assumption;
- attribute any significant value to markets where there is no clear process for legalisation and no certainty as to tax regimes, any restrictions, market structure or the commercial terms of arrangements with licence holders; or
- attribute any value to iGaming (given PointsBet's lack of prior participation in this sector).

Grant Samuel has concluded that the full underlying value of PointsBet's operating business in the absence of the NBC Partnership Proposal does not, on an appropriately risk adjusted basis, exceed $2 billion. Accordingly, in Grant Samuel's opinion, the NBC Partnership Proposal is fair.

A more realistic (risk adjusted) estimate of value for PointsBet's business operations in the absence of the NBC Partnership Proposal is less than $1.5 billion and probably closer to circa $1 billion. In this respect, even if the PointsBet share price was materially lower, say $9, the NBC Partnership Proposal would still be fair.

This outcome is hardly surprising:

- prior to the announcement of the NBC Partnership Proposal, the equity market was attributing a value of approximately $0.85-1.0 billion to PointsBet's operating business. Trading in PointsBet shares is liquid and the Company has been invested in by a range of sophisticated investors through successive

[8] Allowing for cash of $135.4 million as at 30 June 2020 together with adjustments for capital raisings and options.

capital raisings. The market price is therefore likely to have represented a reasonably reliable indicator of value and it is improbable that the underlying value (pre announcement), even including a control premium, was twice the sharemarket value;

- while there is little doubt that the market opportunity is both real and large and that PointsBet has performed well to date, the reality is that, today, PointsBet is a loss-making enterprise (and likely to remain so for some years) with only 26,000 active clients in the United States and a lot yet to prove. Judgements about value at this point in time have to reflect the execution risks the business faces including competition from well capitalised and highly credentialled industry participants; and
- there is a rational explanation for a significant increase in PointsBet's market value as a result of the NBC Partnership Proposal, namely:
    - expectations of an increase in key drivers such as market share and marketing cost efficiency (a 1-2% market share uplift has a material impact on value); and
    - greater confidence in the ability of PointsBet to deliver the business plan.

As the NBC Partnership Proposal is fair it is also reasonable. In any event, the advantages and benefits materially outweigh any disadvantages and risks.

4 Other Matters

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual PointsBet shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Statement issued by PointsBet in relation to the NBC Partnership Proposal.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the NBC Partnership Proposal (or the vote in relation to the potential exercise of the NBCUniversal Options), the responsibility for which lies with the directors of PointsBet. In any event, voting for or against the NBC Partnership Proposal is a matter for individual shareholders based on their views as to value, their views as to the impact of the NBC Partnership Proposal on the business of PointsBet, their expectations about future business prospects and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the NBC Partnership Proposal should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to continue to hold or sell shares in PointsBet. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the NBC Partnership Proposal. Shareholders should consult their own professional adviser in this regard.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act, 2001. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel & Associates

FINANCIAL SERVICES GUIDE
AND
INDEPENDENT EXPERT'S REPORT
IN RELATION TO THE PROPOSED PARTNERSHIP WITH NBCUNIVERSAL

GRANT SAMUEL & ASSOCIATES PTY LIMITED
ABN 28 050 036 372

12 OCTOBER 2020

GRANT SAMUEL

FINANCIAL SERVICES GUIDE

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The Corporations Act, 2001 requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for PointsBet Holdings Limited ("PointsBet") in relation to the proposed partnership with NBCUniversal Media, LLC ("NBCUniversal"), a wholly owned subsidiary of Comcast Corporation ("Comcast") ("the PointsBet Report"), Grant Samuel will receive a fixed fee of $350,000 plus reimbursement of out-of-pocket expenses for the preparation of the Report (as stated in Section 7.3 of the PointsBet Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the PointsBet Report.

Grant Samuel is required to be independent of the Entity in order to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 7.3 of the PointsBet Report:

> ***"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with PointsBet, Comcast or NBCUniversal or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the NBC Partnership Proposal.***
>
> ***Grant Samuel commenced analysis for the purposes of this report in August 2020, prior to the announcement of the NBC Partnership Proposal. This work did not involve Grant Samuel participating in the formulation of, setting the terms of, or any negotiations leading to, the NBC Partnership Proposal. Its only role has been the preparation of this report.***
>
> ***Grant Samuel will receive a fixed fee of $350,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the NBC Partnership Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.***
>
> ***Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."***

Grant Samuel has internal complaints-handling mechanisms and is a member of the Australian Financial Complaints Authority, No. 11929. If you have any concerns regarding the PointsBet Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001 or 1800 931 678. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act, 2001.

Grant Samuel is only responsible for the PointsBet Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

GRANT SAMUEL

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1 Terms of the Proposal

1.1 The NBC Partnership Proposal

PointsBet Holdings Limited ("PointsBet" or the "Company") is an Australian based company involved in the online and retail wagering industry. It has been operational in the Australian market since February 2017, but it now also has a significant focus on the opportunity that lies in the recently legalised sports betting industry in the United States. It began operations in New Jersey in January 2019, is now operating in three other States and plans to roll-out operations across the United States as access to other State based sports betting markets opens. PointsBet listed on the Australian Stock Exchange ("ASX") on 12 June 2019 and, prior to the announcement of the proposal set out below, it had a market capitalisation of approximately $1.15 billion[1].

Comcast Corporation ("Comcast") is one of the world's largest telecommunications and media organisations with a market capitalisation of approximately US$200 billion. NBCUniversal Media, LLC ("NBCUniversal") is a subsidiary that operates national broadcast television networks, local television stations, cable television networks, film studios and theme parks and produces television content and filmed entertainment across the United States[2] and internationally. Its NBC Sports division has the largest sports audience in the United States (over 180 million viewers) and has national or local US broadcast rights for several major sports including National Football League ("NFL"), National Hockey League ("NHL"), Major League Baseball ("MLB"), National Basketball Association ("NBA"), selected major golf tournaments, the *Premier League* and the *Olympics*.

On 28 August 2020, PointsBet announced a media partnership with NBCUniversal ("the NBC Partnership Proposal") that is designed to transform the prospects for its business in the United States.

The key features of the NBC Partnership Proposal are:

- PointsBet will become the Official Sports Betting Partner of NBCUniversal for a term of five years ("Media Agreement"). The Media Agreement provides, among other things:
  - exclusive game-day integrations across most NBC Sports Regional Sports Networks;
  - premium placements and agreed pricing structures (for the full five-year term) across NBC Sports' traditional broadcasting and digital platforms;
  - exclusive partner of *NBC Sports Predictor* free-to-play mobile app including integration of content and promotions on a geotargeted basis;
  - first look rights to sports betting partnership opportunities across new NBC Sports properties, platforms and products; and
  - the ability for committed spend to be deferred into future periods in defined circumstances.

  As part of the Media Agreement, PointsBet has committed to spend a total of US$393 million (paid in a combination of cash and equity) on advertising and marketing activities on NBCUniversal's various platforms over a five-year period. The quantum is progressively increased over the term of the partnership to align with the expected increase in PointsBet marketing expenditure as its footprint expands. Within these commitments, PointsBet has the flexibility to direct its spending as it sees fit (subject to media planning requirements). In addition, PointsBet must also pay certain referral fees to NBCUniversal for qualifying first time bettors.

  The agreements contain detailed pricing (e.g. for advertising) and other arrangements but these have not been disclosed for reasons of commercial sensitivity;

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1 All $ are Australian dollars unless specifically denominated in other currencies (e.g. US$).

2 Also referred to in this report as "US".

- part of the consideration of US$393 million payable to NBCUniversal is to be satisfied by the issue to NBCUniversal under a Subscription Agreement of:
  - approximately 10.0 million fully paid ordinary shares in PointsBet ("the NBC Placement") representing 4.9% of the expanded issued capital of PointsBet (including the contemporaneous capital raising (see Section 1.2 below)). The shares have a notional issue price of $6.50 per share; and
  - approximately 66.9 million options ("the NBC Options") to subscribe for new shares in PointsBet at an exercise price of $13.00. The NBC Options expire on 28 August 2025 and are only exercisable during the three month period prior to the expiry date (subject to acceleration in the case of a Liquidity Event[3]).

  The options have an "agreed value" of approximately $105.3 million ($1.57 per option). Together, these security issues contribute approximately US$123 million (at the agreed exchange rate) towards the US$393 million spending commitment. The balance of approximately US$270 million ($375 million) is to be paid by PointsBet in cash over the term of the agreement;
- NBCUniversal can either exercise the NBC Options at expiry (or upon a Liquidity Event[3]) and receive shares in PointsBet or, as an alternative to exercise, at any time elect to receive a refund in cash of the agreed value of approximately $105.3 million (payable within six months of election).

  NBCUniversal can also elect a "cashless exercise" whereby the number of shares issued is reduced to reflect the non-payment of the exercise price so as to deliver value equivalent to the intrinsic value of the option.

  The detailed terms of the NBC Options are set out in Schedule 3 of the Explanatory Statement;
- during the five-year term of the agreement:
  - NBCUniversal will not acquire any shares in PointsBet except that it can:
    - acquire shares on-market to maintain its 4.9% interest if Penn Interactive Ventures LLC ("Penn Ventures") exercises its options over shares in PointsBet (within three months of the exercise);
    - acquire additional shares or other equity securities so long as its total relevant interest (including the NBC Options) does not exceed 29.99% (on a fully diluted basis); and
    - participate in any change of control transaction or in any rights or bonus issue.

    These provisions do not apply if:
    - a third party proposes to acquire more than 20% of PointsBet (or any underlying business representing more than 20% of earnings);
    - PointsBet has given notice to NBCUniversal of a change of control transaction (see below); or
    - the Media Agreement has been terminated;
- PointsBet must advise NBCUniversal of any bona fide approach by a third party involving a change of control event (as defined) that the Board of PointsBet would be (or would be likely to be) prepared to recommend to shareholders. Having given such notice, PointsBet must not enter any agreement with the third party (or give any public advice or recommendation to shareholders) for a period of 30 days but is not otherwise prohibited from progressing such a transaction;

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[3] As defined in the Subscription Agreement.

- NBCUniversal has agreed not to dispose of any NBC Placement shares for a period of three years from date of issue of the shares subject to certain exceptions to enable disposal where:
  - NBCUniversal's interest exceeds 4.9%;
  - in certain circumstances where the Media Agreement has been terminated;
  - to allow NBCUniversal to accept a takeover offer or participate in a Scheme of Arrangement where there is a change of control transaction;
  - disposal is required by a government agency or applicable law;
  - there is a sale of any securities in NBCUniversal or substantially all of the assets of NBCUniversal; or
  - there is a sale of the shares together with the majority of the assets of the NBC Sports group;
- if NBCUniversal exercises its options and increases its interest in the issued capital of PointsBet above 10%, it has the right to nominate directors to the Board of PointsBet (in proportion to its holding);
- the Media Agreement is not subject to business performance criteria by either party but there are limited customary termination rights in favour of NBCUniversal in certain circumstances. PointsBet also has certain limited termination rights.

  In the event that the Media Agreement is terminated, there are adjustments to reflect the marketing expenditure to date including, if necessary, adjustments to the refund value of NBC Options; and
- all of the elements of the NBC Partnership Proposal are interconditional. If PointsBet shareholder approval is not obtained by 28 November 2020, either party can terminate the Subscription Agreement (in which case the full US$393 million needs to be paid in cash) and NBCUniversal can elect to terminate the Media Agreement (within six months of the termination of the Subscription Agreement).

1.2 Capital Raising

Following the announcement of the NBC Partnership Proposal, PointsBet has undertaken a capital raising comprising two elements:

- an institutional placement of 18.2 million shares at a price of $11 per share, raising $200 million ("the Institutional Placement"); and
- an accelerated renounceable pro rata rights issue on a 1 for 6.5 basis at a price of $6.50, raising approximately $153.2 million ("the Entitlement Offer"). Shareholders that subscribe for the rights issue will also be entitled to one option ("Entitlement Options") for every two shares subscribed that:
  - have an exercise price of $13.00;
  - have an expiry date of 30 September 2022; and
  - can be exercised any time prior to expiry.

2 Scope of the Report

2.1 Purpose of the Report

Section 606 of the Corporations Act effectively prohibits a person from acquiring a relevant interest in a public company where that person's voting power increases from 20% or below to in excess of 20% or, if that person already has voting power in excess of 20%, their voting power would increase further, except in certain limited circumstances. Item 7 of Section 611 allows shareholders not associated with the party acquiring the interest to waive the Section 606 prohibition by passing a resolution in a general meeting.

The NBC Options, if exercised, together with any other share purchases permitted under the Subscription Agreement, could result in NBCUniversal acquiring a relevant interest of up to 29.99% of the issued voting capital of PointsBet (or more in certain circumstances)[4]. Consequently, PointsBet is seeking shareholder approval for:

- the future exercise of the NBC Options; and
- for any other share acquisitions which NBCUniversal is permitted to make under the Subscription Agreement.

Shareholders voting pursuant to Item 7 of Section 611 of the Corporations Act are to be provided with a comprehensive analysis of the proposed transaction. The directors of the company may satisfy their obligations to provide such an analysis by commissioning an independent expert's report.

Although there is no requirement in the present circumstances for an independent expert's report pursuant to the Corporations Act or the ASX Listing Rules, the directors of PointsBet have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the NBC Partnership Proposal is fair and reasonable to the shareholders of PointsBet and to state the reasons for that opinion.

The report will accompany the notice of meeting and explanatory statement (the "Explanatory Statement") to be sent to shareholders by PointsBet.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual PointsBet shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Statement issued by PointsBet in relation to the NBC Partnership Proposal.

Voting for or against the NBC Partnership Proposal is a matter for individual shareholders based on their views as to value, their views as to the impact of the NBC Partnership Proposal on the business of PointsBet, their expectations about future business prospects and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the NBC Partnership Proposal should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to hold or sell shares in PointsBet. These are investment decisions upon which Grant Samuel does not offer an opinion, and are independent of a decision to vote for or against the NBC Partnership Proposal. Shareholders should consult their own professional adviser in this regard.

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[4] The options, if exercised, would currently result in NBCUniversal owning 28.3% of the expanded issued capital but NBCUniversal has the right to buy additional shares prior to exercise that can take its potential holding to a maximum of 29.99% of the fully diluted capital. The actual percentage at the time of exercise could be higher than 29.99% and will depend on the extent of any share issues, share buybacks or other capital transactions undertaken by PointsBet between implementation of the NBC Partnership Proposal and the exercise of the options as well as any share purchases by NBCUniversal during the period.

2.2 Basis of Evaluation

The Australian Securities & Investments Commission ("ASIC") has issued Regulatory Guide 111 ("RG 111") which establishes guidelines in respect of independent expert's reports. RG 111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable".

For most other transactions the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. This involves a judgement on the part of the expert as to the overall commercial effect of the proposal, the circumstances that have led to the proposal and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposal and form an overall view as to whether the shareholders are likely to be better off if the proposal is implemented than if it is not. If the advantages outweigh the disadvantages, the proposal would be fair and reasonable.

RG 111 provides that a proposal pursuant to Item 7 of Section 611 involving the issue of securities should be analysed by an expert as if it were a takeover offer (any increase in a party's relevant interest above 20% is deemed to be a change of control). In this case, the NBC Partnership Proposal:

- Involves the issue of shares in PointsBet (4.9% of the issued capital) and the potential issue of further shares if the NBC Options are exercised as part of the consideration provided to NBCUniversal in return for a range of media services over the next five years; and
- gives NBCUniversal the right to make further acquisitions of shares in certain circumstances during the five-year term of the Subscription Agreement.

If the NBC Options are exercised, NBCUniversal's relevant interest (including any additional shares acquired by NBCUniversal) in PointsBet could increase beyond 20%. Accordingly, Grant Samuel is required to evaluate the NBC Partnership Proposal as a control transaction and form a judgement as to whether it is "fair" to the existing shareholders of PointsBet and, separately, whether it is "reasonable".

Fairness involves a comparison of the offer price with the value that may be attributed to the securities that are the subject of the offer based on the value of the underlying businesses and assets. For this comparison, value is determined assuming 100% ownership of the target and a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Reasonableness involves an analysis of other factors that shareholders might consider prior to accepting an offer such as:

- the offeror's existing shareholding;
- other significant shareholdings;
- the probability of an alternative offer; and
- the liquidity of the market for the target company's shares.

An offer is "reasonable" if it is fair. RG 111 provides that an offer could be "reasonable" if, despite being "not fair", there were sufficient reasons for shareholders to accept an offer in the absence of any higher bid before the close of the offer.

Fairness is a more demanding criteria. A "fair" offer will always be "reasonable" but a "reasonable" offer will not necessarily be "fair". A fair offer is one that reflects the full market value of a company's businesses and assets. An offer that is in excess of the pre-bid market prices but less than full value will not be fair but may be reasonable if shareholders are otherwise unlikely in the foreseeable future to realise an amount for their shares in excess of the offer price. This is commonly the case where the bidder already controls the target company. In that situation, the minority shareholders have little prospect of receiving full value from a third party offeror unless the controlling shareholder is prepared to sell its controlling shareholding.

The regulatory framework requires that the NBC Partnership Proposal be evaluated as if it were a takeover of PointsBet by NBCUniversal. However, the NBC Partnership Proposal does not involve the sale of shares or the direct provision of any consideration to PointsBet shareholders by NBCUniversal. Following the NBC Partnership Proposal, PointsBet shareholders will continue to hold the same number of shares in PointsBet, although the value and likely trading price of those shares will be affected by the transaction. As NBCUniversal will not provide any consideration directly to PointsBet shareholders, application of takeover analysis to the proposal is problematic. The regulatory framework requires that the "consideration" be taken to be the shares in PointsBet following implementation of the NBC Partnership Proposal. Conceptually, this approach implies that PointsBet shareholders:

- will be surrendering the opportunity to realise full underlying value (i.e. a value including a control premium) for their existing investment; and
- will be receiving consideration of a "minority" or "portfolio" interest in PointsBet post implementation of the NBC Partnership Proposal.

Accordingly, "fairness" from their perspective would require that they are compensated by an adjustment to the trading price of PointsBet shares such that the trading price of PointsBet shares after the completion of the NBC Partnership Proposal matches or exceeds the full underlying value of PointsBet immediately before the proposal.

On this formulation of fairness, the NBC Partnership Proposal would be fair if the expected or actual trading price of shares in PointsBet following the proposal was equal to, or greater than, the estimated full underlying value of PointsBet before the proposal.

In considering whether the NBC Partnership Proposal is reasonable, the factors that have been considered include:

- PointsBet's current financial position and its requirement for additional equity to meet its business plan objectives;
- the potential impact on future cash flows of PointsBet's business operations in the United States together with the extent to which it:
  - provides competitive and strategic benefits; and
  - reduces execution risk;
- disadvantages, costs and risks of the proposal including:
  - dependency on the media market performance of NBCUniversal; and
  - dilution of the interests of existing shareholders;
- any other benefits, disadvantages and risks of the NBC Partnership Proposal; and
- the potential consequences if the NBC Partnership Proposal is not approved by shareholders.

2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- PointsBet's Explanatory Statement (including earlier drafts);
- PointsBet's prospectus dated 23 May 2019;
- annual reports of PointsBet for the three years ended 30 June 2020;
- press releases, public announcements, media and analyst presentation material and other public filings by PointsBet including information available on its website;
- brokers' reports and recent press articles on PointsBet and the online gambling industry;
- sharemarket data and related information (brokers' reports and press articles) on Australian and international listed companies engaged in the online gambling industry and on acquisitions of companies and businesses in this industry;
- press articles, website articles and other reports on the online gambling industry; and
- various forecasts of potential sports betting activity in the United States.

Non Public Information provided by PointsBet

- budget for the year ending 30 June 2021 ("FY21")[5] prepared by PointsBet management;
- a financial model projecting the operating and financial performance of PointsBet business for the ten years ending 30 June 2030;
- transaction documents relating to the NBC Partnership Proposal; and
- other confidential documents, board papers, presentations and working papers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by PointsBet and its advisers. Grant Samuel has considered and relied upon this information. PointsBet has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material facts have been withheld.

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5 FYXX is the year end 30 June 20XX (e.g. FY21 is the year ending 30 June 2021).

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the NBC Partnership Proposal is fair and reasonable having regard to the interests of the shareholders of PointsBet. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert. Grant Samuel is not in a position nor is it practicable to undertake its own "due diligence" investigation of the type undertaken by accountants, lawyers or other advisers.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report consists of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of PointsBet. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included:

- the budget for PointsBet for the year ending 30 June 2021 ("PointsBet FY21 Budget"), prepared by PointsBet management; and
- operating and financial forecasts for PointsBet for the ten year period ending 30 June 2030, prepared by PointsBet management ("the PointsBet Financial Model").

PointsBet is responsible for the information contained in the PointsBet FY21 Budget and the PointsBet Financial Model ("the forward looking information"). The directors of PointsBet have decided not to include any of the forward looking information in the Explanatory Statement and therefore neither the PointsBet budget nor the PointsBet Financial Model have been disclosed in this report.

Grant Samuel has no reason to believe that the forward looking information was not prepared on a reasonable basis or that the assumptions do not represent a reasonable estimate based on the information available to management of PointsBet. However, the online sports betting market in the United States, which represents the major business opportunity for PointsBet, is in its infancy having only really started (with a few minor exceptions) following legislative change in May 2018. Fewer than 15 States have legalised online sports betting (excluding States where only in-venue betting is permitted and those States conducting "lottery" style betting), not all of which are currently in operation. The full roll-out is likely to take at least five years and there is significant uncertainty as to timing of operational commencement, the terms of commercial agreements and, in some cases, whether States will legalise sports betting at all. There is therefore a very limited track record of critical parameters such as uptake of the product, spending levels and market shares. Accordingly, projections of future performance for any individual operator are, no matter how carefully constructed using available data points, largely speculative and subject to extreme uncertainty. Grant Samuel has therefore not relied on the forward looking information but has had regard to it in forming its views as to value.

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the assessments by PointsBet and its advisers with regard to legal, regulatory, tax and accounting matters relating to the NBC Partnership Proposal are accurate and complete;
- the information set out in the Explanatory Statement sent by PointsBet to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the NBC Partnership Proposal will be implemented in accordance with its terms; and
- the legal mechanisms to implement the NBC Partnership Proposal are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

3 The Online Gambling Industry

3.1 Introduction

The gambling industry encompasses a wide range of distinct activities including:

- lotteries (and other similar products such as keno, bingo and raffles);
- casinos;
- electronic gaming machines ("EGMs") (also called "poker machines", "pokies" or "slots");
- games (such as poker); and
- various forms of wagering such as:
  - racing (thoroughbreds, harness racing and greyhounds) including:
    - on and off course totalisator (or "Tote" or "pari mutuel") betting through official organisations such as TABs[6] in Australia;
    - on course fixed odds betting with individual bookmakers or other licensed operators with booths or outlets at the track such as the State based TABs in Australia); and
    - off course fixed odds betting;
  - sports betting (other than racing); and
  - non sports or "novelty" betting (e.g. election outcomes or other measurable events).

Gambling varies from activities based solely on luck (such as lotteries, EGMs, some casino games) to those involving a lesser or greater element of skill and/or analysis (poker, most wagering) as well as luck.

Traditionally, most gambling took place in licensed venues (e.g. casinos, race tracks) or other officially sanctioned distribution channels such as retail betting shops or licensed premises (hotels and clubs). At the same time, there has always been a considerable level of illegal gambling (e.g. poker dens and "underground" casinos). Indeed, the evolution of TABs in Australia in the 1960's was a government response to high levels of illegal off course betting on horse races.

The advent of the internet[7] has wrought dramatic change across the industry over the past 20 years, which has accelerated over the past ten years with the development of sophisticated applications ("apps") that can be easily used on mobile devices.

Internet based (or "online") gambling occurs across virtually all sectors of the industry. Today, there are:

- online lotteries (e.g. *Lottoland* albeit, strictly, a form of wagering) and online distribution of official lotteries;
- online casino games (such as roulette and blackjack) and online EGMs (pokies or slots) which are generally referred to as "iGaming";
- online poker; and
- online wagering across racing, sports and novelty betting.

In the wagering sector, online betting is now the dominant medium through which clients place bets. For sports betting, it is estimated that over 80% is online (with the balance largely placed in licensed venues) although this varies from market to market. The online share in racing is considerably less because of the

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[6] Totalisator Agency Board (in its original form). These organisations have now been corporatised and privatised (except Western Australia) but continue to use the *TAB* brand.

[7] Prior to internet based betting there was "phone betting" but its impact was relatively minor.

significant element of on course betting and betting at licensed venues, particularly in places such as Australia and the United Kingdom.

The gambling industry is heavily regulated (including as to accessibility and distribution methods) and heavily taxed, although these elements vary substantially between countries and, in federated jurisdictions, there can also be marked differences between individual States. In this respect, there is no global gambling industry, only individual markets albeit that there is a significant level of unregulated, offshore based online gambling activity that transcends State and national boundaries.

3.2 Wagering in Australia

3.2.1 Operators

Australia has a long history of wagering based around the racing industry. Sports betting has been legal in most States since the 1980s. The Australian wagering market (leaving aside on course bookmakers in the racing industry) comprises two main groups of market participants:

- TABs in each State and/or Territory. TABs essentially have:
  - exclusive rights to provide "official" on course betting services (Tote and fixed odds) but they do compete with individual licensed bookmakers that operate on particular racecourses; and
  - monopoly rights to provide betting facilities in:
    - their own retail outlets; and
    - other licensed venues such as pubs and clubs.

  As a result of the 2017 merger between Tabcorp Holdings Limited ("Tabcorp") and Tatts Group Limited, Tabcorp owns the TABs in every State and Territory throughout Australia with the exception of Western Australia (owned by State government but potentially for sale).

  The TABs are governed by arrangements with each State government which involve:
  - licences of fixed but different durations. The Victorian licence expires in 2024 but those in NSW, Queensland and South Australia do not expire until the end of the century (although retail exclusivity typically expires much earlier);
  - payments of upfront fees (at the time of renewal); and
  - payments of taxes based on gaming revenue.

  The TABs also have comprehensive agreements with the various racing bodies that include:
  - product fees (e.g. race field fees based on a percentage of gross gaming revenue);
  - marketing and development payments; and
  - broadcasting rights agreements with the individual racing clubs (historically giving TAB clients exclusive access to video coverage).

  Tabcorp also provides a comprehensive online betting service across racing, sports and other products (under the *TAB* brand); and
- corporate bookmakers who operate solely online but nationwide. The first online bookmaker (*Centrebet*) began in 1996 but the industry started to develop in the early 2000s using licences issued by the Northern Territory government. There was little other States and Territories could do to prevent residents accessing these services. A 2008 High Court decision removing restrictions that prevented bookmakers licensed in one State from advertising in another, together with developments in mobile technology, provided the impetus for the online wagering industry to take off.

Over the ensuing 12 years, there has also been a significant restructuring of the market with new entrants, mergers, rebrandings and closures. Today, the primary participants are:

LEADING CORPORATE BOOKMAKERS IN AUSTRALIA (EXCLUDING TABCORP)

BRAND	OWNER	OWNER TYPE	COMMENTS
bet365	Bet365 Group Limited	Privately owned UK[8] Group	
Betfair	Crown Resorts Limited	ASX listed	A betting exchange rather than a bookmaker
Ladbrokes	GVC Holdings PLC	UK company listed on LSE	
Neds	GVC Holdings PLC		
Palmerbet	Palmer family	Private Australian owned	
PointsBet	PointsBet	ASX Listed	
SportsBet	Flutter Entertainment plc	Irish company listed on LSE[9]	Also owns *BetEasy* (now closed)
Unibet	Kindred Group plc	Registered in Malta, Listed on Nasdaq Stockholm	

Flutter Entertainment plc ("Flutter") (formerly Paddy Power Betfair plc) is a large Irish based multinational operator that is the result of several recent acquisitions and mergers. It now incorporates, in addition to *SportsBet* in Australia, the businesses of *Paddy Power* (UK and Ireland – retail and online), *Betfair* (global operations except Australia and New Zealand), *FOX Bet* (a US partnership with Fox Media), *SkyBet* in the UK (licensing the *Sky* brand), *PokerStars* (online poker and casino games) and *FanDuel* (a daily fantasy sports business in the United States). Flutter recently closed the *BetEasy* brand in Australia to focus on *SportsBet*. GVC Holdings PLC ("GVC") is a major UK based betting group that, in addition to Australia, has operations across the UK and Europe and a new business in the United States (in joint venture with MGM Resorts International ("MGM Resorts").

Corporate bookmakers have a much greater focus on sports betting (as opposed to racing) compared to Tabcorp (where racing represents almost 90% of wagering revenue).

3.2.2 Key Features and Trends

Some of the key features of the Australian wagering market and the trends over recent years are summarised below:

- Australians are amongst the most active gamblers in the world. Total gambling expenditure in 2017/18[10] (i.e. net losses incurred by consumers) amounted to approximately $1,300 per adult[11], of which approximately $250 is attributable to wagering. Of this, racing comprises approximately $184 per adult while sports betting is estimated to be $64 per adult;
- wagering turnover has grown steadily over the ten years to 2017/18[10] at a cumulative annual growth rate ("CAGR") of 6.5%:

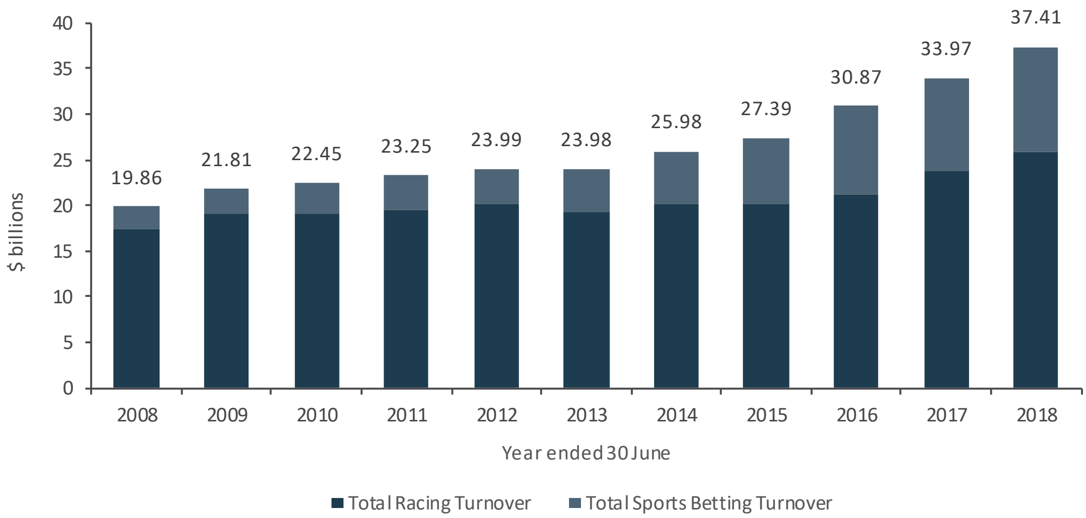
8 United Kingdom

9 London Stock Exchange

10 Source: Australian Gambling Statistics, 35th Edition (December 2019), Queensland Government Statisticians Office ("Australian Gambling Statistics").

11 Based on 19.3 million persons aged 18 and over. Equivalent to $1,000 per capita based on total population.

AUSTRALIAN WAGERING TURNOVER

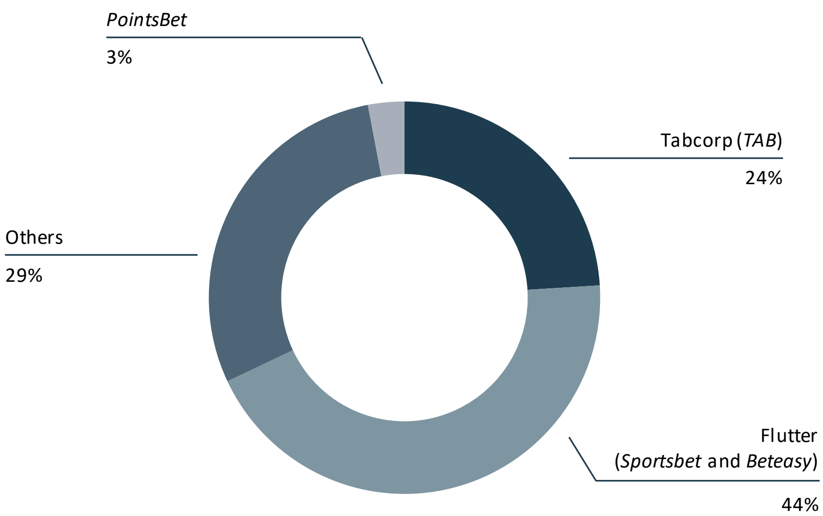


Source: Australian Gambling Statistics

However, within the overall picture, racing has been growing modestly (4.1% per annum over the ten years to 30 June 2018 with fixed odds growing and Tote betting declining) while sports betting has grown at an annual rate of 16.6% over the same period (and one estimate shows a further 10% growth in 2018/19[12]). As a result, sports betting has, over the last decade, increased its share of wagering from approximately 13% to over 30%;

- Tabcorp has a majority share of the total wagering market but this includes horse racing. There are no official market share statistics for the sports betting segment but, based on data available to PointsBet, it is estimated that in the first six months of 2020 the approximate market shares were:

AUSTRALIAN SPORTS BETTING – ESTIMATED MARKET SHARE (2020 YTD)



Source: PointsBet

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[12] Racing Australia Fact Book 2018/19.

Tabcorp's share has been relatively stable but Flutter's (aggregate) share has increased from previous levels of around 40%;

- the increasing share of the wagering market by corporate bookmakers (relative to *TAB*) reflects a number of underlying drivers:
  - the natural degradation of incumbency over time (in the racing segment);
  - the strong growth in client interest in sports betting including a growing offering of offshore sports underpinned by the greater diversity and flexibility of bet types (racing has an essentially static product offering other than increasing access to offshore races);
  - heavy promotional and marketing expenditure by corporate bookmakers; and
  - structural advantages in favour of corporate bookmakers in terms of State taxes and fees paid to racing bodies. Initially, they did not pay any race day fees and were not subject to State gaming taxes and the Northern Territory government did not apply any taxes. These lower imposts enabled corporate bookmakers to offer more competitive odds. More recently, these advantages have begun to be eroded:
    - corporate bookmakers now pay fees to racing authorities and sports bodies; and
    - State governments have introduced a point of consumption tax in order to help "level the playing field" (in addition to other taxes paid by corporate bookmakers such as GST). The bookmakers pay a tax on revenue based on the client's residence. The point of consumption taxes vary from State to State and in the detail of their application:

STATE POINT OF CONSUMPTION WAGERING TAXES

STATE	YEAR INTRODUCED	RATE (%)	THRESHOLD ($)
ACT	2019	15	150,000
NSW	2019	10	1,000,000
NT	-	-	-
QLD	2018	15	300,000
SA	2017	15	150,000
TAS	-	-	-
VIC	2019	8	1,000,000
WA	2019	15	150,000

Given the recent introduction of these taxes (and the upheaval during the first half of 2020 due to COVID-19), the impact on competitiveness and market share is uncertain at this point in time;

- within the sports betting market, US sports have become an increasingly important component for Australian clients and it is estimated that they now represent approximately 40-45% of the total Australian sports betting market. The NBA on its own is estimated to represent approximately 25% of the market;
- there is no definitive data on the split between retail and online distribution in the sports betting or the broader wagering market. However, available data suggests online betting has been increasing its share and is now well over 80% (if not 90%) of the sports betting market:
  - corporate bookmakers are essentially 100% online; and
  - TABs have a much greater element of in-venue (and on-course) betting. In FY19, Tabcorp reported that only 42% of turnover was through digital channels but 90% of its wagering revenue is from racing which has a very high retail component. Tabcorp's sports betting turnover is likely to be predominantly online.

Within online, mobile devices are becoming more popular. In Europe, they now represent over 50% of all online gaming activity[13]; and

- wagering is subject to significant regulatory and other constraints[14], in particular:
  - limits on the ability to undertake promotional and advertising activities on television and radio including time of day, type of program and time of event;
  - limits on inducements to open new accounts;
  - a ban on online "in-play" betting (i.e. making bets once a game or race has started) including multi day events. This restriction is regarded by the industry as a significant constraint on wagering activity. For example, in the United Kingdom and Europe (where it is permitted) in-play betting is estimated to represent well over 60%[13] of all sports betting (with some estimates over 70%), much of it centred on football. However, in-play betting is allowed via telephone or on licensed retail premises and, over time, it may be possible to seek regulatory change; and
  - a ban on online casino games (iGaming). Again, this represents a constraint on the potential of the business as it is a suite of products that corporate bookmakers with a strong technology platform could easily put in place. However, despite iGaming being allowed in other markets (such as the United Kingdom, Europe and some US States) change in Australia is unlikely in the short to medium term. There are significant social issues to overcome (compared to wagering) particularly given the problem gambling issues in Australia arising from the prevalence of EGMs (and the likely resistance by casinos and EGM operators such as licensed clubs). Nevertheless, it should be recognised that this activity does already occur in Australia to some extent through the use of offshore websites and apps.

3.3 Wagering in the United States

3.3.1 Background

The gambling market, in particular wagering, is very different in the United States compared to Australia.

Historically, casinos have been the primary form of gambling. Nevada is the clear market leader (with gross gaming revenue from casinos of over $12 billion per annum) but States such as New Jersey, Pennsylvania, New York, Louisiana, Indiana and Mississippi also generate over US$2 billion each in gross gaming revenue. Others have more limited casino operations (often based around native American Indian tribal group operators) while Hawaii and Utah allow no casinos.

Wagering on horse races is also available across most States (on-course and online) but is limited to Tote (pari mutuel) betting. Accordingly, the annual turnover of circa US$12 billion is about 1/20th of the level in Australia on a per capita basis.

However, the operation of a sports betting enterprise (rather than the act of betting) had been effectively illegal nationwide since 1992 under the Professional and Amateur Sports Protection Act ("PASPA") except for "grandfathering" of certain exemptions:

- Nevada, which allowed in-venue and online sports betting (although bettors are required to first register in person at licensed premises (i.e. a casino)); and
- three other States for limited forms of sports lotteries (e.g. Delaware, Montana and Oregon).

PASPA applied to both offline (in-venue) and online betting. It was also supplemented by the Unlawful Internet Gambling Enforcement Act of 2006 ("UIGEA") which was aimed at preventing processing of payments to operators.

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[13] Source: European Gaming and Betting Association.

[14] Primarily the Interactive Gaming Act, State legislation and, for example, various media Codes of Practice.

As a result of the inherent popularity of major sports in the United States and the evolution of online gambling, the ban also led to:

- significant sports betting through offshore and illegal online operators (estimated turnover of at least US$70 billion); and
- workarounds such as Daily Fantasy Sports ("DFS") where clients pay an entrance fee prior to the commencement of the game or event and the pooled fees (less expenses and service fees to the operator) are then paid as prizes to those who predicted the correct outcome. In this respect, DFS operates as a kind of defacto sports betting.

  DFS, which began in 2007 as an evolution of season long fantasy sports games, is allowed in most States as it is regarded as a game of skill rather than gambling (arguably a rather fine distinction).

  The two largest operators are DraftKings Inc (listed on NASDAQ) and FanDuel Group (controlled by Flutter). Total DFS entrance fees were approximately US$3.5 billion and industry revenue was estimated to be approximately US$300-400 million prior to the opening of sports betting with approximately one million active monthly users[15] across the various platforms.

Apart from PASPA and UIGEA, gambling is largely under the jurisdiction of individual States. Pressure from the States, particularly New Jersey (primarily because of the loss of potential revenue), culminated in PASPA being overturned by the United States Supreme Court in May 2018. The decision allows individual States to legalise sports betting on whatever basis and subject to whatever taxes and charges they choose. The overturning of PASPA has led to a rapid opening up of sports betting across the United States since 2018 (see Section 3.3.2 below).

Other features of the US market include the following:

- legal sports betting is limited to people present within that State (residents and visitors). Accordingly, operators are required to employ strong safeguards (e.g. GPS tracking of mobile devices) to ensure clients outside the State cannot utilise the service;
- there are limited restrictions on in-play betting (which may vary from State to State); and
- gambling winnings by individuals can be subject to tax at their full marginal tax rate.

3.3.2 The Legalisation Process

Since the overturning of PASPA, many States have begun a process to enable sports betting (particularly online sports betting) to develop. Important aspects of the process include the following:

- there are several steps to achieve commercial launch in a State including:
  - public consultations and development of draft rules;
  - passing of enabling legislation in State legislatures. Some States required a voter referendum prior to legislation;
  - assent by the State Governor;
  - approval and issuing of licences (following probity checks etc); and
  - commencement of services;
- individual States have moved at different speeds. Indeed, some had passed legislation prior to the final PASPA decision that enabled sports betting to be launched almost immediately after it became legal. New Jersey was amongst the first to become operational. The first online service was launched

15 Unique customers having a paid engagement during the month. Based on DraftKings public statements, there would appear to be about 5-10 million "paid" accounts across the industry.

in August 2018. As at 30 June 2020, there were 17 online services in New Jersey as well as offline (in-venue) services at ten casinos and racetracks. Other early adopters include Pennsylvania, Iowa, Indiana, Mississippi, West Virginia and Rhode Island. In total, sports betting (excluding "lottery" style arrangements) has been legalised in 17 States although some have not yet launched any commercial services.

Most of the remaining States contemplating legalising online sports betting are at different stages of this process. Amongst these are several of the largest States – New York, Florida and California. Of these, New York is the most advanced. In-venue sports betting was legalised in 2013 (at a small number of commercial casinos) but only began in 2019 and legislation to allow online sports betting stalled in 2019. However, there is some impetus for passage, not least because of the potential tax revenue bleeding into New Jersey. In California, which given its size would be a prized market, the enabling bill was withdrawn in June 2020 and the outlook, at least as to timing, is unclear. There is push back from Native American casino operators that have existing rights. Florida has draft bills before its legislatures but, while it is expected to progress, it also faces challenges in reaching agreement with tribal operators.

In contrast, there are no current initiatives to pursue sports betting in Texas (which has limited legal gambling in any event).

The COVID-19 crisis and its severe adverse impacts on State Government budget positions may encourage many States to accelerate the introduction (particularly having witnessed the successful introduction in New Jersey);

- individual States levy taxes on gambling activity (reflecting the primary driver for seeking the changes to PASPA). However, rates vary widely from State to State and may differ between online and offline (i.e. bets placed in-venue) and whether based on gaming revenue generated by the operator or some other metric (e.g. New Jersey has a tax on winning bets). Most are somewhere between 7% and 15% of revenue and there can also be additional levies. However, there are outliers. In particular, Pennsylvania (part of the massive "Tri State" area along with New York and New Jersey) has set a tax rate of 36% of gambling revenue.

  Two small States, Delaware and Rhode Island, have a very different model where the State takes approximately 50% of revenue.

  In addition, there is a Federal excise tax equal to 0.25% of turnover (not operator revenue);

- in the States that have progressed to full implementation, sports betting licences have only been issued to entities that are currently licensed in that State to offer gambling services (essentially casinos and racetracks) with the exception of Tennessee (where licences are untethered). Licensees can then appoint sublicensees to actually operate the betting service (referred to as "skins"). This has been the common practice as the casinos and racetrack organisations do not usually have the capability to offer such services themselves.

  In some States, licensees are only allowed one skin which can make it more challenging for individual operators to gain market access. However, in others (such as New Jersey) there can be up to three skins per licence allowed;

- the permitted business model for sports betting also varies from State to State. For example:
  - at least five States allow only in-venue sports betting (including New York (for the present));
  - some States allow open access to online betting services within the State (e.g. New Jersey) while others require clients to first register in person at a licensed venue (casino, racetrack). This rule materially limits the available market but the requirement generally falls away after a period of, typically, around 18 months; and

- the primary sublicensee or skin is required to operate a "sports book" (i.e. a physical retail shop) at one or more of the premises operated by the licence holders in some States; and

- the skins are individual commercial arrangements between the licence holder and the betting service operator. Typically, these arrangements include:
  - terms of at least five years;
  - upfront payments; and
  - annual payments calculated as a percentage of revenue, subject to certain minimum thresholds.

  The terms of individual arrangements are not generally in the public domain but to the extent information is available, it suggests that payments are in the order of 5-15% of net gambling revenue although there are many variables including the total number of skins available, deductions and the level of State taxes (e.g. Pennsylvania's very high tax rates may constrain the rate able to be paid to the licensee).

  The licence holder's objective is obviously to maximise revenue from the service provider so they will attempt to secure the operator with the most potential to achieve market share. Where they can issue more than one skin, they may seek operators that have complementary capabilities or target different sectors of the market.

3.3.3 Market Participants

Two of the largest market participants in the emerging sports betting market are the major DFS operators, *DraftKings* and *FanDuel*, who have rapidly expanded their business models to incorporate sports betting and iGaming (see Section 3.4). These two businesses bring significant competitive advantages including brand recognition throughout the United States (and therefore client trust) and, more importantly, an existing database of clients that are registered on their platforms and clearly have a high propensity to engage in sports betting type activity. They are both well positioned to enter new markets as early as practical and therefore enjoy first mover advantages.

Not surprisingly, *DraftKings* and *FanDuel* have captured a very high share of the New Jersey and other markets in the initial few months. However, other significant participants (including several with existing iGaming businesses in New Jersey and other States) have also entered the sports betting market and have captured meaningful market share including:

BRAND	OWNER
bet365	Bet365 Group Limited
BetMGM	GVC / MGM
Bet Rivers	Rush Street Interactive, Inc.
Caesars	Caesars Entertainment, Inc.
FOX Bet	Flutter / FOX Broadcasting Company (via options)
Golden Nugget	Golden Nugget Online Gaming, Inc.
PointsBet	PointsBet
Sugar House	Rush Street Interactive, Inc.
William Hill	William Hill PLC
888 Sport	888 Holdings plc

In addition, Penn National Gaming Inc ("Penn National") has recently entered the market, launching the *Barstool Sports* branded mobile betting app in September 2020 (initially in Pennsylvania). Penn National acquired 36% of Barstool Sports in January 2020 with a further 14% to be acquired in three years time and rights to acquire control.

There is a substantial presence of international betting companies. Bet365 Group Limited, William Hill PLC ("William Hill") and GVC (owner of *Ladbrokes* and joint owner of *BetMGM*) are UK based while Flutter which owns *FanDuel* and *FOX Bet* is an Irish company with a primary listing on the LSE. 888 Holdings plc is based in Gibraltar and PointsBet is Australian.

It should be noted that:

- not every operator will seek to operate in every State where sports betting is legalised, with the decision depending on expected market size, the number of skins available (competitiveness) and other factors such as the tax regime;
- some of the operators:
  - have formed partnerships with casino or racetrack operators who hold licences across multiple States providing greater efficiency in establishing the business. For example, *BetMGM* is a joint venture between MGM Resorts and GVC. The deal gives GVC effective access to all online sports betting licences issued to MGM Resorts in the eight States where it has existing casino operations; and/or
  - have formed partnerships with major national media organisations. Given the importance of marketing, these partnerships can provide important strategic benefits. For example, Flutter's partnership with FOX Broadcasting Company ("FOX") involves the payment of royalties to FOX and provides FOX with the right to acquire an 18.5% interest in Flutter's FanDuel Group (including *FoxBet)* at valuation in 2021 (or over the ensuing 10 years)[16]. William Hill has a partnership with *CBS Sports* while Caesars has a relationship with *ESPN*;
- while *DraftKings* and *FanDuel* have some clear competitive advantages, they have much less experience than existing sports betting operators in other critical aspects of the business such as bookmaking (i.e. odds setting); and
- most of the operators have outsourced their technology needs to the third party betting platform providers such as Kambi, Scientific Games and SBTech.

3.3.4 Market Potential

The sports betting market in the United States is in its infancy and the market, while potentially huge, is impossible to predict with any meaningful degree of accuracy. There is, not surprisingly, a wide range of estimates from industry research houses and broker analysts (Jeffries & Co, JP Morgan, Goldman Sachs etc). These estimates have also been increasing over time. However, the estimates of annual net revenue to operators (which are built up on a State by State basis and have increased over time) appear to most commonly settle at around:

- US$7-8 billion in 2025 based on the number of States expected to have opened for business at that point (albeit some predictions are as high as US$13.5 billion); and
- US$15-20 billion if all States were open and markets had reached maturity (which is generally expected to take around five years). Again, there are also much higher estimates of up to US$27 billion.

While these figures appear substantial:

- the United States is the home of some of the world's largest sporting leagues – NBA, NFL, NHL and MLB. Attendances at these events dwarf those in other jurisdictions; and
- there are large existing pools of betting or betting-like activity that can be expected to gravitate towards officially licensed sports betting operators such as:

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16 The original partnership was between FOX and The Stars Group ("Stars") and included FOX acquiring a 4.99% interest in Stars. Following the acquisition of Stars by Flutter, the terms were renegotiated.

- illegal and offshore sports betting (estimated to earn US$3-4 billion in net revenue per annum); and
- DFS.

To put these estimates in context, sports betting revenues (excluding racing) in both Australia and the United Kingdom are, on a population adjusted basis, approximately equal to a US market of US$12 billion[17]. In making any comparisons, it is necessary to recognise that there are structural differences:

- in-play betting is currently banned in Australia (except by phone or in-venue) but will generally be legal in the United States. In-play betting is a major driver in the United Kingdom and Europe, representing over 60% of sports betting activity;
- wagering on horse racing is far more significant in Australia than in the United States and is the dominant element of Australian wagering with turnover approximately 2.2 times that of the sports betting market. Arguably, it diverts betting activity away from sports. Total Australian wagering revenue including racing is equivalent to a US market of approximately US$45 billion per annum; and
- similarly, racing is a significant feature of the United Kingdom's betting landscape. Total wagering revenue is equivalent to a US market of US$22 billion.

Some industry research estimates that retail (in-venue) will be a significant component of sports betting turnover (up to 40%) but early data from New Jersey shows it to be around 10-20% (although it may be higher in other States because of particular features of their regimes). In the UK, offline (or in-venue) represents approximately 25% of non racing revenue but there is a large network of retail betting shops across the country to support this channel which is not a feature of the United States environment.

3.4 Online Gaming in the United States

iGaming is the term for online gambling based largely on casino games (e.g. roulette, blackjack) and EGM/pokies type games. It has been legal in Delaware since 2012 and in New Jersey and Nevada since 2013. It was not prohibited by PASPA but did not gain traction in other States, largely because of social/political issues (voters are generally against facilitating access to gambling on games of chance).

However, with the introduction of sports betting, legal iGaming is beginning to become more acceptable and be legalised (in some form) across a number of other States. It is now legal in Pennsylvania, Michigan, West Virginia and several others such as Illinois, Indiana and Colorado are expected to follow suit over the next few years.

Analysts and others consider that the iGaming market has significant potential. Again, estimates vary widely. DraftKings Inc has estimated a total potential iGaming market of US$21 billion (based on extrapolation of New Jersey) and many others also believe it will be larger than the sports betting market. At the same time, it will be very competitive with traditional gaming companies (casinos) likely to enter this market themselves.

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[17] Sources: UK Gambling Commission, Industry Statistics May 2020 (Tables 7 and 11b) and Australian Gambling Statistics.

3.5 Industry Economics

The following schematic depicts the way in which wagering activity generates profits for industry participants:

ITEM	KEY STATISTIC	EXPLANATION
Turnover (or "handle")		The amount bet by clients on an event
Gross Gaming Revenue or Gross Win	Gross Win as % of Turnover	The loss on bets incurred by clients
Net Win	Net Win as % of Turnover	The gross win less all promotional bets given to clients (e.g. bonus bets, early payouts)
Net Revenue		Net win less GST (in Australia). Effectively the revenue of the operator
Gross Margin [15]	Gross Margin as % of Net Revenue	Net revenue less direct "costs of sale" such as State gambling taxes, fees to sports and racing bodies, fees to partners (e.g. skins in the US), data feed costs, payment processing costs and, in some cases, technology costs[15]
Contribution	Contribution as % of Net Revenue	Gross Margin less Marketing Costs
EBITDA	EBITDA as % of Net Revenue	Contribution less: • technology costs[15] • employee costs • administration and other costs

[18] Some operators outsource the platform technology and share revenue with the provider. In this case, it might be treated as cost of sale before gross margin. Others (e.g. those that own their own platform) may also notionally charge technology costs above the Gross Margin line.

The level of profitability achieved depends on a range of factors including:

- the maturity of the market. For example, there are substantial differences between the emerging markets in the United States and a mature market such as Australia.

  Net win rates can vary substantially but are generally targeted at approximately 10% in Australia (and are typically around 2% lower than gross win rates).

  However, in new/developing markets net win rates are generally lower for several reasons including:

  - the greater use of promotions to attract new clients, encourage betting activity and grow the market; and
  - the client base at the outset tends to comprise more experienced bettors with the more casual (and profitable) clients joining over time.

  In the United States, it expected that net win rates will be materially lower (around 5-6%) even over the longer run given the highly competitive nature of the evolving markets and the absence, to date, of (higher margin) fixed odds horse race betting.

  Gross margin also varies between markets depending on taxes, partnership arrangements and depends on the individual company's treatment of technology/platform costs (some report technology costs below gross margin).

  EBITDA margins in mature markets are typically in the order of 20-30% for an established operator with a material share of a mature market. However, in new/developing markets, losses are usually incurred in the early years as:

  - marketing expense is incurred in advance of gaining clients; and
  - other costs are largely fixed (or subject to step changes);

- the competitiveness of the market. Highly competitive markets will constrain profitability as a result of pressures across the board:

  - tighter odds (i.e. lower gross win rates) and the need for more promotional bets (lower net win rates);
  - higher marketing expenses in order to maintain or improve market share; and
  - lower market shares impacting EBITDA margins because of the largely fixed nature of other (non marketing) operating costs; and

- the mix of betting markets targeted by the operator or utilised by clients. For example, racing usually produces a higher net win rate than sports betting. In Australia, the gross win rate for sports betting was around 11% in 2017/18 while for racing it was 14%[19].

Marketing is a crucial part of the industry and is a key driver of market share. It usually represents around 20-30% of net revenue once the market reaches maturity but may be substantially lower for those with existing client bases. The main channels utilised by online wagering companies include:

- mainstream media (radio, television) encompassing:

  - advertising; and
  - in-program promotions.

  These arrangements may involve comprehensive partnerships with media organisations covering certain sports or events;

- digital advertising channels (e.g. Google, Facebook);

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19 Source: Australian Gambling Statistics.

- sponsorships of, or partnerships with, sports teams or events; and
- brand ambassadorships by high profile sportspeople or celebrities.

In this context, it should be noted that there is a significant level of interconnection between marketing and other client focussed actions such as loyalty programs and promotions (bonus bets etc). They are all levers for attracting clients and increasing betting activity.

In general terms, the key to the economics of the online wagering business is to ensure that the client lifetime value (net revenue per client generated over years of activity) exceeds the client acquisition cost (marketing and related expenditure to gain a new client) by a sufficient margin to cover other expenses and produce an attractive return on capital. While minimising client acquisition unit costs is paramount, higher costs can be offset through effective strategies that enhance lifetime value. Each operator will have its own approach to optimising these parameters.

3.6 Key Success Factors

The key drivers of success for any operator in the online wagering markets are:

- **Technology:** a technology platform that is:
  - reliable and robust;
  - easy to use;
  - fast (particularly in processing results and returning funds to clients); and
  - responsive and adaptable (e.g. able to quickly introduce new bet types or other services/products);
- **Product:** a product offering that provides breadth and depth of coverage across sports, the events held and the types of bets provided coupled with an ability to extend the offering including with innovative new products;
- **Marketing:** effective marketing activity that is successful in attracting clients and is cost efficient; and
- **Service:** client service (loyalty rewards, promotions and innovation) that underpins client retention (i.e. minimising churn) and stimulates betting activity.

4 Profile of PointsBet

4.1 Overview

PointsBet is an online corporate bookmaker, offering a wide range of betting products and services direct to clients across three types of betting product:

- Fixed Odds Racing;
- Fixed Odds Sports; and
- PointsBetting.

The Company was founded in 2015 with the aim of offering new ways for Australian bettors to place bets on Australian and United States sports. In particular, it identified US sports as a point of difference.

In February 2017, PointsBet was granted an Australian Sports Bookmaker Licence by the Northern Territory Racing Commission and entered the Australian market with a unique betting product called "PointsBetting" (described in further detail in Section 4.2.1). It has since developed into a full-service online corporate bookmaker, offering sports, racing and novelty betting products direct to clients using its own cloud-based platform. The Company was listed on the ASX in June 2019 as PointsBet Holdings Limited.

From the outset, PointsBet saw the potential to utilise its platform in the potentially much larger US market if the legal situation changed. Following the overturning of PASPA, PointsBet secured market access to operate as an online bookmaker in the State of New Jersey in July 2018 (launching in January 2019) and has now commenced operations in three other States. It has also secured access to markets in eight other States which will become effective once they complete legalisation of sports betting. The Company's primary focus is now on growing its US presence and market share.

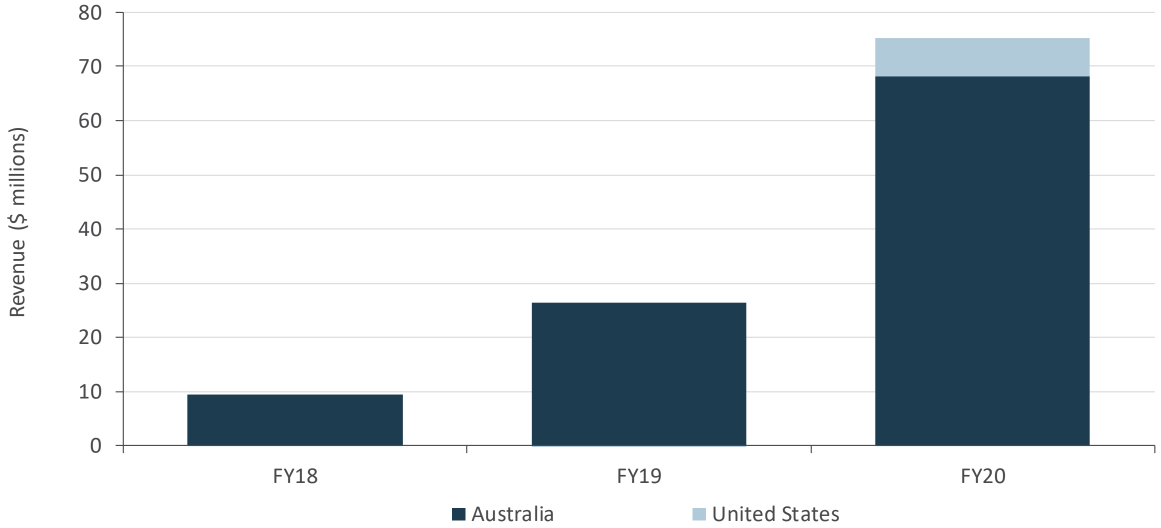
As at 30 June 2020, PointsBet had 214 employees, of which 133 are based in Australia (Melbourne and Darwin) and 81 are in the United States (New Jersey and Colorado). The Company is headquartered in Melbourne and, in FY20, generated $75.2 million in net revenue. PointsBet is listed on the ASX and had a market capitalisation of $1.15 billion as at the close of business on 27 August 2020 (the day immediately prior to announcement of the NBC Partnership Proposal (and FY20 results)).

PHYSICAL PRESENCE OF POINTSBET'S OPERATIONS

Source: PointsBet

PointsBet currently generates the majority of its revenue from Australia but this is expected to change in the future as it continues to grow its presence in the United States:

REVENUE BY COUNTRY



Source: PointsBet

4.2 Business Operations

4.2.1 Products and Services

Fixed Odds Racing

PointsBet's Fixed Odds Racing products offer clients an extensive range of racing wagering options such as fixed odds and Tote derivative products[20] for win and place, and Exotics such as Quinella, Exacta and Trifecta. In FY20, PointsBet offered betting markets for races in 29 different countries and over 211,563 individual races across thoroughbreds, harness and greyhound racing.

LOCATION OF RACES COVERED BY POINTSBET'S FIXED ODD RACING PRODUCTS

Source: PointsBet

20 Tote derivative products provide clients similar betting odds to the State based "Tote" betting pools operated by TABs.

Fixed Odds Sports

PointsBet's Fixed Odds Sports products provided sports betting options on 30 sports, including all major US sporting leagues (NBA, NFL, MLB and NHL) and major Australian sporting leagues (AFL, NRL and BBL)[21], together with three novelty categories (financial, entertainment and politics). In FY20, PointsBet offered sports betting options on over 206,053 individual sporting events.

PointsBet offers a wide range of betting markets across each sport, for example each AFL game contains approximately 250 betting markets, while each NBA game contains approximately 400 betting markets. PointsBet offer these markets across both pre-game and in-play (to the extent permitted).

PointsBetting

PointsBetting is a product that is not offered by any other corporate bookmaker in Australia or the United States. PointsBet offers PointsBetting on all sports across major sporting leagues including NBA, NFL, NHL, MLB, AFL and NRL. PointsBetting allows clients to increase their winnings from a bet based on the spread of the underlying outcome. It also results in increased losses for losing bets. For example, if a bet wins (losses) by 1 point (or unit), the client wins (losses) 1 x their stake. If a bet wins (losses) by 20 units, the client wins (losses) 20x their stake.

While PointsBetting is a unique product, it represented <10% of total revenue in FY20. This is not expected to materially change in the future.

iGaming

PointsBet is currently developing an iGaming platform with the aim of offering these games to clients and the Company is in advanced discussions with various market leading product/game providers to assist with this roll-out. iGaming is currently illegal in Australia but is legal in certain states in the United States. PointsBet is planning to roll-out this product later in FY21 (discussed further in Section 4.4).

4.2.2 Marketing and Promotions

PointsBet aims to maximise returns from its marketing and its marketing spend has grown in line with the Company's product and platform enhancements. PointsBet plans its marketing spend around the introduction of key product releases and key events in order to enhance its effectiveness and it uses multiple media channels to market its products and services, while trying to optimise the expenditure based on the analysis of the category's target audience.

PointsBet also utilises promotions such as bonus bets, money back specials or enhanced pricing initiatives in compliance with relevant laws and regulations. Promotions are data driven and aimed at growing new clients, retaining existing clients and maximising client engagement. Promotional costs are typically high during the start-up and establishment of a wagering business in order to be competitive in the market. For example, new clients may be given welcome bonuses, which means that when new clients make up a large proportion of a business' client base, promotional costs are disproportionately high.

4.2.3 Technology

Information technology and safeguards are critical to providing an uninterrupted service to PointsBet's clients and to maintain data integrity and privacy. PointsBet has developed its own scalable cloud-based technology platform using a combination of proprietary internally developed software and technologies and licensed third-party software and technologies.

PointsBet either owns, or has an irrevocable licence to use, all material intellectual property associated with the platform. The platform has evolved from third-party licensed technology through many bespoke

[21] Australian Football League, National Rugby League and Big Bash League (cricket).

features developed in-house and has been integrated to handle all aspects of player account management, traditional Fixed Odds Racing, Fixed Odds Sports and PointsBetting.

The platform is centrally supported from Australia and allows the Company to support and develop a number of different user interfaces. The platform contains built-in marketing and client relationship management features, risk management systems, odds management, content delivery, marketing tools and client facing components. It also supports online in-play betting, in addition to the phone betting offering.

4.3 Australian Wagering

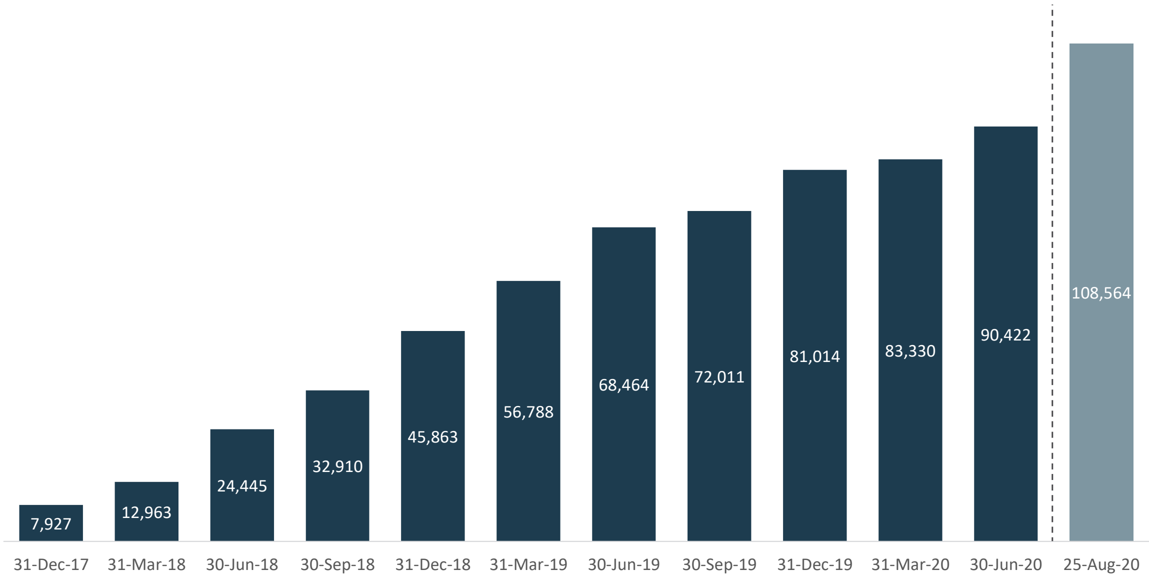
Licences

PointsBet operates as on online bookmaker in Australia under a "Sports Bookmaker Licence" granted to it by the Northern Territory Racing Commission. This licence allows PointsBet to provide wagering services in all States and Territories across Australia.

Operating Performance

PointsBet has a strong track record of growth in the highly competitive and regulated Australian market. Since its launch in February 2017, PointsBet has significantly increased its client base, the majority of which are male between the ages of 25 to 45 years. As at 25 August 2020, PointsBet had 195,477 registered clients in Australia. In the 12 months to 25 August 2020 there were 108,564 active clients (clients who have made a bet in the last 12 months), which represents 55.5% of registered clients:

ACTIVE CLIENTS - AUSTRALIA



Source: PointsBet

Client acquisition has largely been driven by:

- roll-out of products available in Australia:
  - PointsBetting (available at launch in February 2017);
  - Fixed Odds Racing (September 2017); and
  - Fixed Odds Sports (March 2018); and
- significantly increased marketing and promotional spend.

Client acquisition has led to a significant increase in Turnover, which reached $830.5 million in FY20. PointsBet has seen improvements in Net Win margin due to its growing client base resulting in new clients (which can be more expensive in terms of promotional costs) now making up a smaller percentage of the Company's overall clients.

The Australian business recorded its first positive EBITDA result in FY20 of $6.9 million, which was largely the result of:

- continued client acquisition and Turnover growth since 2017; and
- a spike in online wagering towards the end of FY20, which coincided with COVID-19 restrictions. Despite the fact sports were cancelled during this time, racing events continued and many licensed venues were closed (causing a shift to online). Consequently, the Company saw an uplift in wagering during this time. Turnover in Q4[22] was up approximately 70% compared to previous three quarters (with client numbers up by only around 10%). Net revenue was more than double the level in each of the previous three quarters. The improved Net Win margin in Q4, which also bolstered the full FY20 result, was because racing (which is a higher margin product) made up a much larger proportion of the overall betting Turnover.

KEY METRICS – AUSTRALIA

	YEAR ENDED 30 JUNE			
	2017	2018	2019	2020
KEY METRICS				
Turnover ($ millions)	1.7	165.0	490.1	830.5
Gross Win ($ millions)	1.1	16.9	50.5	100.8
Gross Win Margin (%)	*65.2*	*10.2*	*10.3*	*12.1*
Net Win ($ millions)	0.4	10.3	28.9	75.1
Net Win Margin (%)	*26.0*	*6.2*	*5.9*	*9.0*
Revenue ($ millions)	**0.4**	**9.6**	**26.3**	**68.2**
EBITDA ($ millions)	**(1.9)**	**(4.7)**	**(10.8)**	**6.9**
Marketing spend ($ millions)	**na**	**na**	**na**	**20.1**

Source: PointsBet

EBITDA is after marketing costs and internal charges for technology and allocated personnel.

EBITDA is expected to grow as the Company secures more clients, gains market share and achieves greater scale benefits.

Marketing

In Australia, PointsBet seeks to increase its market share through continued investment in acquiring new clients, retaining and growing its share of betting spend with its existing client base and expanding its product offering to meet its clients' evolving requirements.

PointsBet spends marketing dollars in line with an estimate of an achievable market share in the short to medium term. Marketing spend will continue to grow in absolute $ terms, however going forward it is likely to represent an overall lower proportion of Turnover or Revenue.

PointsBet actively targets live sport or sports programming where audiences are skewed to 18-54-year-old men. PointsBet is focussed on free-to-air television, subscription television and digital advertising, complemented by radio, press and outdoor advertising. In addition, PointsBet utilises technology to deliver

22 Q4 = 1 April to 30 June.

marketing campaigns across paid search, social (paid and organic), programmatic content and media networks including YouTube and Google.

A key element in the marketing is to plan to secure targeted media partnerships that will support its broader marketing strategy. Examples of past and present partnerships include:

- Channel 7's "*Summer of Cricke*t" in 2018/19, where PointsBet was the exclusive wagering partner for the Big Bash League and Australian test series;
- Channel 7's AFL 2019 Season (100% category exclusivity in regional Australia and Tier 2 partner in metro Australia);
- Channel 9's NRL Regional 2019 Season (100% category exclusivity);
- ESPN coverage during NBA, NFL, X Games and Tennis telecasts until March 2019;
- a partnership and stadium naming rights agreement with the *Cronulla Sharks* (NRL) for a period of four years (signed April 2019);
- a three year partnership for Channel 7's 2020 horse racing coverage; and
- exclusive wagering partner with FoxFooty for the 2020 AFL season.

PointsBet also aims to capitalise on the Australian interest in US sports betting, which has grown considerably in the last decade. In 2018, PointsBet secured former NBA player Allen Iverson as a brand ambassador to front the Company's campaigns across all television and digital communications. In addition, PointsBet signed local brand ambassadors, Brett Finch (NRL) and Billy Brownless (AFL).

Other Agreements

In order to publish or use race or sporting field information for Australian racing and sport events (for which PointsBet provides wagering services), the Company has applied for, and been granted, approvals to publish and use race and sport information in return for the payment of an information/contribution fee (or similar) from all the major sports and racing clubs throughout Australia. Approvals are generally renewed every one to two years, subject to PointsBet adhering to standard obligations and conditions.

4.4 United States Wagering

Licences

PointsBet's entry into the US market has largely been dictated by State legislation being passed to legalise online sports betting.

PointsBet's long term aim is to eventually have almost full national coverage in the US and it will continue to roll-out its operation across various States (subject to State legislation) as they legalise sports betting and as commercial agreements with licence holders can be reached. The roll-out strategy has been to identify the most attractive States and enter these markets first in order to better utilise its marketing spend.

PointsBet is currently operational in four States and has also secured market access in an additional eight States (some of which have not yet legalised online sports betting or iGaming). PointsBet's market access has predominantly come in the form of agreements (skins) with land-based casinos or racetracks that allow PointsBet to operate as an online bookmaker. The level of market access (sports wagering and/or iGaming) depends on the agreements with the respective casinos and racetracks and the relevant State legislation.

Progress to date is summarised below:

- in July 2018, PointsBet secured market access in the State of New Jersey when it entered into a long term agreement with New Meadowlands Racetrack, LLC, the owner of New Meadowlands Racetrack, to operate as an online bookmaker in New Jersey. Operations commenced in January 2019;
- the Company has subsequently secured market access in a number of States that have legalised online sports betting:
  - in April 2019, PointsBet signed an agreement with Catfish Bend Casinos II LLC, allowing it to operate the exclusive retail and kiosk sports book operations at the Catfish Bend Casino and to offer online and mobile sports wagering in the State of Iowa. PointsBet received a licence from the Iowa Racing and Gaming Commission and began taking bets in August 2019;
  - in April 2019, PointsBet also signed an agreement with the Double Eagle Hotel and Casino allowing it to operate the exclusive retail sports book operations at the casino and to offer online and mobile sports wagering in the State of Colorado. PointsBet was issued a two year "Internet Sports Betting Operator License" and a "Sports Betting Operator License" by the Colorado Limited Gaming Control Commission in March 2020;
  - PointsBet signed an agreement with the Hawthorne Race Course in May 2019, allowing it to operate the exclusive retail sports book operations and to offer online and mobile sports wagering in Illinois. In July 2020, the Company was issued a Temporary Operating Permit by the Illinois Gaming Board which allowed PointsBet to commence operations. Online operations were launched in September 2020, with three branded off-track betting establishments, to comply with state legislation that mandates in-person registration until December 2020[23]; and
  - PointsBet signed an agreement with Penn National in August 2019, which gives it the right to develop, own, market and operate *PointsBet* branded online sportsbook and gaming operations in Ohio, Indiana (under the authority of Penn National's existing operating licences), Missouri, West Virginia and Louisiana (subject to enabling state legislations). PointsBet is now operational in Indiana and is planning to launch in West Virginia later in FY21. Legislation for online sports betting has been passed in Indiana and West Virginia; and
- in preparation for changes in State legislation across the United States, PointsBet has also secured market access in a number of states that have not yet legalised online sports betting (as at the date of this report):
  - in July 2018, it signed a binding agreement with American Racing and Entertainment LLC, the owner of the Tioga Downs Casino Resort, to expand its operations as an online bookmaker into New York via an option to acquire its second skin (if a second skin is permitted); and
  - in January 2020, it entered into an exclusive seven year agreement with Kansas Crossing Casino L.C. to provide retail and online sports wagering in the State of Kansas, contingent upon obtaining the necessary regulatory licences.

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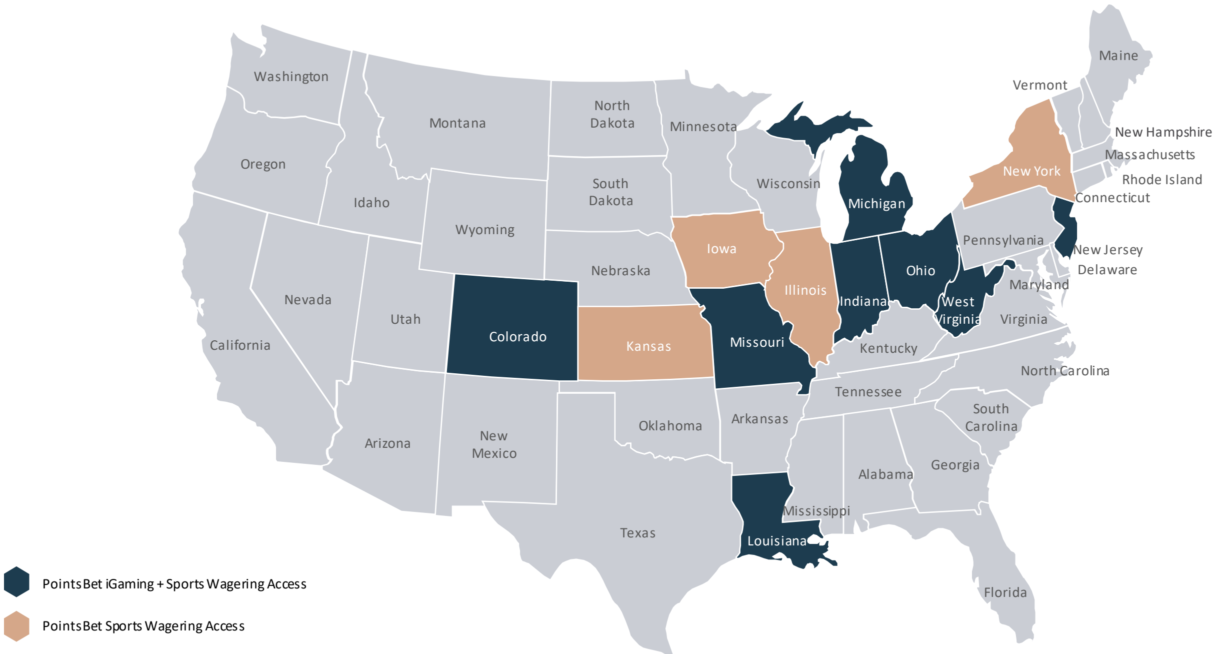
23 Illinois is currently allowing remote registration due to COVID-19 (currently until 17 October 2020).

OVERVIEW OF MARKET ACCESS IN THE UNITED STATES



The table below summarises PointsBet's market access with existing land-based casinos and racetracks as well as the licences granted to operate in each state.

STATE	PARTY	DESCRIPTION	RELEVANT STATE LICENCE
NEW JERSEY	New Meadowlands Racetrack, LLC	10-year agreement (expires July 2028) that allows PointsBet to operate as an online bookmaker in New Jersey	Online Sports Wagering License granted from the New Jersey Division of Gaming Enforcement
IOWA	Catfish Bend Casinos II LLC	5 + 5 year agreement (expires August 2029) that allows PointsBet to operate the exclusive retail and kiosk sports book operates at the Catfish Bend Casino and to offer online and mobile sports wagering in Iowa	Operating licence granted from the Iowa Racing and Gaming Comission
ILLINOIS	Hawthorne Racing Course Inc.	Agreement that allows PointsBet to operate the exclusive retail sports books at the Hawthorne Race Track and to offer online and mobile sports wagering in Illinois	Received a Temporary Operating Permit by the Illinois Gaming Board
COLORADO	Double Eagle Hotel and Casio	Allows PointsBet to operate the exclusive retail sports book operations at the casino and to offer online and mobile sports wagering in Colorado	Received an Internet Sports Betting Operator License and a Sports Betting Operator License by the Colorado Limited Gaming Control Commission (expires March 2022)
INDIANA	Penn National Gaming Inc.	PointsBet granted the right to develop, own, market and operate, under the authority of the Penn National's operating licences, PointsBet branded online sportsbook and gaming operations	Received Mobile Sports Wagering Launch Authorisation from the Indiana Gaming Commission
WEST VIRGINIA	Penn National Gaming Inc.	PointsBet granted the right to develop, own, market and operate, under the authority of Penn National's operating licences, PointsBet branded online sportsbook and gaming operations	PointsBet does not currently hold a licence (market is live)
OHIO	Penn National Gaming Inc	PointsBet granted the right to develop, own, market and operate, under the authority of Penn National's operating licences, PointsBet branded online sportsbook and gaming operations	Not yet legal – PointsBet does not hold an operating licence

STATE	PARTY	DESCRIPTION	RELEVANT STATE LICENCE
MISSOURI	Penn National Gaming Inc	PointsBet granted the right to develop, own, market and operate, under the authority of Penn National's operating licences, PointsBet branded online sportsbook and gaming operations	Not yet legal – PointsBet does not hold an operating licence
LOUISIANA	Penn National Gaming Inc	PointsBet granted the right to develop, own, market and operate, under the authority of Penn National's operating licences, PointsBet branded online sportsbook and gaming operations	Not yet legal – PointsBet does not hold an operating licence
MICHIGAN	Lac Vieux Desert Public Enterprise and Finance Commission	Agreement that allows PointsBet to provide online and mobile sports wagering and gaming (casino) in the State of Michigan, contingent upon obtaining the necessary regulatory licences.	Awaiting necessary regulatory licences
KANSAS	Kansas Crossing Casino	Exclusive 'primary skin' agreement with Kansas Crossing Casino, L.C. to provide retail and online sports wagering in the State of Kansas	Awaiting necessary regulatory licences
NEW YORK	Tioga Down Casino Resort	Gives PointsBet the option to obtain the second commercial licence to partner with Tioga Downs Casino Resort in New York if legislation is passed that grants Tioga Downs this licence	Not yet legal

While PointsBet has secured market access in a number of States, some of them have not yet legalised online sports wagering or iGaming. A summary of PointsBet's market access and operating status, as well as the legal status in that State is shown below:

STATE	POINTSBET MARKET ACCESS	LEGAL STATUS ONLINE BETTING[24]	POINTSBET OPERATING STATUS
NEW JERSEY	Horse Racing, Sports Wagering & iGaming	Sports Wagering & iGaming	Online
IOWA	Sports Wagering only	Sports Wagering only	Retail and Online
ILLINOIS	Sports Wagering only	Sports Wagering only[25]	Retail and Online
COLORADO	Sports Wagering & iGaming	Sports Wagering only	Retail and Online (once live first half of FY21)
INDIANA	Sports Wagering & iGaming	Sports Wagering only	Online
WEST VIRGINIA	Sports Wagering & iGaming	Sports Wagering & iGaming	Online launch towards end of FY21
OHIO	Sports Wagering & iGaming	Not legal	Online launch towards end of FY21[26]
MISSOURI	Sports Wagering & iGaming	Not legal	N/A
LOUISIANA	Sports Wagering & iGaming	Not legal	N/A
MICHIGAN	Sports Wagering & iGaming	Sports Wagering & iGaming	Online, retail and iGaming launch scheduled in FY21
KANSAS	Sports Wagering only	Not legal	N/A
NEW YORK	Sports Wagering only	Not legal	N/A

PointsBet has also entered a ten year agreement with Betmakers Technology Group that allows it to conduct Fixed Odds Betting on horse racing to clients in New Jersey if and when that becomes legal.

PointsBet is predominantly an online bookmaker, but also has retail operations in Iowa and Illinois:

- **Iowa:** retail operations at the Catfish Bend Casino, which includes a PointsBet branded lounge and bar with multiple TV screens showing live sport and various PointsBet promotions; and

24 Fixed Odds Racing is currently illegal in every US State. All horse racing betting is conducted under a pari mutuel system.
25 In-person registration required until 31 December 2020 but currently waived due to COVID-19.
26 Subject to legalisation and regulations being in place.

- **Illinois**: three branded Off Track Betting establishments are located in the Greater Chicago Area – Prospect Heights, Oakbrook Terrace and Crestwood. These areas were selected by PointsBet for their strategic location, complementing Hawthorne Race Course and providing PointsBet clients with several convenient locations for in-person registration. Illinois has legislated an in-person sign-up period for the first 18 months of sports wagering until December 2020 (but currently allows remote sign-up due to COVID-19).

In Colorado, the proposed retail operations are at the Double Eagle Hotel, which includes a sports bar, multi-screen video and odds display wall, additional casino gaming options and on-site viewing for major sporting events.

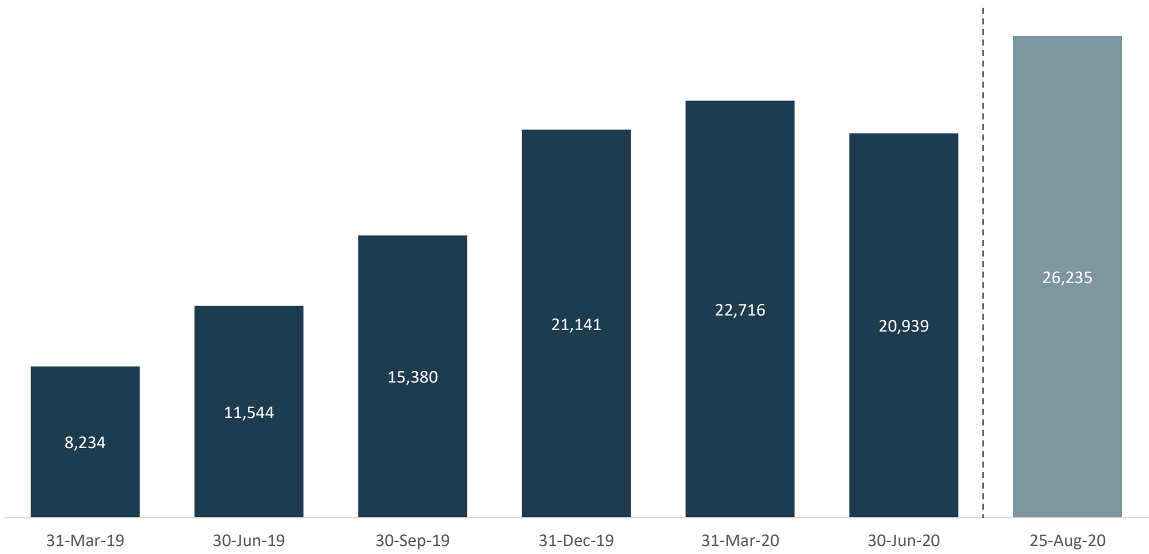
In addition to online sports wagering, PointsBet has begun developing an iGaming platform for the US market. The Company is in advanced discussions with various market leading iGaming product/game providers including table game, slot content and Live Dealer casino providers. PointsBet is aiming to launch iGaming first in Michigan in late 2020, with the launch in New Jersey expected to follow in the first half of 2021.

Operating Performance

PointsBet has grown its client base since launching in New Jersey in December 2018. As at 25 August 2020, PointsBet had 75,222 registered clients. In the 12 months to 25 August 2020, there were 26,235 active clients (clients who have made a bet in the last 12 months), which represents 34.9% of registered clients.

Client acquisition was impacted by COVID-19, which resulted a number of sporting suspensions in Q3 and Q4 of FY20 (and a corresponding reduction in marketing spend). PointsBet recommenced its full marketing activities in July 2020 in line with the return of the NBA.

ACTIVE CLIENTS – UNITED STATES



Source: PointsBet

PointsBet will continue to focus on client acquisition and retention as it expands its operations across the US. The roll-out of operations into new States will mean the Company will continue to use a significant level of promotions to acquire new clients. In the short term, promotional costs as a percentage of Gross Win will likely continue to remain high until PointsBet achieves scale and the market matures. Marketing spend will also increase the Company attempts to capture market share in new States.

Key operating metrics for the US business are summarised below:

KEY METRICS – UNITED STATES

	YEAR ENDED 30 JUNE	
	2019	**2020**
KEY METRICS		
Turnover (US$ millions)	77.0	321.1
Gross Win (US$ millions)	2.2	16.5
Gross Win Margin (%)	*2.8*	*5.1*
Net Win (US$ millions)	(0.7)	7.0
Net Win Margin (%)	*(0.9)*	*2.2*
Revenue (US$ millions)	**(0.7)**	**7.0**
EBITDA (US$ millions)	**(20.0)**	**(38.2)**
Marketing spend (US$ millions)	**na**	**15.3**

Source: PointsBet

EBITDA is after marketing costs and internal charges for technology and allocated personnel.

The FY20 result is reflective of the fact PointsBet has only recently commenced operations in the US and continues to make a significant investment in marketing and client acquisition. The US business is expected to generate a negative EBITDA result for the medium term. In addition, the FY20 results were impacted significantly by the cancellation of sporting events due to COVID-19 (in contrast to Australia), as clients were unable to switch to a racing product.

At a State by State level the results were:

KEY METRICS – PERFORMANCE BY STATE (FY20)

	NEW JERSEY	IOWA			INDIANA	US
	ONLINE	RETAIL	ONLINE	TOTAL	ONLINE	TOTAL
KEY METRICS						
Turnover (US$ millions)	307.3	6.0	4.6	**10.6**	3.3	**321.1**
Gross Win (US$ millions)	16.1	0.2	0.1	**0.3**	0.1	**16.5**
Gross Win Margin (%)	*5.2*	*3.3*	*2.3*	***2.9***	*3.4*	***5.1***
Net Win (US$ millions)	6.8	0.2	0.0	**0.2**	0.0	**7.0**
Net Win Margin (%)	***2.2***	***3.3***	***0.9***	***2.3***	***(0.6)***	***2.2***

Source: PointsBet

The Net Win margin for New Jersey relative to online results in other States, reflects its longer operating history and market share position (6.25% in FY20) (i.e. the client base is more mature). However, the Company still expects margin improvement in New Jersey going forward as well as in other States. The retail operations in Iowa and any future retail operations across the US will require little promotional costs, so the Net Win margin and the Gross Win margin will be very similar going forward.

Marketing

In the United States, PointsBet's marketing strategy was initially focussed towards digital media due to the regulatory landscape and the geography of the United States media market. For example, due to their close proximity, New York, Philadelphia and New Jersey effectively represent one media market, with residents in New Jersey receiving TV broadcasts from New York and Philadelphia. Television advertising spend in New Jersey would be inefficient due to the majority of the publicity being received by New York residents, where online sports betting is not currently legal. The nature of the market means that significant potential synergies are available to PointsBet in the event that enabling legislation allows PointsBet to obtain market access in New York through its second skin arrangement. In other US States, PointsBet plans to make greater use of mainstream media.

Similar to the Australian market, PointsBet has entered into a number of media partnerships and corporate sponsorships to support its marketing strategy. As at 20 August 2020, PointsBet had entered into the following partnerships:

- **LaLiga (March 2020)**: Multi-year agreement for PointsBet to gain exposure to LaLiga's expanding and highly engaged audience across North America. PointsBet will incorporate unique, multilingual content across LaLiga North America's programming properties, with the creation of the "*PointsBet Prediction of the Week*", to be promoted in English and Spanish across the LaLiga network;
- **Indiana Pacers (August 2020):** Multi-year agreement for PointsBet branding to be displayed along the out-of-bounds space between the baseline and the team bench. In addition, *PointsBet* signage will be prominently displayed throughout the *Pacers'* home arena, located in downtown Indianapolis. PointsBet will also have a presence on the *Pacers'* digital platforms and will offer *Pacers'* fans unique promotions; and
- **Kroenke Sports & Entertainment (KSE) (August 2020)**: PointsBet entered into a multi-year partnership to become the official and exclusive gaming partner of the *Denver Nuggets* NBA team, the *Colorado Avalanche* NHL team, the *Colorado Mammoth* National Lacrosse League team and their home arena, *Pepsi Center*, in Denver. The agreement and exclusivity spans the entire gaming category, including retail and online sports betting, DFS, online casino, and free-to-play games. As part of the deal, PointsBet has also been named an official sports betting partner of KSE's *Altitude TV* and *Altitude Sports Radio*, which will feature PointsBet data integration in both pre-game and in-game features.

Other

As part of PointsBet's entry into the United States market, the Company has built full support for online in-play wagering capability in addition to pre match betting. This includes automated pricing consumption from multiple data feed providers, risk management tools, unique live betting user experience and underlying platform infrastructure to support a highly dynamic real-time betting experience with robust and scalable systems.

4.5 Financial Performance

The historical financial performance of PointsBet for the four years ended 30 June 2020 is summarised below:

POINTSBET - FINANCIAL PERFORMANCE ($ MILLIONS)

	YEAR ENDED 30 JUNE			
	2017 PROFORMA[27]	2018	2019	2020
REVENUE				
Gross revenue (Gross Win)	1.1	15.2	47.9	117.3
Less client promotion expenses and GST	(0.7)	(5.9)	(22.3)	(42.1)
Net Revenue	**0.4**	**9.4**	**25.6**	**75.2**
Cost of sales	(0.3)	(4.3)	(14.8)	(36.9)
Gross Margin	**0.1**	**5.1**	**10.9**	**38.2**
Sales and marketing	(0.6)	(6.2)	(24.9)	(35.4)
Employee benefits	(2.3)	(4.4)	(14.1)	(27.5)
Product and technology	(0.2)	(0.3)	(1.9)	(6.0)
Administrative and other	(0.2)	(0.3)	(2.6)	(6.9)
Total operating expenses	**(3.2)**	**(11.2)**	**(43.6)**	**(75.9)**
EBITDA[28]	**(3.1)**	**(6.1)**	**(32.7)**	**(37.6)**
Depreciation and other amortisation	(0.1)	(0.4)	(1.8)	(3.6)
EBIT[29]	**(3.1)**	**(6.5)**	**(34.5)**	**(41.2)**
Net interest expense	-	0.0	0.1	1.5
Significant and non-recurring items	-	(0.2)	(7.5)	(1.8)
Operating profit before tax	**(3.1)**	**(6.7)**	**(41.9)**	**(41.5)**
Income tax expense	-	-	-	-
NPAT[30] attributable to PointsBet shareholders	**(3.1)**	**(6.7)**	**(41.9)**	**(41.5)**
STATISTICS				
Basic earnings per share (cents)	*n/a*	*(15.6)*	*(72.1)*	*(29.9)*
Dividends per share (cents)	-	-	-	-
Total revenue growth	*n.m*	*2,414.9%*	*173.0%*	*193.6%*
KEY METRICS				
Registrations (#)	*5,024*	*29,756*	*88,401*	*109,379*
Turnover ($ millions)	*1.7*	*165.0*	*567.1*	*1,152.0*
Gross Win margin % (Gross Win / Turnover)	*n.m.*	*10.2%*	*9.3%*	*10.2%*
Net Win margin % (Net Win / Turnover)	*n.m.*	*6.2%*	*5.0%*	*7.1%*
Gross margin % (Gross margin / Revenue)	*27.6%*	*53.9%*	*42.4%*	*50.9%*
Marketing (% Revenue)	*147.9%*	*66.0%*	*97.3%*	*47.1%*

Source: PointsBet and Grant Samuel analysis

27 Proforma numbers sourced from PointsBet Prospectus.

28 EBITDA is earnings before net interest, tax, depreciation and amortisation, share of profits of equity accounted associates, investment income and significant and non-recurring items (including fair value adjustments, share based payments expense and unreleased FX gains/losses.

29 EBIT is earnings before net interest, tax, share of profits of equity accounted associates, investment income and significant and non-recurring items (including fair value adjustments, share based payments expense and unreleased FX gains/losses).

30 NPAT is net profit after tax.

The consolidated results reflect a combination of two business units, the Australian Trading business (which generated its first EBITDA positive result in FY20) and the US Trading business (which will continue to be loss-making for some time, especially as it rolls-out operations in new States) together with group level costs (technology, corporate administration etc.).

PointsBet incurs technology costs, including uncapitalised employee costs, cloud infrastructure costs and software and licences which totalled $9.6 million in FY20. A portion of these costs are re-charged via a licence fee to the Australian and US Trading businesses ($6.6 million in FY20). PointsBet also incurs corporate expenses which predominantly relate to employee costs and the costs associated with being an ASX listed business. In FY20, these costs totalled $5.5 million, none of which were recharged. The total of unallocated technology and corporate costs in FY20 was $8.4 million.

PointsBet has been loss-making since its inception as it continues to incur significant promotional and marketing expenses in order to acquire clients and gain market share. This trend is expected to continue while new business (i.e. the US roll-out) makes up a larger proportion of the overall business. Improvements to Net Win margin can be expected as PointsBet's client base grows and matures (i.e. contains a greater proportion of longer-term clients which are typically associated with lower promotional costs).

Marketing expenses are expected to grow in line with the market size opportunity that is dictated by relevant state legislation. For example, if the New York were to legalise online sports wagering, there would be a significant increase in marketing in order to capture market share. In the short to medium term marketing expenses are expected to continue to represent a significant proportion of revenue.

PointsBet will continue to incur employee costs and product and technology costs as the business grows, however these will represent a smaller proportion of the overall cost base going forward (i.e. there is a significant fixed element to these costs albeit with periodic step ups as scale increases).

PointsBet has incurred various significant/non-recurring items since 2017, which predominantly relate to the IPO and commencement of the US operations in FY19.

POINTSBET - SIGNIFICANT ITEMS ($ MILLIONS)

	YEAR ENDED 30 JUNE			
	2017	**2018**	**2019**	**2020**
IPO transaction costs	-	-	(1.5)	-
Interest on convertible notes	-	-	(1.8)	-
Fair value adjustments of convertible notes on conversion	-	-	(1.2)	-
US set-up costs	-	-	(0.8)	-
Share based payments expense	-	(0.2)	(1.5)	(3.4)
Unrealised FX gains / (losses)	-	-	(0.7)	2.3
Impact of AASB16	-	-	-	(0.7)
Significant items (before tax)	-	**(0.2)**	**(7.5)**	**(1.8)**

Source: PointsBet

Outlook

PointsBet has not publicly released earnings forecasts for the year ending 30 June 2021 or beyond. However, PointsBet's strategy and pathway to ultimate profitability has been clearly mapped out in its prospectus (May 2019) and in subsequent public releases. The performance to date is broadly in line with original plans. At this stage, the business is loss making as it invests in the rollout of operations in new States as they open up. PointsBet is expected to remain loss making and cash flow negative for some years to come. Broker forecasts generally show losses continuing until at least 2025 (depending on the level of new States). These short to medium term forecasts have not been included in this report because they are not the basis of valuation for PointsBet.

4.6 Financial Position

The financial position of PointsBet as at 30 June 2019 and 2020 is summarised below:

POINTSBET - FINANCIAL POSITION ($ MILLIONS)

	AS AT 30 JUNE 2019	AS AT 30 JUNE 2020
Debtors and prepayments	1.3	1.8
Trade and other payables	(10.3)	(15.9)
Player cash accounts	(7.9)	(7.4)
Pending bets	(0.9)	(1.5)
Current provisions (including employee provisions)	(0.9)	(1.5)
Net working capital	**(18.7)**	**(24.6)**
Plant and equipment (net)	1.8	3.2
Intangible assets	14.8	56.8
Term deposits	0.2	0.2
Other non-current assets	0.6	8.3
Right of use assets	-	1.5
Lease liabilities	-	(8.2)
Non-current provisions (including employee provisons)	(0.1)	(4.4)
Total funds employed	**(1.4)**	**32.8**
Cash and deposits	75.9	144.3
Borrowings	-	-
Net cash / (borrowings)	**75.9**	**144.3**
Equity attributable to PointsBet shareholders	**74.5**	**177.1**
STATISTICS		
Shares on issue at period end (million)	110.0	130.6
Net assets per share	$0.68	$1.36
NTA[31] per share	$0.54	$0.92
Gearing[32]	n/a	n/a

Source: PointsBet and Grant Samuel analysis

PointsBet operates with negative working capital as revenue is generated primarily in cash or via cash payments systems while a significant proportion of payments are made over longer timeframes (e.g. operating licences, wagering taxes and payments to sports and racing bodies).

Intangible assets consists of licences and market access payments ($45.5 million) and capitalised technology costs ($11.3 million). Significant costs associated with licences and market access are capitalised and amortised on a straight line basis over a period of their expected benefit, being the term of the licence term. Software and betting platform development costs are capitalised and amortised on a straight line basis over five years.

PointsBet does not have any loans or borrowings. Net cash at 30 June 2020 includes client deposits of $9 million.

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[31] NTA is net tangible assets, which is calculated as net assets less intangible assets.

[32] Gearing is net borrowings divided by net assets plus net borrowings.

4.7 Cash Flow

PointsBet's cash flow for the four years ended 30 June 2020 is summarised below:

POINTSBET - CASH FLOW ($ MILLIONS)

	YEAR ENDED 30 JUNE			
	2017 PROFORMA[33]	2018	2019	2020
EBITDA	**(3.1)**	**(6.1)**	**(32.6)**	**(37.6)**
Changes in working capital and other adjustments	1.1	5.8	11.5	5.8
Capital expenditure (net)	(1.2)	(1.5)	(16.0)	(20.3)
Operating cash flow	**(3.2)**	**(1.8)**	**(37.2)**	**(52.1)**
Term deposits	(0.4)	0.2	(0.5)	(1.1)
Net interest paid	-	0.0	0.1	1.5
Proceeds from share issues (net of costs)	5.1	7.5	106.4	118.5
Other	-	-	-	(0.2)
Net cash generated (used)	**1.5**	**5.9**	**68.9**	**66.6**
Net cash (borrowings) – opening	*0.1*	*1.6*	*7.5*	*75.9*
Effects of exchange rate movements	-	-	*(0.5)*	-
Net cash (borrowings) – closing	*1.6*	*7.5*	*75.9*	*142.5*

Source: PointsBet and Grant Samuel analysis

PointsBet has generated net operating cash outflows in the last four year and this trend is expected to continue in line as the business is rolled out across new markets in the United States. This deficit comprises losses at the EBITDA level and significant capital expenditure (largely comprising market access costs, licences and betting platform development). Prior to the announcement of the NBC Partnership Proposal, the Company's cash position has been supported by capital raisings, the most significant being the IPO in FY19 and the institutional placement and entitlement offer in FY20.

4.8 Taxation Position

Under the Australian tax consolidation regime, PointsBet and its wholly owned Australian resident entities have elected to be taxed as a single entity.

At 30 June 2020, PointsBet had carried forward income tax losses of $76.8 million, which were recognised in the balance sheet. In addition, PointsBet had carried forward Australian capital losses of $30.7 million.

At 30 June 2020, PointsBet had no accumulated franking credits.

PointsBet does not expect to pay income tax in the short to medium term due to the fact the business is currently loss making and has the ability to utilise carried forward income tax losses.

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33 Proforma numbers sourced from PointsBet Prospectus.

4.9 Capital Structure and Ownership

PointsBet has the following securities on issue prior to the proposed issues to NBCUniversal:

- ordinary shares:

	NUMBER
Actual as at 28 August 2020	153,181,484
Institutional Placement	18,181,818
Entitlement Offer	23,566,385
ESOP Options exercised on 18 September 2020	412,740
Proforma shares on issue	195,342,427

  A total of 22,216,235 shares are escrowed until 12 June 2021.

- 10,372,549 options over unissued ordinary shares, held by Penn Ventures, a wholly owned subsidiary of Penn National ("Penn Options"). The options were issued to Penn Ventures in 2019 as part of the market access arrangement, discussed in further detail in Section 4.4. The options are exercisable at $3.76[34] and expire on 12 September 2021;
- 11,622,988 options over unissued ordinary shares that relate to the Company's Employee Share Option Plan ("ESOP Options"). The Options are subject to a time based vesting condition, which ranges between one and six years. The Options are exercisable at prices between zero and $5.14[34] and have a weighted average exercise price of $1.48[34]; and
- 11,783,192 Entitlement Options.

PointsBet has approximately 15,000 registered shareholders. The top twenty shareholders account for approximately 60% of the ordinary shares on issue. As at the date of this report, substantial shareholders in PointsBet are:

POINTSBET – SUBSTANTIAL SHAREHOLDERS

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE[35]
Pu Luo Chung VC Private	13,502,158	6.9%
Brett Paton	12,984,660	6.7%
Nicholas Fahey and Andrew Fahey	11,616,441	6.0%

Source: PointsBet

[34] After adjustment for the dilutionary impact of the Entitlement Offer.

[35] Based on 195.3 million shares on issue.

4.10 Share Price Performance

4.10.1 Share Price History

A summary of the share price and trading history of PointsBet since it was listed on the ASX on 11 June 2019 is set out below:

POINTSBET - SHARE PRICE HISTORY[36]

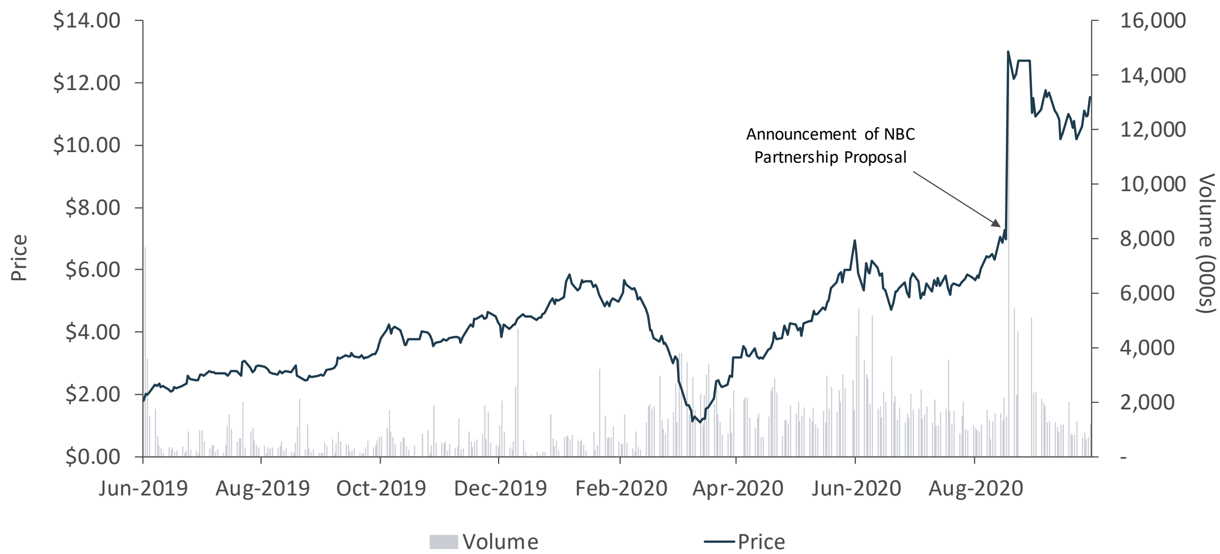
	SHARE PRICE ($)			AVERAGE WEEKLY VOLUME (000'S)	AVERAGE WEEKLY TRANSACTIONS
	HIGH	LOW	CLOSE		
Quarter ended					
30 June 2019	2.42	1.95	2.20	1,246	557
30 September 2019	3.46	2.23	3.20	2,569	2,472
31 December 2019	4.70	3.03	4.45	3,424	6,913
31 March 2020	6.18	1.02	2.42	6,313	15,336
30 June 2020	7.37	2.13	4.93	9,546	15,600
Month ended					
31 July 2020	6.08	4.89	5.56	5,671	10,825
31 August 2020	15.25	5.38	12.12	4,111	7,184
30 September 2020	13.88	10.15	10.56	1,905	2,299

Source: IRESS

The following graph illustrates the movement in the PointsBet share price and trading volumes since listing on the ASX on 11 June 2019:

POINTSBET – SHARE PRICE AND TRADING VOLUME

11 JUNE 2019 TO 9 OCTOBER 2020



Source: IRESS (Daily Closing Price)

PointsBet share price performance was strong for the nine months after listing on the ASX, trading up to $6.18[36] in early 2020. During this time the share price was supported by positive announcements about PointsBet's US operations, namely new partnerships, the commencement of retail betting in Iowa and a positive trading update released in October 2019 in conjunction with the $122.2 million capital raise.

[36] Share price adjusted for dilution arising from the Entitlement Offer.

In March 2020, global equity markets dropped significantly due to COVID-19, which had devastating effects for the global economy and capital markets. The majority of sporting events were also suspended. Growth stocks, including PointsBet, were significantly impacted and PointsBet share price fell from a high of $6.18[37] in January 2020 to a low of $1.02[37] in March 2020.

Since this time, global markets have recovered as the economic implications of COVID-19 are better understood. Additionally, in May 2020, AFL and NRL games recommenced and NBA and MLB games were scheduled to return in July 2020. This news, combined with further updates about PointsBet's growth in the US market (including performance in New Jersey) supported a significant recovery of the share price. PointsBet traded up to a new high of $7.37[37] in June 2020 and continued to trade in the $6-7 range over the next few weeks. The shares closed at $6.98[37] on 27 August 2020, the day immediately prior to announcement of the NBC Partnership Proposal.

PointsBet shares rose dramatically following the announcement of the NBC Partnership Proposal to over $13, reflecting positive market assessments of the benefits to the Company. Following the Institutional Placement and Entitlement Offer (which was dilutionary), they have traded down to around $11.

4.10.2 Liquidity

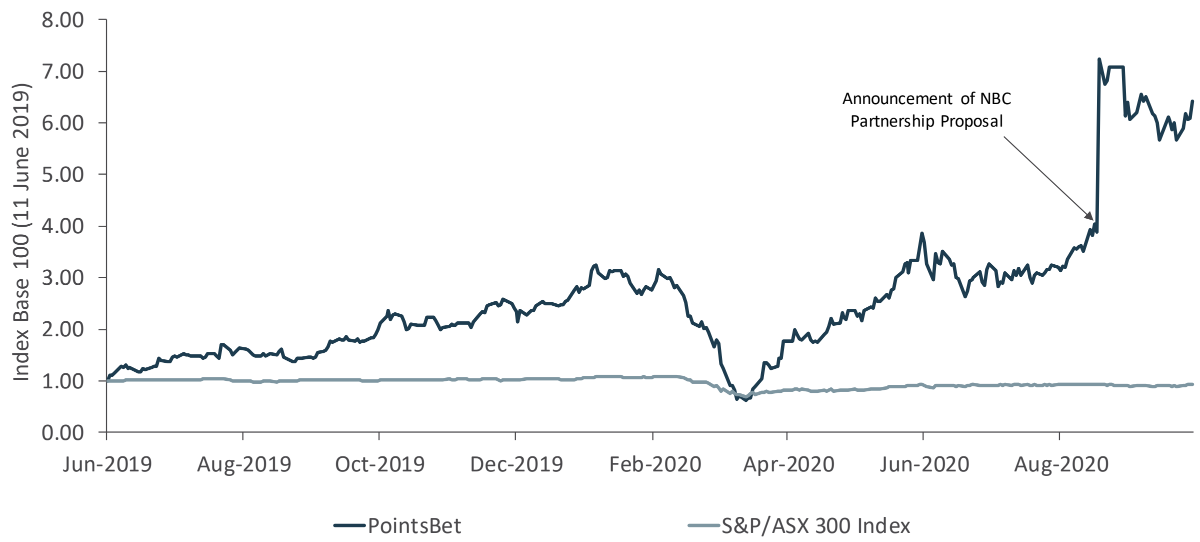
PointsBet has been a very liquid stock although it only had an approximate 58.1% free float. Average weekly volume over the twelve months prior to the announcement of the NBC Partnership Proposal represented approximately 4.0% of average shares on issue or annual turnover of around 209.8% of total average issued capital (360.2% of free float).

4.10.3 Relative Performance

PointsBet is a member of the S&P/ASX 300 Index. At 9 October 2020, its weighting in this index was approximately 0.1%. The following graph shows the performance of PointsBet shares since listing on the ASX on 11 June 2019 relative to the S&P/ASX 300 Index and illustrates the strong outperformance of PointsBet shares over that period:

POINTSBET SHARE PRICE VS S&P/ASX 300 INDEX

11 JUNE 2019 TO 9 OCTOBER 2020



Source: IRESS

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37 Share price adjusted for dilution arising from the Entitlement Offer.

5 Background Information on Comcast and NBCUniversal

5.1 Comcast

Comcast was founded in 1963 and over the ensuing 57 years has evolved, largely through a series of mergers and acquisitions, into one of the world's largest telecommunications and media businesses.

It has a market capitalisation of approximately US$200 billion and, in 2019, reported revenues of over US$100 billion and EBITDA of over US$30 billion. Comcast is headquartered in Philadelphia, Pennsylvania.

Today, Comcast's business operations comprise:

- a retail telecommunications cable business delivering telephone, video, internet and home security services to over 32 million customers across the United States (predominantly under the *Xfinity* brand). The division also provides mobile services through a VMNO[38] arrangement with Verizon Wireless;
- NBCUniversal (see Section 5.2 below);
- Sky Limited ("Sky"), the largest pay television business in Europe with operations in the United Kingdom and several other European countries including Germany, Italy and Spain. Sky has over 23 million subscribers and has, historically, used satellite as a primary distribution technology. It also offers streaming and broadband services in the United Kingdom and elsewhere; and
- other businesses including professional sports (ownership of the *Philadelphia Flyers* (ice hockey)) and venture capital investment in various businesses.

5.2 NBCUniversal

NBCUniversal is one of the largest media and entertainment businesses in the United States. Its operations comprise:

- nationwide broadcast television (incorporating program production and distribution) under the *NBC* brand. *NBC* is one of the three original broadcast networks in the United States (alongside *ABC* and *CBS*). This division also owns the *Telemundo* broadcast network focussed on the Spanish speaking audience;
- ownership and operation of 42 local television stations (12 *NBC*, 30 *Telemundo*) together with over 200 affiliates. The owned stations also produce some content of their own (e.g. local news and talk shows);
- pay television content production and multi channel distribution including:
  - news (e.g. *CNBC, MSNBC*);
  - sports (*NBC Sports* – see Section 5.3 below); and
  - general entertainment (e.g. *E!, Syfy, Style, 13th Street*);
- digital platforms and streaming services including the recently launched (July 2020) *Peacock*;
- filmed entertainment (e.g. *Universal Pictures, Focus Features, Working Title* and *DreamWorks Animation* (acquired 2016));
- studios for film and television production; and
- theme parks and resorts.

The pay television networks, filmed entertainment, studios and theme parks have operations across the globe.

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38 Virtual Mobile Network Operator.

5.3 NBC Sports

NBC Sports has the largest sports audience in the United States reaching over 120 million households and over 180 million viewers[39].

Its content is distributed across numerous platforms including:

Linear Media

- free-to-air television through:
  - the NBC and Telemundo national broadcast networks; and
  - owned and operated free-to-air local television stations as well as local broadcast affiliates; and
- pay television (via cable or satellite) including Comcast's *Xfinity* and third party services. NBC Sports has seven regional sports networks which, together with *SportsNet New* York, can reach approximately 36.5 million households. These eight networks typically have exclusive broadcast rights for selected sports teams within their geographies. NBC Sports also offers specialist sports channels such as the market leading *Golf Channel*.

Interactive / Digital Media

- various platforms (internet based over cable or mobile telecommunications networks) such as:
  - streaming services (e.g. *Peacock)*;
  - websites;
  - apps;
  - podcasts; and
  - social media.

  Through these digital platforms, NBC Sports reaches more than 60 million average monthly users.

NBC Sports has US national broadcast rights[40] (many of which are exclusive) to many of the major sports in the United States and other international sports including:

US Team Sports

NFL (19 *Sunday Night Football* games, multiple playoff games and *Superbowl* (on rotation))

NHL (over 100 games per season including *Stanley Cup* playoffs and final)

College Sports (basketball (Atlantic 10 Conference), ice hockey (East Conference) and University of Notre Dame football)

Other US Sports

Car Racing (*NASCAR Cup* (final 20 races), *Indy Car* (including *Indy 500*))

Horse Racing (key races including the *Triple Crown* events)

Golf (*US Open*, PGA Tour events, *US Women's Open*, LPGA Tour events)

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39 Source: PointsBet announcement 28 August 2020 (page 5).

40 Some rights may be restricted to certain platforms (e.g. free-to-air or pay television subscription services).

International Sports (US rights)

Olympics (Summer and Winter)

Football (*Premier League*, *FIFA World Cup*)

Rugby (*World Cup, Six Nations, Gallagher Shield*)

Golf (*Ryder Cup*, *The Open Championship* (UK))

Cycling (*Tour de France*)

Tennis (*French Open*)

Ten of NBC's *Sunday Night Football* programs were among the 25 highest rating programs in the United States in 2019.

In addition, the regional sports networks have the rights to broadcast games for the following teams from their local areas:

NBC SPORTS – REGIONAL BROADCAST RIGHTS

REGION	TOTAL HOUSEHOLDS (MILLIONS)	STATES COVERED	NBA	MLB	NHL
CHICAGO	6.6	Illinois, Indiana, Iowa, Wisconsin, Michigan	*Chicago Bulls*	*Chicago White Sox*	*Chicago Blackhawks*
WASHINGTON	5.1	Washington DC, Maryland, Virginia, West Virginia, Delaware, Pennsylvania	*Washington Wizards*		*Washington Capitals*
BOSTON	4.9	Massachusetts, Connecticut, Vermont, Rhode Island, New Hampshire, Maine	*Boston Celtics*		
PHILADELPHIA	4.1	Pennsylvania, New Jersey, Delaware	*Philadelphia 76ers*	*Philadelphia Phillies*	*Philadelphia Flyers*
NEW YORK	8.9	New York, New Jersey, Pennsylvania, Connecticut		*New York Mets*	
CALIFORNIA	4.9	California, Oregon, Nevada, Hawaii	*Sacramento Kings*	*Oakland Athletics*	*San Jose Sharks*
BAY AREA	4.9	California, Oregon, Nevada, Hawaii	*Golden State Warriors*	*San Francisco Giants*	
NORTH WEST	2.0	Oregon, Washington	*Portland Trailblazers*		

Source: PointsBet

The New York network, *SportsNet New York,* is owned by Sterling Entertainment Enterprises, LLC in which Comcast has an 8% shareholding.

NBC Sports also produces a wide variety of studio based programs built around these and other sports.

6 Evaluation of the NBC Partnership Proposal

6.1 Opinion

In Grant Samuel's opinion, the NBC Partnership Proposal is fair and reasonable to the shareholders of PointsBet.

6.2 Approach and Methodology

6.2.1 Analytical Framework

The regulatory framework established by ASIC requires that the NBC Partnership Proposal be evaluated on the basis of takeover analysis, as if it were a takeover of PointsBet by NBCUniversal. As discussed in Section 2.2, this framework is problematic for Section 611 transactions (such as the NBC Partnership Proposal). In essence, the regulations require that such a proposal be analysed as if PointsBet shareholders:

- will be surrendering the opportunity to realise full underlying value (i.e. a value including a control premium) for their existing investment; and
- will be receiving as consideration a "minority" or "portfolio" interest in PointsBet post implementation of the NBC Partnership Proposal.

Accordingly, "fairness" from their perspective would require that they are compensated by an adjustment to the trading price of PointsBet shares such that the trading price of PointsBet shares after the completion of the NBC Partnership Proposal matches or exceeds the full underlying value of PointsBet immediately before the proposal. This is a stringent test and, as a consequence, it is not unusual for Section 611 transactions to be deemed not "fair" (but nevertheless "reasonable").

There are essentially two ways in which this "test" could be undertaken:

- estimate a value range for 100% of PointsBet ("pre transaction control value") and determine whether or not the consideration (a portfolio interest in PointsBet post transaction) is equal to or more than the pre transaction control value; or
- estimate the likely post transaction trading price range of PointsBet shares (or reference actual trading if possible) and determine whether the pre transaction 100% control value of PointsBet is equal to, or less than, the post transaction trading price.

Given the circumstances of PointsBet business operations, Grant Samuel believes that the latter approach is the most appropriate. On this formulation of fairness, the NBC Partnership Proposal would be fair if the expected or actual trading price of shares in PointsBet following the proposal was equal to, or greater than, the estimated full underlying value of PointsBet (including a control premium) before the proposal.

Grant Samuel has adopted this test because the value of PointsBet at this point in time is highly uncertain and speculative. In short, it is not realistic to form a definitive view on value within the kind of range normally associated with corporate valuations or within a sufficiently narrow range as to be useful for analytical purposes. To do so would suggest a spurious degree of accuracy. Specifically:

- PointsBet's primary focus (and the major source of potential value) is the opportunity in the online sports betting market (and the iGaming market) in the United States;
- the industry is in its infancy in the United States having only become legal in May 2018. The first new operations under this regime began in New Jersey in August 2018. To date, fewer than 15 States have legalised online sports betting (as opposed to retail only or monopoly "lottery" style) and operations have commenced in even less, most over the last few months;

- in the remaining States, including major population centres such as California, New York, Florida and Texas, legalisation is in a state of flux with legislation under debate and push back from parties with existing rights (e.g. native tribal casinos). It is far from certain whether legislation will pass in any of these States and even if it did there is no certainty as to:
  - timing (i.e. when operations would begin);
  - the regulatory and competitive conditions such as the number of skins, the types of operation permitted (e.g. in-venue only) and any other restrictions (e.g. in-person registration) and the level of State taxes, charges and fees; and
  - the commercial terms that a betting operator would be able to agree with a licence holder;
- the potential size of the sports betting market (even if all legalised) is unknown. Forecast by industry experts vary widely and have been consistently upgraded over the past two years. Moreover, they are largely extrapolations from very limited datasets (e.g. one State) or from other activities (e.g. lottery spending);
- there is no meaningful track record. PointsBet only began operations in New Jersey in January 2019 (and only in the past two months in Illinois). While it has gained a creditable 6.5% share in New Jersey, performance in such a limited zone over such a short period is not a reliable indicator of long run sustainable market share, particularly given the intensely competitive nature of the market where:
  - PointsBet has no existing brand presence in the United States;
  - it faces competitors with:
    - powerful existing brands;
    - existing clients with a propensity to bet and databases (e.g. *DraftKings* and *FanDuel*); and
    - existing tie ups with major media organisations (e.g. *William Hill*, *FanDuel*, *Caesars*); and
  - in the absence of the NBC Partnership Proposal (which is the basis of the evaluation), PointsBet would:
    - have to seek a partnership with a media business with less attractive attributes (audience reach, quality of sports properties, diversity of product and platforms) and would probably need to stitch together a number of different partnerships; and
    - almost certainly have one of its competitors enjoy the benefits of a relationship with NBCUniversal; and
- iGaming is another very large potential opportunity for PointsBet but its market size, timing and economics are equally, if not more, uncertain (including greater community resistance and push back from existing operators). PointsBet is developing a product to capitalise on this opportunity but it has never previously undertaken any iGaming activities.

Of course, educated guesses can be made but that is all they are and the range of plausible outcomes is extremely wide. Having regard to these factors, Grant Samuel's fairness construct is to:

- use the actual observable share price trading range post transaction as the "benchmark";
- consider a range of assumptions for PointsBet's future performance and the values that they produce for the PointsBet business operations on a pre transaction basis; and
- determine whether there are assumption sets that are realistic and/or likely to be adopted by a corporate acquirer that would result in values attributable to the business that is above the benchmark.

In Grant Samuel's view, this approach can be used to provide shareholders with a more useful lens through which to assess the value implications.

Reasonableness involves a comparison of the advantages and benefits of the proposal with disadvantages, costs and risks. In any event, if a proposal is fair, it is definitionally reasonable.

6.2.2 Valuation Methodologies

A discounted cash flow ("DCF") analysis has been used as the primary methodology to assess the value of PointsBet's operating businesses both in the United States and Australia.

A DCF analysis projects cash flows for the business or asset over a number of years and discounts them back to a net present value ("NPV"). The uncertainty, or risk attached to, those cash flows can be taken into account either through risk adjusting the cash flows and/or reflecting risk in the discount rate, being careful not to double count risk factors and to match the construct of the cash flows with the basis of the discount rate calculation.

A DCF analysis is generally considered the best way of estimating value for businesses that are at an early stage of development as it can explicitly capture the roll-out of the business and the progression from incurring losses and/or capital expenditure in early years through to generating sustainable profits and positive cash flows.

In the case of PointsBet, Grant Samuel has:

- used forecast ungeared nominal after tax cash flows;
- applied a cost of equity capital rather than a weighted average cost of capital because PointsBet has no debt and is unlikely to do so for many years. This discount rate is an estimate of the returns that investors in a start up online gaming business in the US (and Australia) would require. It does not however reflect the specific risk attached to the explicit cash flow forecasts for PointsBet; and
- used scenario modelling as a basis for considering the uncertainty and riskiness of PointsBet forward looking cash flows. Given the wide range of plausible outcomes, Grant Samuel does not believe it is helpful or appropriate to rely on a single "best estimate" or develop a single probability weighted case.

Nevertheless, it is important to recognise that:

- any forecast of cash flows is inherently uncertain particularly beyond the first year or two and, in the case of businesses such as PointsBet, that uncertainty is dramatically amplified;
- the cost of equity (and discount rates in general) is a forward looking construct and is not observable. It must be inferred from other data (usually historical). None of this data is particularly reliable so estimates for the discount rate necessarily involve a substantial element of judgement;
- the terminal value (or the value of cash flows beyond the explicit forecast period) usually represents a high proportion of value. In PointsBet's case, it is, in fact, close to 100% of the NPV because PointsBet expects to generate negative cash flows for most of the forecast period as it rolls out its business into new States across the US (albeit that individual States are expected to become profitable after 3-4 years). Accordingly, the NPV becomes critically dependent on the cash flow forecast in the final year of the forecast period and the "multiple" implicit in the calculation of terminal value; and
- NPVs are typically extremely sensitive to relatively small changes in underlying assumptions (e.g. market revenue growth, market shares, margins) and the NPV outcomes need to be treated with considerable caution.

As a result, it is usually best practice to consider the results of using other valuation methodologies to sense check or balance the DCF analysis (sometimes referred to as "triangulation"). However, this is difficult in the case of PointsBet:

- earnings multiples (e.g. multiples of EBITDA, EBIT or NPAT) are meaningless because the business is lossmaking and expected to remain so for some years;
- revenue multiples are a common metric particularly in the technology sector where many businesses are in a start up phase. These have been considered (see Section 6.3.4) but extreme caution is warranted:
  - revenue multiples are a very crude basis for value benchmarking as they do not take account of the many differences in the underlying business that could impact the timing and level of profit generation;
  - revenue multiples can vary substantially between participants meaning that no reliable value conclusions can realistically be drawn; and
  - in a sector that has started from scratch (in 2018) and will undergo rapid growth over the next decade as individual State markets open up, it is almost impossible to find a benchmark year that could serve as a reliable base of comparison (historical results would be meaningless);
- "rule of thumb" methodologies such as attributing a value to the number of customers or subscribers would be an unreliable valuation metric given that, at this stage of development, it is not possible to predict customer numbers, average betting levels or tenure with any precision. In any event:
  - a stable level of customers is years away; and
  - there are, as yet, no benchmark metrics available that could be used to assess the value of customers; and
- "real option value" is an emerging methodology that can give insight into value. The concept is potentially relevant to PointsBet. Each new State market could be regarded as an "option" that PointsBet could exercise, although the better view is arguably that each State is just a component of an integrated plan to ultimately achieve a national footprint so PointsBet doesn't really have an option and, if it doesn't enter a market at the outset, it would be very difficult to successfully enter at a later date. In any event, it is Grant Samuel's view that it is not possible to determine the necessary parameters for such an analysis.

6.3 Fairness

6.3.1 Value of the Consideration

The value of the consideration is the estimated fair market value of a minority or portfolio interest in PointsBet post the NBC Partnership Proposal.

A strong indicator of this value is the $11 per share pricing of the Institutional Placement undertaken in the week ended 4 September 2020 (the week following the announcement). PointsBet raised $200 million (18.2 million shares) from approximately 40 institutional investors, each of whom received a marketable minority interest.

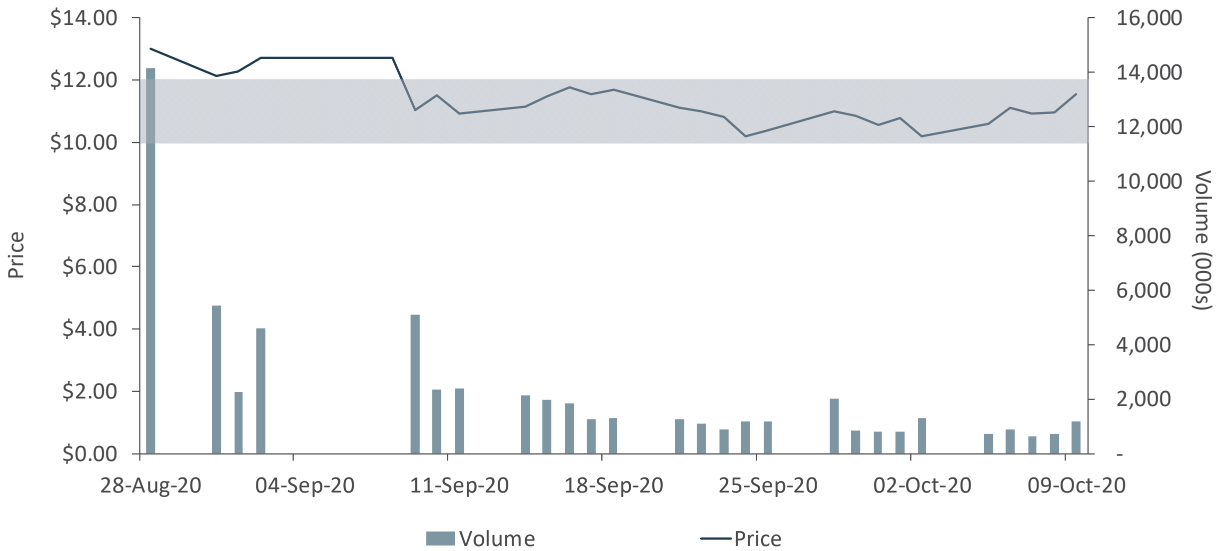
However, the post announcement trading on the ASX is also a highly relevant consideration (and over 59 million shares have traded since the announcement).

Subsequent to the announcement of the NBC Partnership Proposal on 28 August 2020, PointsBet shares have traded in the following ranges:

- $10.15-15.25 (with a VWAP of $12.22) in the period prior to the Record Date for the Entitlement Offer (9 September 2020). These prices have been adjusted by a factor of 0.93 to allow for the dilutionary impact of the Entitlement Offer; and
- $10.00-12.10 (with a VWAP of $11.13) in the period subsequent to the Entitlement Offer Record Date (up to 9 October 2020).

The shares closed at $11.53 on 9 October 2020.

POINTSBET SHARE PRICE POST ANNOUNCEMENT[41]



Source: IRESS

Technically, the analysis should exclude the dilutive impacts of the Entitlement Offer and the Institutional Placement as these are not directly attributable to the NBC Partnership Proposal.

In this respect:

- pre Record Date share prices should be left unadjusted; and
- post Record Date prices should be grossed up for the Entitlement Offer dilution factor (i.e. 1/0.93).

However, this approach has not been adopted because:

- it runs the risk of confusion;
- the capital raising was necessary to be able to fund the cash expenditure under the NBC Partnership Proposal;
- it makes the analysis more conservative and the conclusions more robust; and
- it does not make a material difference to the analysis.

There is no reason to believe that the PointsBet trading price does not reflect the fair market value of a portfolio interest in PointsBet post the NBC Partnership Proposal:

- PointsBet shares are highly liquid and well traded, with average daily traded volume since the announcement on 28 August 2020 of 1.5% of shares on issue (2.5% of free float);

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41 Note that PointsBet shares were suspended between 4 September 2020 and 8 September 2020.

- a significant number of sophisticated institutions participated in the Institutional Placement that closed on 4 September 2020;
- PointsBet is researched by analysts at a number of leading broking houses/investment banks;
- the announcement of 28 August 2020 contained an extensive presentation on the NBC Partnership Proposal and there have been numerous follow up meetings with analysts, investors and press; and
- the announcement also included PointsBet's full year FY20 results and discussion of the outlook for the business.

There may be individual views about the extent of uplift in value following the announcement but the market clearing price is the ultimate arbiter. It is also a better indicator of value than one party's view (e.g. Grant Samuel) as to where the shares ought to trade.

On the basis of these trading prices, Grant Samuel believes a reasonable estimate of the fair market value of PointsBet shares (i.e. the "consideration") is $10.00-12.00 per share. The width of the range reflects the inherent volatility of the PointsBet share price.

6.3.2 Implied Value of Business Operations

A share price range of $10.00-12.00 implies a value of $1.63-2.06 billion for the business operations of PointsBet:

IMPLIED VALUE OF BUSINESS OPERATIONS[42]

ITEM	DETAIL	($ MILLIONS)		
		LOW ($10.00)	MID ($11.00)	HIGH ($12.00)
Proforma equity capitalisation	**217.3 million shares[43]**	**2,173.0**	**2,390.3**	**2,607.6**
Net cash at 30 June 2020	Excludes client cash	(135.4)	(135.4)	(135.4)
Cash from options exercised post 30 June 2020		(0.2)	(0.2)	(0.2)
Theoretical cash from unexercised options	ESOP and Penn	(56.2)	(56.2)	(56.2)
Cash from Institutional Placement		(200.0)	(200.0)	(200.0)
Cash from Entitlement Offer		(153.2)	(153.2)	(153.2)
Implied Value of Business Operations (diluted)		**1,628.0**	**1,845.2**	**2,062.6**

42 The analysis incorporates the impacts of the Institutional Placement and Entitlement Offer as they have occurred irrespective of the NBC Partnership Proposal.

43 Being:

	Shares (millions)
Shares on issue immediately prior to capital raising	153.2
ESOP shares issued	0.5
Institutional Placement	18.2
Entitlement Offer	23.6
Sub total	195.2
Other Options (ESOP and Penn Ventures)	22.0
Proforma total shares	217.3

The Entitlement Options have been excluded as their exercise price ($13) is greater than the current market price.

6.3.3 DCF Analysis of Business Operations

i. Model Overview

PointsBet management has developed the PointsBet Financial Model which projects performance for the ten years to 30 June 2030. It is a very granular model used for management planning, target setting and accountability purposes with hundreds of detailed assumptions on a monthly basis including number of sign-ups, conversion to first time bettors, churn factors, gambling expenditure by different bet type, all adjusted by factors specific to each market (e.g. retail vs online, impact of in-person sign ups) and individual ramp up rates as well as detailed cost parameters (including client acquisition cost).

For valuation purposes, Grant Samuel believes a higher level model focussed on key drivers would give shareholders a simpler picture of the value issues relevant to their consideration of the NBC Partnership Proposal.

Accordingly, Grant Samuel has developed a high level model that focuses on market size (by State in the US) and PointsBet market share. This approach enables these two critical factors to be flexed so as to clearly understand the impact on value. The model projects nominal after tax operating cash flows over a ten year period to 30 June 2030 and calculates a terminal value at that date. The cash flows are discounted to an NPV as at 1 July 2020.

The model has three components:

- US Business (down to the Contribution level);
- Australian Business (down to the Contribution level); and
- Corporate which consolidates the two operations (including technology cost set-offs) and allows for:
  - unallocated costs including personnel, residual technology costs and administration; and
  - other cash flow items including taxation, capital expenditure and working capital.

The analysis examines a number of scenarios (Scenarios A to J) that reflect different assumptions across a range of parameters as well as different discount rates. The scenarios do not represent Grant Samuel's forecasts of the future financial performance of PointsBet. Grant Samuel gives no undertaking and makes no warranty regarding the future financial performance of PointsBet and its divisions. Such future performance is subject to fundamental uncertainty. Rather, the scenarios have been developed purely to allow Grant Samuel to assess the impact on calculated NPVs of alternative assumptions regarding the future growth and financial performance of PointsBet and its businesses.

ii. Operating Assumptions

The key assumptions underlying Scenario A are summarised below:

US Business

- the model covers 15 States. The first eleven are:

New Jersey	Indiana	Kansas
Iowa	Michigan	Missouri
Illinois	Ohio	Louisiana
Colorado	West Virginia	

  These States broadly correspond to the States in which PointsBet has either started operations or has made commercial agreements that will become effective once the State legalises except that New York has been excluded because online sports wagering has not yet been legalised and there is no clear timing for this to occur. Additionally, it remains uncertain how many skins will be issued per licence (PointsBet's skin is only effective if two are allowed).

A further four States have been added because the likelihood of State legislation being passed is relatively high, timing is clearer and PointsBet expects to gain market access.

States beyond these 15 have not been included (and, except for New York, have not been modelled by PointsBet) because there is no reliable information on the timing of legalisation (if at all), the operating conditions (restrictions, taxes) and the probable terms of commercial agreements;

- a "mature" net revenue for each State market is assumed. In the first instance, these are based on forecasts by Eilers & Krejcik (published April 2019):

US STATE BY STATE MATURE REVENUE

STATE	MATURE NET REVENUE (US$ MILLIONS)
New Jersey	554.9
Iowa	158.7
Illinois	783.7
Colorado	296.1
Indiana	317.2
Michigan	484.8
Ohio	599.5
West Virginia	62.0
Kansas	128.9
Missouri	288.9
Louisiana	221.0

The additional four States included in the analysis have an aggregate mature market revenue of approximately US$1.36 billion. These market sizes correspond to those referenced by PointsBet in its public presentations.

The Eilers & Krejcik forecasts are understood to represent Gross Gaming Revenue but because the forecasts are now 18 months old and the prevalence of higher forecasts by other researchers/analysts (albeit not always clear whether they forecast gross or net revenue) published since, they have been treated as Net Revenue. This treatment could overstate the forecast but given the purpose of the analysis it is sensible to err on the optimistic side.

The model also allows for these forecasts to be further adjusted using a general uplift factor;

- markets in each State are assumed to take four years from legalisation/commencement to reach maturity:

YEAR	% OF MATURE LEVEL
1	60%
2	75%
3	90%
4	100%

The year of commencement is based on PointsBet's current best estimate but, in any event, all are assumed to be in operation by 2025;

- post maturity each market is assumed to grow initially at 8.0% per annum tapering down to 3.5% over a six year period;
- PointsBet is assumed to reach a stabilised market share of 7.5% over a three year period (40%, 70%, 100% of target share);

- costs of sale are based on a percentage of net revenue (as estimated by PointsBet) reflecting the State taxes and payments to licence partners applicable in each State together with:
  - an internal technology fee payable to the group Technology division (approximately 7-9% of net revenue); and
  - other costs of doing business (e.g. payment processing fees); and
- marketing costs are assumed to be 30% of the mature market size multiplied by PointsBet stabilised market share from the first year of operation (i.e. marketing is spent in advance of obtaining clients). Once a mature market is reached, the expenditure tapers down to 20% of net revenue over a five year period.

Australian Business

- as the Australian market is more mature, the model utilised a simple growth factor, starting at 6.5% in FY21 (in line with recent growth in total wagering market) tapering to 3.5% over a nine year period;
- PointsBet is assumed to increase its share from 3% in FY20 to 6% by FY26, remaining flat thereafter. The increase reflects the continued improvement in the business (building on growth in earlier periods) as well as the potential market realignment following the closure of the *BetEasy* brand;
- costs of sale are based on a percentage of net revenue (as estimated by PointsBet) reflecting the taxes and payments to licence partners applicable in each State together with:
  - an internal technology fee payable to the group Technology division (approximately 7-9% of net revenue); and
  - other costs of doing business (e.g. payment processing fees); and
- marketing costs of approximately 30% of net revenue over the 10-year period.

General

- cost of sales for the consolidated Australian and US trading businesses are initially around 60% trending down to circa 50% over the ten year period, giving gross margins of ~40% rising to ~50%. Margins are lower in the United States (compared to Australia) but grow closer over time.

Corporate

- employee costs, which represent approximately 30% of net revenue in FY21 taper down to approximately 10% of net revenue in FY30;
- unallocated product and technology costs (i.e. net of payments from operating divisions) which represent 8.5% of net revenue in FY21, taper down to 3.5% over a nine year period; and
- administrative and other expenses, which represent approximately 6% of net revenue in FY21, taper down to approximately 1% over a four year period;
- a tax rate of 30% has been assumed for the Australian business and Corporate. In the United States, a tax rate of 29.7% has been assumed. This is a blended rate reflecting a 21% corporate tax rate and individual State Corporate income taxes (as advised by PointsBet). Tax expense has been applied to Contribution (after intercompany technology charges) of the US business and Australian business, less employee costs (allocated based on net revenue) and the EBIT of Corporate (adjusted for the allocation of employee costs). The calculation takes into account PointsBet accumulated tax losses as at 30 June 2020 ($76.8 million) and the tax losses that are expected to be generated in the United States in the first few years;
- capital expenditure (predominantly capitalised software costs) grows in line with the roll-out of the US operations, hitting a peak of approximately $55 million in FY25, tapering to a longer-term sustainable level of approximately $40 million;

- working capital:
  - trade payables represents approximately 20% of annual operating costs (excluding employee costs);
  - employee provisions represents approximately 5% of annual employee costs;
  - pending bets represents 2% of annual net revenue; and
  - player cash accounts represent approximately 4.5% of net revenue, tapering down to 3.5% over a period of six years;
- US$ have been translated at a rate of A$1 = US$0.73; and
- net cash flow is assumed to grow at 3% beyond 2030.

Potential synergies that could be realised by an acquirer have not been included because:

- there is no reliable basis on which to estimate them; and
- an in-market acquirer (who could achieve significant cost savings) is probably unlikely as there seems to be limited appetite for operators to use more than one brand (presumably because of marketing inefficiencies). The more likely acquirer is another large gambling company wanting to enter the US sports betting market without starting from scratch. In this case, the only savings would be listed company costs.

iii. Discount Rate

The determination of an appropriate discount rate for PointsBet is problematic. The conventional approach is to start with a well understood and widely used model such as the Capital Asset Pricing Model ("CAPM"). However:

- the cost of equity capital is not a precise or provable number nor can it be estimated with any degree of reliability. The cost of equity capital is not directly observable and models such as the CAPM do no more than infer it from other data using one particular theory about the way in which security prices behave. The usefulness of any estimate therefore depends on the efficacy of the theory and the robustness of the data but the available tools such as CAPM involve models that have questionable empirical validity (and competing formulations), simplifying assumptions, the use of historical data as a proxy for estimates of forward looking parameters, data of dubious statistical reliability and unresolved issues (such as the impact of dividend imputation).

  It is easy to over-engineer the process and to credit the output of models with a precision it does not warrant. The reality is that any cost of capital estimate or model output should be treated as a broad guide rather than an absolute truth. The cost of capital is fundamentally a matter of judgement, not merely a calculation;
- measurement of the risk premium is open to debate, even at the best of times. Most practitioners opt for using a "stable" risk premium and around 6% is a relatively common benchmark. However, equity markets are inherently volatile and the "true" risk premium rises and falls. There was considerable press and other comment that the risk premium went up at the height of the pandemic in March 2020 but the subsequent recovery in global equity markets and relative stability in recent months suggest much of this additional risk may have dissipated (although volatility is still elevated);
- strict application of the CAPM at the present time (using current parameters) gives results that are arguably unrealistically low and understate the true cost of capital (primarily because of extremely low government bond rates). While government bond rates across the globe have fallen even further in the last few months and the broad expectation is that they will remain extremely low for several years as the world economy seeks to recover from the impacts of COVID-19, the discount rates produced do not seem to accord with how investors set their expected returns and are often

inconsistent with other measures such as the Gordon Growth Model (which is based on observable dividend yield plus a long term growth rate). Some academics and valuation practitioners consider it to be inappropriate to add a "normal" market risk premium (e.g. 6%) to a temporarily depressed bond yield and therefore advocate that a "normalised" risk free rate should be used. This practice has become increasingly common among broker analysts with an assumed risk free rate of around 3% not uncommon; and

- measurement of beta also poses significant challenges, particularly in relation to PointsBet. The Company has only been listed since June 2019 (i.e. a little over 12 months) and is therefore not in data from sources such as Rozetta (previously AGSM), although Bloomberg does produce data based on the trading to date (an adjusted beta of 2.3 vs MSCI based on weekly data). Directly comparable entities (i.e. start up online gambling businesses focussed on the United States) such as DraftKings, Rush Street Interactive, LP ("Rush Street") and Golden Nugget Online Gaming, Inc. ("Golden Nugget") have only listed in the last few months or are in the process of listing (and have different business profiles – DraftKings operates DFS and merged with a gaming technology company while Rush Street and Golden Nugget are more focussed on iGaming).

  There are numerous other listed gambling companies including competitors of PointsBet (such as Tabcorp, Flutter, William Hill and GVC) but they have very different business profiles to PointsBet with substantial existing businesses (including retail betting shop networks) that are generating strong profits and cash flows. The nascent US sports betting businesses of Flutter, William Hill and GVC represent a small proportion of their total business activity. Established businesses also utilise debt in their financial structure whereas early stage businesses like PointsBet usually hold substantial net cash balances.

  In this context, the systematic risk of a business such as PointsBet is very different to an established betting business. The substantial investment in the early years (primarily losses and capital expenditure during the ramp up phase) means that the NPV is significantly more volatile. Swings in performance at an operating level (as a result of economy wide fluctuations) have a magnified impact on NPV relative to a steady state profitable business with no major upfront expenditure (i.e. more inherent operating leverage). There are also very different risk profiles attached to forecast cash flows between an established business and a start up but these risks are more appropriately dealt with by "risking" the cash flows (e.g. using scenario analysis) rather than making arbitrary adjustments to the discount rate.

Having regard to these matters, Grant Samuel considers a discount rate of around 10% to be the most appropriate estimate, although the analysis in Section 6.3.3(iv) below considers a broader range in order to allow shareholders to understand the impact of alternative discount rate assumptions.

The selection of a 10% rate also reflects the following factors:

- it represents a cost of equity. PointsBet has no debt and, in fact, has substantial cash holdings although these are largely earmarked to be expended in the next few years in the rollout of the US business. In due course, once the business becomes cash flow positive, it could be leveraged but this is probably many years away. On balance, an assumption of zero debt or cash is considered sensible;
- the same rate has been applied to both the US and Australian business. While the Australian sports betting market is much more mature than the US market, the business and the industry drivers are much the same and PointsBet is also a relatively new participant in the Australian market. In addition, the differences between long term government bond rates in the US and Australia (approximately 0.3%) is not sufficient to warrant utilising different rates and would imply a precision in the overall analysis that is not warranted;

- the rate corresponds to:
  - a beta of a little over 1.5 assuming a risk free rate of under 1% and a market risk premium of 6%; and
  - a beta just under 1.2 assuming a risk free rate of 3% and a market risk premium of 6%; and
- the rate is broadly consistent with the discount rates used by:
  - analysts covering PointsBet; and
  - analysts covering other international companies (e.g. Flutter, William Hill, GVC) in relation to the US sports betting operations of those companies.

iv. Scenarios

In order to understand the value dynamics of PointsBet business operations, Grant Samuel selected the following scenarios:

SCENARIOS

SCENARIO	CHANGE FROM SCENARIO A
A	NA (market share 7.5%)
B	PointsBet mature market share 5%
C	PointsBet mature market share 10%
D	Total market at maturity 20% higher than E&K estimates (7.5% market share)
E	Total market at maturity 20% higher plus 10% market share for PointsBet
F	New York market included from 2023 (7.5% market share)
G	New York market included (2023) plus total market at maturity 20% higher (7.5% market share)
H	New York included (2023) plus 10% market share for PointsBet
I	New York included plus 10% market share plus total market at maturity 20% higher
J	New York included plus 10% market share plus total market at maturity 20% higher plus iGaming revenue at 10% of sports betting revenue
K	New York included plus total market at maturity 20% higher plus iGaming revenue at 10% of sports betting revenue (7.5% market share)

The inclusion of New York in some scenarios is because, despite the uncertainties attached to both legalisation (including timing) and PointsBet's ability to begin operations (it needs >1 skin per licence holder to be legislated), New York is a major market adjacent to PointsBet's existing operations and it does have commercial agreements in place.

The uplift in the total sports betting market of 20% (across the board) in some scenarios reflects the wide dispersion of estimates by industry research houses, broker analysts and market participants. The Eilers & Krejcik forecasts are almost 18 months old and could be considered to be conservative (although there is no evidence from New Jersey to date that indicates this is necessarily so and Grant Samuel has already treated these forecasts as net revenue).

iGaming revenue is assumed to commence in FY23 at 5% of sports betting revenue, rising to 10% in FY25 and beyond. Costs of sale are factored but no additional marketing expense has been included.

These are all "upside" cases but are designed to be able to test what level of assumptions is needed to generate a value for PointsBet's operations above the level implied by the post transaction share price.

v. Model Outputs

The NPV calculations for each scenario are summarised below:

POINTSBET BUSINESS OPERATIONS – NPV OUTCOMES ($ MILLIONS)

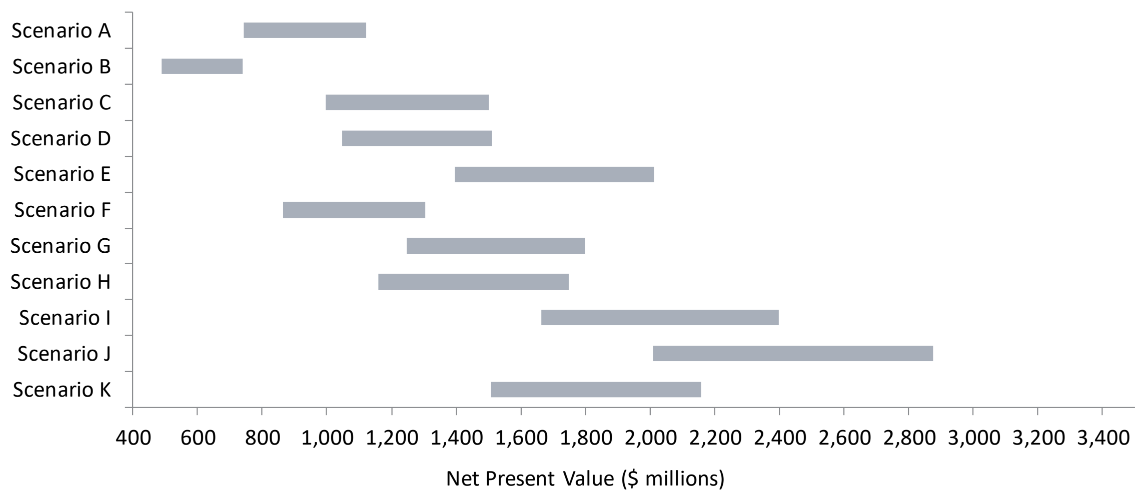
	DISCOUNT RATE		
	11%	**10%**	**9%**
Scenario A	744	905	1,122
Scenario B	490	596	741
Scenario C	998	1,213	1,502
Scenario D	1,048	1,246	1,512
Scenario E	1,396	1,660	2,014
Scenario F	865	1,053	1,306
Scenario G	1,246	1,481	1,798
Scenario H	1,160	1,410	1,747
Scenario I	1,663	1,978	2,399
Scenario J	2,007	2,378	2,875
Scenario K	1,508	1,785	2,159

The (undiscounted) terminal values in each scenario are equivalent to FY30 EBITDA multiples of approximately:

- 8-9 times for an 11% discount rate;
- 9-10 times for a 10% discount rate; and
- 10-11 times for a 9% discount rate.

These outcomes are depicted graphically below. The range represents the application of different discount rates (low value = 11%, high value = 9%).

POINTSBET BUSINESS OPERATIONS – VALUE RANGE ($ MILLIONS)



6.3.4 Value Analysis and Conclusion

DCF Analysis

The DCF analysis reveals the extremely wide range of possible values for PointsBet's business operations.

Scenario A produces an NPV of $905 million at a 10% discount rate, which represents a discount to the implied value of the business operations based on the closing price immediately prior to movement of the NBC Partnership Proposal ($7.55 unadjusted) but a slight premium to the value based on the VWAP for the preceding month ($6.04).

Even this scenario has some relatively optimistic assumptions including:

- Australian market share doubling to 6%;
- market growth of 6-8% per annum in each US State for three years after reaching maturity;
- PointsBet obtaining and sustaining a 7.5% share in all US markets that it enters, in the absence of the NBC Partnership Proposal. While it has achieved a 6.5% share in New Jersey, the track record is short and the market is intensely competitive.

Scenario B demonstrates the downside risk if only 5% share can be obtained – a $300 million drop in NPV (approximately one third).

The remaining scenarios attempt to capture some of the potential upsides including higher market share (10%), higher aggregate market revenues (+20%), adding New York and adding iGaming (10% of sports betting revenue).

The following key assumptions (Scenario I) are required to produce a value of approximately $1.98 billion at a 10% discount rate:

- US total market size at maturity (net revenue) 20% above the Eilers & Krejcik forecasts;
- a PointsBet market share stabilising in the third year of 10%; and
- inclusion of New York (from 2023).

There are additional upsides to this NPV which have not been modelled:

- additional States (most are expected to legalise sometime prior to 2030); and
- potential iGaming revenue (e.g. Scenarios J and K). Some commentators believe it will ultimately be larger than the sports betting market.

However, Grant Samuel does not believe that corporate acquirers would, at the present time:

- assume market shares of 10% in the absence of the NBC Partnership Proposal combined with aggressive total market revenue forecast. The only tangible evidence to date is 6.5% in New Jersey. PointsBet management has an internal target of 10% share but this was premised on being able to deliver a high quality media partnership. A share in the 6-8% range is more appropriate as a risk adjusted assumption;
- attribute any significant value to markets where there is no clear process for legalisation, no certainty as to tax regimes, any restrictions (e.g. retail only, in-person sign-ups), market structure (number of competitors) or the commercial terms of arrangements with licence holders; or
- attribute any value to iGaming given PointsBet's lack of prior experience in this sector, the uncertainty as to legalisation in many States and the likely competitiveness of this segment (with big brand name competitors likely to enter).

In summary, values above $2 billion (on a pre transaction basis) require a combination of assumptions that are not credible and do not properly take account of the risks facing PointsBet.

Revenue Multiple Analysis

As discussed in Section 6.2.2, revenue multiples are not a reliable method of valuation but it may help put the value issues in context. The available market evidence is summarised below:

- Golden Nugget and Rush Street, two online gambling businesses that are direct competitors of PointsBet, were both recently acquired using a transaction structure similar to an Australian "backdoor listing". The technique enables them to become listed quicker than using a conventional initial public offering ("IPO") structure. Golden Nugget was acquired at a multiple of 6.1 times 2021 forecast revenue while Rush Street was acquired at 5.6 times forecast revenue. While neither transaction has yet been completed, the acquiring entity for Golden Nugget is now trading at higher prices implying a revenue multiple of around 10 times while the Rush Street acquirer is trading at around 8 times.

  In considering these multiples, it should be recognised that:

  - Golden Nugget has a strong existing brand (through associated casinos) and is EBITDA and cash flow positive as a result of its existing iGaming activities (it has operated in New Jersey since 2013). iGaming will remain its primary focus; and
  - Rush Street is also EBITDA and cash flow positive as a result of existing operations (online casino in New Jersey since 2016) and is the US market leader in online casino (16.7% market share in May 2020[44]);

- in contrast, DraftKings is trading at approximately 24 times 2021 forecast revenue. DraftKings listed in April 2020 through a merger with SBTech (an online gaming technology business). The shares enjoyed a strong uplift in May 2020 and remained relatively steady around the US$30-40 per share range until a recent surge to over US$50.

  The high multiple appears to reflect DraftKings current market leadership in sports betting (and an assumption it will win the market share battle in the long run) but it is clear from a review of press, online and broker analyst commentary that opinions are divided about the reasonableness of the current valuation parameters; and

- GAN Limited ("GAN"), a UK based supplier of online gaming technology ("software-as-a service"), is trading at approximately 9 times 2021 forecast revenue. As a supplier to the industry, GAN is not directly comparable to PointsBet.

The dispersion of these data points provides limited useful guidance. However, a value for PointsBet's operating business of greater than $2 billion would represent revenue multiples of at least:

- 26.6 times FY20 revenue; and
- 15.2 times FY21 revenue ($131.5 million)[45].

In Grant Samuel's opinion, the available data on revenue multiples does not support a value exceeding $2 billion.

Conclusion

Grant Samuel has concluded that the full underlying value of PointsBet's operating business in the absence of the NBC Partnership Proposal does not, on an appropriately risk adjusted basis, exceed $2 billion. Accordingly, in Grant Samuel's opinion, the NBC Partnership Proposal is fair.

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[44] As estimated by Rush Street (Investor Presentation July 2020).

[45] Based on average of two broker reports issued in July and August 2020 prior to announcement of the NBC Partnership Proposal.

A more realistic (risk adjusted) estimate of value for PointsBet's business operations in the absence of the NBC Partnership Proposal is less than $1.5 billion and probably closer to circa $1 billion. In this respect, even if the PointsBet share price was materially lower, say $9, the NBC Partnership Proposal would still be fair.

This outcome is hardly surprising:

- prior to the announcement of the NBC Partnership Proposal, the equity market was attributing a value of approximately $0.85-1.0 billion to PointsBet's operating business. Trading in PointsBet shares is liquid and the Company has been invested in by a range of sophisticated investors through successive capital raisings. The market value is therefore likely to have represented a reasonably reliable indicator of value and it is improbable that the underlying value (pre announcement), even including a control premium, was twice the sharemarket value;
- while there is little doubt that the market opportunity is both real and large and that PointsBet has performed well to date, the reality is that, today, PointsBet is a loss making enterprise (and likely to remain so for some years) with only 26,000 active clients in the United States and a lot yet to prove. Judgements about value at this point in time have to reflect the execution risks the business faces including competition from well capitalised and highly credentialled industry participants; and
- there is a rational explanation for a significant increase in PointsBet's market value as a result of the NBC Partnership Proposal, namely:
    - expectations of an increase in key drivers such as market share and marketing cost efficiency (a 1-2% market share uplift has a material impact on value); and
    - greater confidence in the ability of PointsBet to deliver its business plan.

Of course, a higher value might be sustainable in due course as more evidence emerges as to market size and as PointsBet can prove up its ability to achieve market shares but the transaction can only be judged on realistic values today. In any event, PointsBet needs to execute on a media partnership now or it risks being left behind in the "land grab" that will occur over the short to medium term (its Australian business proves how challenging it is to enter any online sports betting market after others have become established).

6.3.5 Alternative Frameworks

There are alternative ways in which PointsBet shareholders could consider the value proposition of the NBC Partnership Proposal:

- at its simplest, PointsBet is acquiring US$393 million of media services in exchange for:
    - cash of approximately US$270 million; and
    - securities worth approximately US$123 million comprising:
        - approximately 10 million shares in PointsBet worth $65 million ($6.50 per share); and
        - approximately 66.9 million options valued at $105.3 million ($1.57 each).

  It is reasonable to assume that the pricing of media services in the Media Agreement is consistent with the market price of such services. In fact, the pricing does include material discounts from NBCUniversal's standard pricing but this is normal practice where there are offsetting factors such as substantial minimum expenditure commitments.

  The value attributed to the shares is in line with the prevailing market price prior to the announcement of the proposal.

  The value attributed to the options is less certain and, in this case, there are additional complications in accurately measuring value:

- the option premium of $1.57 is refundable in cash at NBCUniversal's option if it decides not to exercise the option. This makes the option more valuable than a conventional call option where the optionholder loses the option premium if the option is not exercised (e.g. because the share price is below the exercise price);
- the option is an option over new shares (i.e. a "warrant"). The exercise of a warrant has a dilutionary impact on value (in this case potentially significant) but there are several alternative ways to make adjustments to take account of this issue that give differing results;
- PointsBet's limited trading history (since June 2019) means there is limited evidence from which to calculate a reliable volatility factor; and
- there are potential events such as early exercise if a liquidity event occurs that are not practically possible to be adjusted for.

Grant Samuel has considered a variety of valuation bases for the options (Black Scholes, Binomial and various dilution adjustments). None of them indicate that the value of the option exceeds the $1.57 agreed value.

On this basis, it can be argued that there is a "fair" value exchange between PointsBet and NBCUniversal; and

- the essential economics of the arrangement is that NBCUniversal is gaining a ~30% share in the upside of the PointsBet business but only once shareholders have doubled their value from where it was prior to the NBC Partnership Proposal.

  Whether this is fair or not will depend on individual perspectives but:

  - as a matter of fact, PointsBet shareholders have already enjoyed an almost doubling of their value ($6-7 per share to circa $11 post announcement); and
  - the value enhancement is largely due to the NBC Partnership Proposal. It would almost certainly not occur to the same extent or within the same timeframe under any alternative scenario.

6.4 Reasonableness

As the NBC Partnership Proposal is fair, it is definitionally reasonable. Nevertheless, there are a number of other factors that support the reasonableness of the proposal and which shareholders should consider in determining whether to vote for or against the NBC Partnership Proposal.

The following sections set out the primary advantages and benefits and the primary disadvantages, costs and risks. Shareholders should also refer to Part B.3 of the Explanatory Statement.

The disadvantages, costs and risks are not trivial but, in Grant Samuel's opinion, they are significantly outweighed by the advantages and benefits.

6.4.1 Advantages and Benefits

i. Enhancement of Potential Revenue

The primary benefit is the potential of the comprehensive access to NBC Sports' large and diverse sports media assets and distribution platforms to generate an uplift in the PointsBet expected market share relative to the level that might otherwise have been achievable (without the NBC Partnership Proposal).

NBC Sports offers access to the full range of media distribution platforms in one package from national to highly localised and from linear television to interactive digital assets. It provides:

- access to the largest sports television audience in the United States with more than 180 million viewers across its free-to-air television networks and pay television networks. The NBC and Telemundo broadcast networks through their network operations, 42 locally owned and operated stations and over 200 affiliated local stations deliver programming (including sports content) across the entire country.

The regional sports networks comprise eight separate networks (including *SportsNet New York*) that provide a pay television service (over cable or satellite and through mobile devices) to approximately 36.5 million households covering major population centres such as the Tri State Area (New York, New Jersey and Pennsylvania), the North East (Massachusetts, Connecticut, Vermont, etc.), the Central East Coast (Washington DC, Maryland, Virginia and West Virginia), the Northern Central States (Illinois, Indiana, Iowa, Wisconsin and Kentucky) and the West Coast (California, Oregon, Washington and Nevada);

- a broad array of interactive digital platforms that includes:
  - streaming services including NBCUniversal's recently launched *Peacock*;
  - apps such as the *NBC Sports Predictor*, a free-to-play prize based sports prediction game;
  - various websites (e.g. *GolfChannel.com*); and
  - specialised units such as the *GolfNow* online tee time booking service.

  The digital platforms have more than 60 million average monthly users;
- a large and diversified portfolio of sports rights including a number of "marquee" events. The portfolio includes:
  - major US team sports (NFL, NHL) for national broadcast and other sports (NBA, MLB) for selected teams within a regional sports network franchise area as well as selected college sports. A critical asset is *Sunday Night Football*;
  - other major US sports such as *NASCAR* and *Indy Car* and golf (including the *US Open*);
  - international sports including football (*Premier League*), golf (*The Open Championship*), tennis, rugby and cycling (*Tour de France*); and
  - the *Olympics*;
- extensive reach into the Hispanic community through the Spanish language *Telemundo* broadcast network (including 30 owned and operated stations and affiliates). It also offers a number of Spanish language digital platforms.

The NBC Partnership Proposal is an all encompassing agreement that provides PointsBet with exclusive access to, and integration with, NBC Sports' media assets. Particular aspects of the arrangement that are regarded as beneficial to PointsBet include:

- designation as NBC Sports' Official Sports Betting Partner on television and digital platforms;
- exclusive game-day integrations with NBC Sports' regional sports networks. While PointsBet may utilise national broadcasting at some stage, its primary focus will be on the regional sports networks where spending can be directed to the States that PointsBet plans to operate in, in particular the Chicago and Washington networks but also the New York and Philadelphia networks (if and when New York legalises online sports betting).

  Important attractions include:
  - the ability to target advertising down to a granular level (neighbourhoods, ZIP codes);
  - a right to a minimum share of voice (within the sports betting category);
  - priority access to premium spots (e.g. "last in", "first out"); and
  - active participation in game-day coverage including live crosses and product placement (branding, logos etc.);

- PointsBet has committed to minimum spending on a quarterly basis for the five year term. The commitments progressively increase over time to align with PointsBet's plan to expand its footprint. Within these commitments, PointsBet has freedom to spend on any individual platform in any manner that it sees fit (subject to certain advance scheduling requirements). Accordingly, it can readily shift to complement any other marketing or promotional activities (e.g. targeting a particular event or a location or client segment). PointsBet also has the ability to defer spending commitments in certain circumstances;
- the ability to use the NBC Sports logo on PointsBet's app;
- access across NBC Sports' highly diverse set of digital assets including:
  - partnership with *NBC's Sports Predictor* app, a prize based sports prediction game that has 630,000 peak active monthly users;
  - opportunities to offer promotions and loyalty benefits to users of specific platforms (e.g. *GOLFNOW, GOLFPASS*) or supply content; and
  - NBCUniversal's new *Peacock* streaming service. This service was only launched in July 2020 and amongst its offerings is a sports stream featuring live sports as well as highlight packages, documentaries and studio shows. The sports portfolio is planned to be ramped up substantially over time and will include golf, NFL and the *Olympics*.

    This kind of user controlled platform is likely to eventually become the way in which the vast majority of video content (including sports) is consumed. NBCUniversal is expecting 30-35 million active accounts by 2024; and
- first look rights in relation to new properties, platforms and assets. This right could be very important given the potential for continued evolution of, if not significant disruption of, the broadcasting landscape and the ongoing shift from traditional linear programming to more flexible and interactive technologies that can also lead to previously unthought of applications and services.

While PointsBet has been very successful in its first foray into the New Jersey market, building a creditable 6.5% market share from a standing start, the reality is that it has no brand presence in the United States. Building and sustaining a meaningful market share was always going to be a challenge and a marketing partnership with a large, credible media business has been a priority for management since the business was established.

The NBC Partnership Proposal should add instant credibility to the PointsBet offering (including the "Official Sports Betting Partner" designation and ability to use the NBC Sports logo).

In this context, it is important to understand that if the NBC Partnership Proposal is not implemented, PointsBet would have been likely to form some kind of partnership with another media group or groups. However:

- other prime candidates have already established partnerships with other online betting businesses:

SPORTS BROADCASTER	SPORTS BETTING RELATIONSHIP
ESPN (owned by The Walt Disney Company)	Caesars
CBS Sports	William Hill
Fox Sports	Flutter (*FanDuel*, *FOXBet*)

  There are other large scale media groups and sports rights holders but none of them have the same scale, breadth, diversity or technology base as NBCUniversal, providing PointsBet with a less attractive set of sports rights, less audience reach and less diversity of product and delivery platform;

- PointsBet would probably have needed to stitch together a package involving several different traditional media and digital platform partners. These kinds of multi-partner arrangements tend to be less effective and less efficient than a single comprehensive partnership. They can be prone to gaps in coverage and there can be significant challenges in co-ordinating campaigns across multiple partners; and
- NBCUniversal had a strategy to partner with a sports betting business and ran a structured process to select a partner. Accordingly, if the NBC Partnership Proposal does not proceed, PointsBet would face a situation where one of its key competitors would almost certainly be enjoying the benefits of integration with the NBC Sports platform.

Having regard to all of the above, it is not unreasonable to believe that the NBC Partnership Proposal will deliver a meaningful increase in the market share able to be generated by PointsBet relative to the alternatives available to it.

ii. Marketing Spend Efficiency

Minimising client acquisition cost is a key driver of success for a sports betting business and therefore the efficiency of marketing spend is critical.

The NBC Partnership Proposal has several features that should contribute materially to maximising the efficiency of PointsBet spending in the United States:

- preferred rates that are well below the “rack rates” that PointsBet would have to pay if it was a “casual” buyer of advertising;
- integrations with programs (e.g. live crosses, calls to action etc.) which give more “bang for the buck” than conventional spot advertising;
- agreed pricing structures for the full five year term of the agreement; and
- the ability within the cable networks and digital assets to target specific geographies (down to neighbourhoods), communities or types of clients. Large scale advertising (e.g. national) inevitably involves a significant level of wastage.

iii. Risk Reduction

The US sports betting industry is in its infancy and is intensely competitive as numerous entrants are aggressively chasing clients and market share. There are significant first mover advantages in such circumstances. While PointsBet has managed to achieve a very creditable 6.5% market share in New Jersey:

- it has little or no brand recognition in the United States; and
- it faces competitors that have strong existing brands, client bases and client data and/or tie ups with major media groups.

Accordingly, there are significant risks and uncertainties as to PointsBet’s ability to quickly achieve and then sustain market shares that will cover costs and deliver an attractive return on investment. The NBC Partnership Proposal materially changes that risk profile. The power of NBC Sports audience reach and the benefit of the detailed media arrangements mean that there can be a much higher level of confidence in PointsBet’s ability to deliver on its business plan.

iv. Speed

There are substantial first mover advantages in US sports betting markets as they open up and progress to maturity. The NBC Partnership Proposal offers improved speed to market for PointsBet:

- if the NBC Partnership Proposal is not approved it would probably take PointsBet some months to put together an alternative arrangement or set of arrangements that would enable it to run effective campaigns in the markets that it has recently entered or is about to enter (e.g. Illinois, Colorado). This could be to the detriment of long run market share; and, more importantly
- planning and activating campaigns, either in new markets or for targeted events in more mature markets, should be quicker, easier and more co-ordinated under the NBC Partnership Proposal than under alternative partnerships (and more so if PointsBet was buying advertising media on a piecemeal basis).

v. Incentive for NBCUniversal

Through the NBC Placement and the NBC Options, NBCUniversal will have an effective ~30% share of any long term accretion in PointsBet's market value (above $6.50 in respect of the shares and above $14.57 in respect of the options). Every $1 gain in the PointsBet share price (above the base levels) is worth approximately $77 million (or US$56 million) to NBCUniversal.

This gives NBCUniversal a very powerful and direct incentive to maximise the effectiveness of PointsBet's marketing and promotion across its platform and to fully exploit any new opportunities that arise.

It also creates a strong incentive for NBCUniversal to renew the partnership after the initial five year term (as a decision not to renew would likely occur before the options could be exercised and would probably have a material adverse impact on the PointsBet share price).

vi. Negotiating Leverage

If the NBC Partnership Proposal is successful in delivering a strong market share performance for PointsBet, it will be better positioned when it comes to negotiating new commercial access arrangements with licence holders in the States where PointsBet does not currently have such agreements. This could lead to better financial terms than it could achieve in the absence of the NBC Partnership Proposal.

6.4.2 Disadvantages, Costs and Risks

i. Breakdown in Relations

To maximise the benefits of the NBC Partnership Proposal, there needs to be a strong working relationship between the two parties underpinned by goodwill and close co-operation. Inevitably, there is a risk that the relationship could breakdown at some point over the next five years for any number of reasons. The result could be detrimental to PointsBet shareholders. However:

- the parties have developed strong interpersonal relations over the course of the past few months as they worked together to develop the proposal; and
- there are strong and clear incentives (particularly through the NBC Options) on both sides to keep relations positive and to resolve any emerging difficulties.

ii. Ineffectiveness of Spending

Media partnerships involve a very substantial financial commitment by the non media partner (in this case US$393 million over five years). There is no guarantee that the spending will actually be effective in generating sufficient additional clients (who, in turn, generate sufficient turnover) to justify the expenditure and deliver a lifetime client value and client acquisition unit cost at a level that enables the company to be competitive. Certainly, recent history in the industry has examples of tie-ups that have been manifestly unsuccessful such as Tabcorp's relationship with *The Sun* newspaper (*SunBet*) in the United Kingdom. Accordingly, there is a risk that the committed expenditure is ineffective if not wasted and PointsBet client acquisition costs become unacceptably high.

On the other hand:

- media advertising is central to PointsBet's plan for developing its US business whether the NBC Partnership Proposal is implemented or not. PointsBet generally targets spending approximately 30% of estimated mature market revenues on marketing. Under its current strategic plan, the planned marketing expenditure over the next five years is well in excess of US$393 million. The expenditure with NBC Sports is not incremental expenditure, it's part of what PointsBet would have spent in any event. It is true that it will likely represent the vast majority of PointsBet expenditure leaving a lower level of funds to spend on alternative traditional media (e.g. other broadcast networks) or on digital channels (e.g. Google, Facebook). The real question is whether spending under the NBC Partnership Proposal is likely to be more effective than these alternatives. For the reasons set out in Section 6.4.1, Grant Samuel believes this is likely to be the case. In particular:
  - NBCUniversal has a very diverse set of assets across traditional linear broadcasting and digital platforms (this contrasts with, for example, *The Sun* newspaper which was effectively a single newspaper platform albeit print and online);
  - PointsBet has complete flexibility as to where and how it spends its funds. Importantly, it can target down to small geographies and communities (again, this contrasts with the relatively blunt instrument of a national newspaper and associated website);
  - while the arrangement with NBCUniversal is not exclusive (competitors can also advertise on NBC Sports platforms), PointsBet has priority access to premium spots (as well as integration into programming) and there are limits on competitors' placement proximities and volume;
  - PointsBet has first look rights if new platforms for watching/consuming sports emerge;
  - PointsBet will receive preferential pricing involving material discounts from standard rates; and
  - PointsBet still intends to utilise third party digital platforms and other media (albeit to a lesser extent);
- sports on television is an important part of the landscape in the United States – 21 of the 25 most watched programs in 2019 were sports events. Advertising and promotion of sports betting in traditional linear media around and during live sports is generally considered very effective and will play a major role for industry participants over the next few years (even if audiences are diminishing over time). PointsBet's key competitors are also making substantial commitments to other large sports broadcasters so they clearly believe in the efficacy of it; and
- other ventures such as *SkyBet* (UK) have been highly successful and have demonstrated how the backing of a media enterprise (particularly a broadcaster) can rapidly build a powerful brand in sports betting against experienced incumbents. Ultimately, there is no general rule. It depends on the specific circumstances and attributes of the parties.

iii. Decline in NBCUniversal Audience

As NBCUniversal will represent the majority of PointsBet's marketing expenditure over the next five years, PointsBet will be heavily dependent on NBCUniversal maintaining its market leadership and audience reach. There are two primary concerns:

- potential loss of key sporting rights. Sports broadcast rights are regularly renegotiated or auctioned off and bidding is intensely competitive. Some of NBCUniversal's key properties have relatively short terms (e.g. NFL – 2022); and

- the media industry (in particular, distribution) is rapidly evolving and there could be disruptive shifts such as the sports themselves moving to a direct-to-consumer model, bypassing traditional broadcasters. In any event, television audiences for several sports appear to be declining.

However, NBCUniversal is as well positioned as any media business to weather these storms. It enjoys:

- a large and highly diversified portfolio of rights. While the *Sunday Night Football* is a key asset (representing 10 of the 25 highest rating programs in the US in 2019), the rest of the portfolio is spread across a variety of sports, both US and international. Other important properties such as the *Olympics* have a long contract period (through to 2032);
- a long history of rights retention and acquisition of new properties. NBC Sports has held the *Sunday Night Football* rights since 2006 and its Olympic coverage goes back to the 1960s (it has covered every Summer Olympics since 1988). More importantly, NBC Sports has been continually adding to its portfolio in recent years including:
  - *Premier League* (2013);
  - *The Open Championship* (2016);
  - *IndyCar* (2019); and
  - *US Open* (2020);
- a comprehensive and diversified presence across digital platforms. NBCUniversal has invested heavily in keeping pace with advances in technology. Its digital footprint includes most of the technologies and services currently available across the market including:
  - streaming services;
  - mobile access to television services and video content;
  - games and gaming apps (e.g. *Sports Predictor*, *ROTOWORLD*);
  - websites;
  - tailored online services for special interest groups (e.g. *GOLFNOW*, *GOLFPASS)*; and
  - podcasts and social media; and
- a strong financial position and earnings base. In 2019, Comcast generated EBITDA of US$34 billion and free cash flow (after interest, tax and capital expenditures) over US$13 billion.

Moreover, the NBC Partnership Proposal has a five year term which gives PointsBet greater flexibility than a long term arrangement to change course if the media landscape does alter adversely.

iv. Regulatory Issues

The aggregate spending commitment of US$393 million is predicated on the continued progress of legalisation of online sports betting across the United States over the next five years (and on PointsBet gaining access to these markets). If this does not occur as anticipated or is significantly delayed, the value derived by PointsBet from the committed spending could be adversely impacted.

However, while PointsBet will seek to maximise any opportunities as they arise:

- the strategic plan which underpins the nature and quantum of the committed spending assumes that only a limited number of new States “open up” and they are:
  - States where there is a clear pathway to legalisation; and
  - largely States where PointsBet has secured commercial access or is confident of doing so; and

- PointsBet is not assuming major markets such as California, Florida or Texas legalise within the term of the Media Agreement.

v. Termination Risk

The Media Agreement includes various termination rights[46] in favour of NBCUniversal, but these are not out of the ordinary for such transactions. There are also requirements to make minimum payments even if advertising inventory is not available (for specific reasons). PointsBet does not believe these provisions are likely to come in to play.

vi. Non exercise of Options

NBCUniversal can either exercise its option at expiry (or earlier in the case of a Liquidity Event) or can, at any time, effectively cancel the option and require the option premium (valued at approximately $105.3 million) to be refunded. It would be likely to require the refund if PointsBet shares are trading at less than $14.57 at the time of exercise. In this respect, NBCUniversal is carrying far less risk than that normally attached to options (loss of the option premium in a downside case). Moreover, if the refund is elected, PointsBet will need to find $105 million in cash to pay out NBCUniversal that could have been deployed in developing the business. In the circumstances where non exercise occurs (i.e. relatively weak performance), the refund could put pressure on PointsBet's financial resources.

vii. Dilution

The NBC Placement and NBC Options mean that NBCUniversal has an effective ~30% share in the value upside in PointsBet shares (above $14.57 in respect of the options) over the next five years and potentially beyond. This represents a material dilution of shareholders' existing 100% exposure for what is only a five year agreement but:

- the pre announcement share price was circa $7, so NBCUniversal only shares in the upside once shareholders have broadly doubled their value;
- this dilution needs to be considered against the potential value enhancement from the NBC Partnership Proposal. Even a 1% increase in market share (above the 7.5% assumed in Scenario A) would add approximately 13-15% to the total NPV (NBCUniversal shares only in the upside over $14.57 not the total value); and
- the next five years will be the critical period in determining the Company's long run success. By 2025, it is likely that market shares will have become relatively entrenched.

viii. Deterrent to Takeover

Under the NBC Partnership Proposal, NBCUniversal could end up with a ~30% interest in PointsBet. Such a holding could act as a deterrent to a third party making a takeover offer for PointsBet, thus depriving shareholders of the opportunity of receiving a fully priced offer including a premium for control. However:

- there are several ways in which the ultimate NBCUniversal shareholding could be substantially less than the ~30% that NBCUniversal could, in theory, acquire under the NBC Partnership Proposal, potentially even below 20%, including for example:
  - if NBCUniversal does not exercise the options;
  - if NBCUniversal elects a "cashless exercise". Depending on the PointsBet share price at the time the number of shares issued could be materially less; and
  - if PointsBet undertakes other capital raisings over the five year period and NBCUniversal either does not participate or not "top up" and if NBCUniversal does not make any other permitted acquisitions. In this context, its fully diluted ownership at present would be only 28.3%;

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46 There are also rights to terminate the official partner designation in certain circumstances.

- NBCUniversal (and the broader Comcast group) is focussed on telecommunications, media and entertainment. Taking equity in PointsBet is to enable it to participate in the economic benefits to a sports betting business from access to, and partnership with, the NBC Sports platform. There is no apparent reason why NBCUniversal would not accept an attractively priced offer from a third party so long as it:
  - fully reflected the value derived by PointsBet from the full term of the NBC Partnership Proposal; and
  - did not adversely impact or endanger any ongoing media relationship between PointsBet and NBC Sports; and
- while a ~30% interest may be a deterrent it would not necessarily prevent a determined bidder from progressing a proposal even against NBCUniversal's wishes.

6.4.3 Other Factors

The NBC Partnership Proposal has, as required by ASIC regulations, been evaluated as a control transaction. Under this framework, shareholders are deemed to be giving up control of PointsBet to NBCUniversal. Accordingly, the asset being given up is to be valued at full underlying value including a control premium and the consideration received is to be valued as a minority on portfolio interest. However, in reality shareholders are not giving up control:

- there is no certainty that NBCUniversal will exercise the NBC Options and is unlikely to do so if PointsBet shares are trading at less than $14.57 at the time (i.e. in 2025). If the options are not exercised, NBCUniversal will only have a ~4.9% interest in PointsBet;
- even if NBCUniversal does exercise the options, it could elect a cashless exercise which would result in fewer shares being issued (the extent depending on the share price at the time);
- the interest in PointsBet that NBCUniversal could obtain if it exercises the options is up to 29.99% (or more in certain circumstances), in which case it could nominate up to 30% of the board of PointsBet. A ~30% interest does not confer control in the way that a 100%, or even a 51% interest does, although obviously NBCUniversal would have a significant degree of influence; and
- until the options are exercised in five years time (or earlier in certain circumstances), NBCUniversal will only have a ~4.9% interest and no presence in the PointsBet board until that date.

6.5 Shareholder Decision

Grant Samuel has been engaged to provide an independent expert's report setting out whether in its opinion the NBC Partnership Proposal is fair and reasonable to the shareholders of PointsBet and to state the reasons for that opinion. Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the NBC Partnership Proposal (or the vote in relation to the potential exercise of the NBC Options), the responsibility for which lies with the directors of PointsBet.

In any event, voting for or against the NBC Partnership Proposal is a matter for individual shareholders based on their views as to value, their views as to the impact of the NBC Partnership Proposal on the business of PointsBet, their expectations about future business prospects and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the NBC Partnership Proposal should consult their own professional adviser.

7 Qualifications, Declarations and Consents

7.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 560 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Stephen Cooper B.Com (Hons) CA and Stephen Wilson M.Com (Hons) CA SF Fin. Each has over 30 years of experience in relevant corporate advisory matters. Tom Rowe B.Com MBA assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

7.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the NBC Partnership Proposal is fair and reasonable to the non associated shareholders of PointsBet. Grant Samuel expressly disclaims any liability to any PointsBet shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Explanatory Statement issued by PointsBet and has not verified or approved any of the contents of the Explanatory Statement. Grant Samuel does not accept any responsibility for the contents of the Explanatory Statement (except for this report).

Grant Samuel has had no involvement in PointsBet's due diligence investigation in relation to, or verification of, the Explanatory Statement and does not accept any responsibility for the completeness or reliability of the process which is the responsibility of PointsBet.

7.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with PointsBet, Comcast or NBCUniversal or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the NBC Partnership Proposal.

Grant Samuel commenced analysis for the purposes of this report in August 2020, prior to the announcement of the NBC Partnership Proposal. This work did not involve Grant Samuel participating in the formulation of, setting the terms of, or any negotiations leading to, the NBC Partnership Proposal. Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of $350,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the NBC Partnership Proposal. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

7.4 Declarations

PointsBet has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. PointsBet has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by PointsBet are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to PointsBet and its advisers. Advance drafts of this report were also provided to Comcast and NBCUniversal. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts. Following the issue of the full draft report, the fair market value range for PointsBet shares post the NBC Partnership Proposal was changed from $11-12 to $10-12 to reflect more recent trading prices (generally below $11).

7.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Statement to be sent to shareholders of PointsBet. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

7.6 Other

The accompanying letter dated 12 October 2020 and the Appendices form part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

Grant Samuel & Associates

GRANT SAMUEL & ASSOCIATES PTY LIMITED

12 October 2020

Online meeting guide

Getting started

If you choose to participate online you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your votes in real time. To participate online visit https://web.lumiagm.com on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

To log in, you must have the following information:

Meeting ID

Meeting ID as provided in the Notice of Meeting.

Australian residents

> **Username** (SRN or HIN) and

> **Password** (postcode of your registered address).

Overseas Residents

> **Username** (SRN or HIN) and

> **Password** (three-character country code) e.g. New Zealand - NZL; United Kingdom - GBR; United States of America - USA; Canada - CAN.

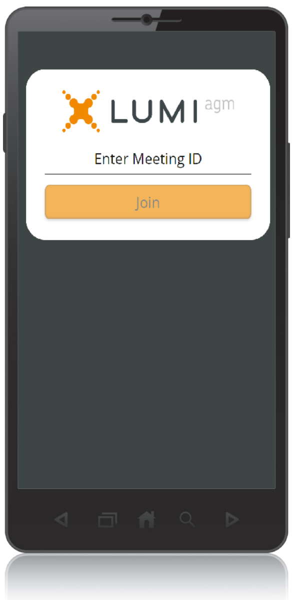
A full list of country codes is provided at the end of this guide.

Appointed Proxies

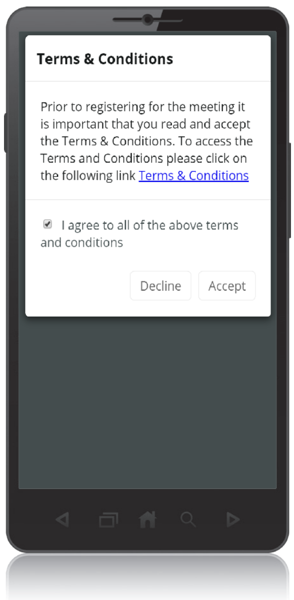
To receive your unique username and password, please contact Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the meeting.

Participating at the meeting

1 To participate in the meeting you will be required to enter the unique 9-digit Meeting ID as provided in the Notice of Meeting.



2 To proceed into the meeting, you will need to read and accept the Terms & Conditions



Icon descriptions

- Voting icon, used to vote. Only visible when the Chair opens the poll.
- Home page icon, displays meeting information.
- Questions icon, used to ask questions.
- The broadcast bar allows you to view and listen to the proceedings.

3 **To register as a securityholder**, select 'Securityholder or Proxy' and enter your SRN or HIN and Postcode or Country Code.

4 **To register as a proxyholder**, select 'Securityholder or Proxy' and you will need your username and password as provided by Computershare. In the ‘SRN or HIN’ field enter your username and in the ‘Postcode or Country Code’ field enter your password.

5 **To register as a guest**, select 'Guest' and enter your name and email address.

6 Once logged in, you will see the home page, which displays the meeting title and name of the registered securityholder or nominated proxy.

Icon descriptions

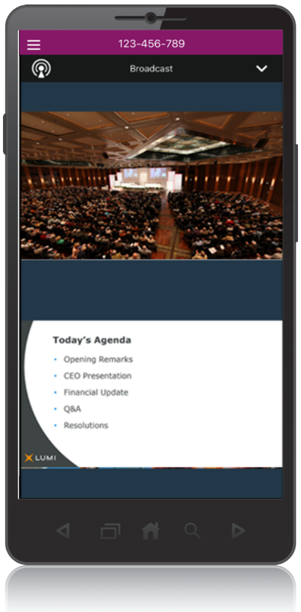
Voting icon, used to vote. Only visible when the Chair opens the poll.

Home page icon, displays meeting information.

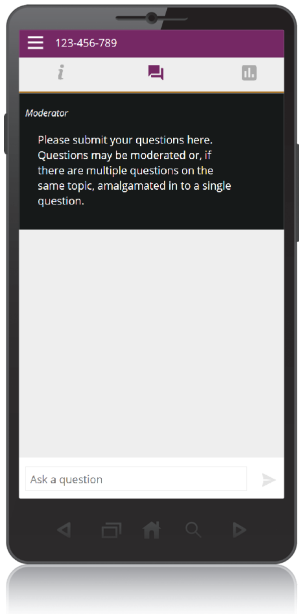
Questions icon, used to ask questions.

Broadcast [illegible]

7 To view the webcast you must tap the broadcast arrow on your screen and press the play button. Toggle between the up and down arrow to switch between screens.



8 To ask a question tap on the question icon, type your question in the chat box at the bottom of the screen and select the send icon. Confirmation that your message has been received will appear.



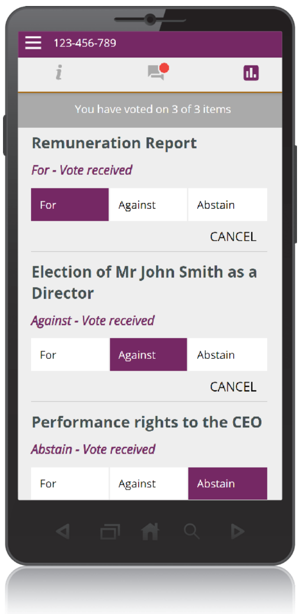
9 When the Chair declares the poll open:

> A voting icon will appear on screen and the meeting resolutions will be displayed

> To vote, tap one of the voting options. Your response will be highlighted

> To change your vote, simply press a different option to override

The number of items you have voted on or are yet to vote on, is displayed at the top of the screen. Votes may be changed up to the time the Chair closes the poll.



Icon descriptions

Voting icon, used to vote. Only visible when the Chair opens the poll.

Home page icon, displays meeting information.

Questions icon, used to ask questions.

[illegible]

For Assistance
If you require assistance before or during the meeting please call +61 3 9415 4024

COUNTRY CODES

Select your country code from the list below and enter it into the ‘Postcode or Country Code’ field.

ABW	ARUBA
AFG	AFGHANISTAN
AGO	ANGOLA
AIA	ANGUILLA
ALA	ALAND ISLANDS
ALB	ALBANIA
AND	ANDORRA
ANT	NETHERLANDS ANTILLES
ARE	UNITED ARAB EMIRATES
ARG	ARGENTINA
ARM	ARMENIA
ASM	AMERICAN SAMOA
ATA	ANTARCTICA
ATF	FRENCH SOUTHERN TERRITORIES
ATG	ANTIGUA AND BARBUDA
AUS	AUSTRALIA
AUT	AUSTRIA
AZE	AZERBAIJAN
BDI	BURUNDI
BEL	BELGIUM
BEN	BENIN
BFA	BURKINA FASO
BGD	BANGLADESH
BGR	BULGARIA
BHR	BAHRAIN
BHS	BAHAMAS
BIH	BOSNIA & HERZEGOVINA
BLM	ST BARTHELEMY
BLR	BELARUS
BLZ	BELIZE
BMU	BERMUDA
BOL	BOLIVIA
BRA	BRAZIL
BRB	BARBADOS
BRN	BRUNEI DARUSSALAM
BTN	BHUTAN
BUR	BURMA
BVT	BOUVET ISLAND
BWA	BOTSWANA
BLR	BELARUS
CAF	CENTRAL AFRICAN REPUBLIC
CAN	CANADA
CCK	COCOS (KEELING) ISLANDS
CHE	SWITZERLAND
CHL	CHILE
CHN	CHINA
CIV	COTE D'IVOIRE
CMR	CAMEROON
COD	CONGO DEMOCRATIC REPUBLIC OF
COG	CONGO PEOPLES REPUBLIC OF
COK	COOK ISLANDS COL COLOMBIA
COM	COMOROS
CPV	CAPE VERDE
CRI	COSTA RICA
CUB	CUBA
CXR	CHRISTMAS ISLAND
CYM	CAYMAN ISLANDS
CYP	CYPRUS
CZE	CZECH REPUBLIC
DEU	GERMANY
DJI	DJIBOUTI
DMA	DOMINICA
DNK	DENMARK
DOM	DOMINICAN REPUBLIC
DZA	ALGERIA
ECU	ECUADOR
EGY	EGYPT
ERI	ERITREA
ESH	WESTERN SAHARA
ESP	SPAIN
EST	ESTONIA
ETH	ETHIOPIA
FIN	FINLAND
FJI	FIJI
FLK	FALKLAND ISLANDS (MALVINAS)
FRA	FRANCE
FRO	FAROE ISLANDS
FSM	MICRONESIA
GAB	GABON
GBR	UNITED KINGDOM
GEO	GEORGIA
GGY	GUERNSEY
GHA	GHANA
GIB	GIBRALTAR
GIN	GUINEA
GLP	GUADELOUPE
GMB	GAMBIA
GNB	GUINEA-BISSAU
GNQ	EQUATORIAL GUINEA
GRC	GREECE
GRD	GRENADA
GRL	GREENLAND
GTM	GUATEMALA
GUF	FRENCH GUIANA
GUM	GUAM
GUY	GUYANA
HKG	HONG KONG
HMD	HEARD AND MCDONALD ISLANDS
HND	HONDURAS
HRV	CROATIA
HTI	HAITI
HUN	HUNGARY
IDN	INDONESIA
IMN	ISLE OF MAN
IND	INDIA
IOT	BRITISH INDIAN OCEAN TERRITORY
IRL	IRELAND
IRN	IRAN ISLAMIC REPUBLIC OF
IRQ	IRAQ
ISL	ICELAND
ISM	BRITISH ISLES
ISR	ISRAEL
ITA	ITALY
JAM	JAMAICA
JEY	JERSEY
JOR	JORDAN
JPN	JAPAN
KAZ	KAZAKHSTAN
KEN	KENYA
KGZ	KYRGYZSTAN
KHM	CAMBODIA
KIR	KIRIBATI
KNA	ST KITTS AND NEVIS
KOR	KOREA REPUBLIC OF
KWT	KUWAIT
LAO	LAO PDR
LBN	LEBANON
LBR	LIBERIA
LBY	LIBYAN ARAB JAMAHIRIYA
LCA	ST LUCIA
LIE	LIECHTENSTEIN
LKA	SRI LANKA
LSO	LESOTHO
LTU	LITHUANIA
LUX	LUXEMBOURG
LVA	LATVIA
MAC	MACAO
MAF	ST MARTIN
MAR	MOROCCO
MCO	MONACO
MDA	MOLDOVA REPUBLIC OF
MDG	MADAGASCAR
MDV	MALDIVES
MEX	MEXICO
MHL	MARSHALL ISLANDS
MKD	MACEDONIA FORMER YUGOSLAV REP
MLI	MALI
MLT	MALTA
MMR	MYANMAR
MNE	MONTENEGRO
MNG	MONGOLIA
MNP	NORTHERN MARIANA ISLANDS
MOZ	MOZAMBIQUE
MRT	MAURITANIA
MSR	MONTSERRAT
MTQ	MARTINIQUE
MUS	MAURITIUS
MWI	MALAWI
MYS	MALAYSIA
MYT	MAYOTTE
NAM	NAMIBIA
NCL	NEW CALEDONIA
NER	NIGER
NFK	NORFOLK ISLAND
NGA	NIGERIA
NIC	NICARAGUA
NIU	NIUE
NLD	NETHERLANDS
NOR	NORWAY
PL	NEPAL
NRU	NAURU
NZL	NEW ZEALAND
OMN	OMAN
PAK	PAKISTAN
PAN	PANAMA
PCN	PITCAIRN ISLANDS
PER	PERU
PHL	PHILIPPINES
PLW	PALAU
PNG	PAPUA NEW GUINEA
POL	POLAND
PRI	PUERTO RICO
PRK	KOREA DEM PEOPLES REPUBLIC OF
PRT	PORTUGAL
PRY	PARAGUAY
PSE	PALESTINIAN TERRITORY OCCUPIED
PYF	FRENCH POLYNESIA
QAT	QATARPL NEPAL
NRU	NAURU
NZL	NEW ZEALAND
OMN	OMAN
PAK	PAKISTAN
PAN	PANAMA
PCN	PITCAIRN ISLANDS
PER	PERU
PHL	PHILIPPINES
PLW	PALAU
PNG	PAPUA NEW GUINEA
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PRI	PUERTO RICO
PRK	KOREA DEM PEOPLES REPUBLIC OF
PRT	PORTUGAL
PRY	PARAGUAY
PSE	PALESTINIAN TERRITORY OCCUPIED
PYF	FRENCH POLYNESIA
QAT	QATAR
REU	REUNION
ROU	ROMANIA
RUS	RUSSIAN FEDERATION
RWA	RWANDA
SAU	SAUDI ARABIA KINGDOM OF
SCG	SERBIA AND MONTENEGRO
SDN	SUDAN
SEN	SENEGAL
SGP	SINGAPORE
SGS	STH GEORGIA & STH SANDWICH ISL
SHN	ST HELENA
SJM	SVALBARD & JAN MAYEN
SLB	SOLOMON ISLANDS
SLE	SIERRA LEONE
SLV	EL SALVADOR
SMR	SAN MARINO
SOM	SOMALIA
SPM	ST PIERRE AND MIQUELON
SRB	SERBIA
STP	SAO TOME AND PRINCIPE
SUR	SURINAME
SVK	SLOVAKIA
SVN	SLOVENIA
SWE	SWEDEN
SWZ	SWAZILAND
SYC	SEYCHELLES
SYR	SYRIAN ARAB REPUBLIC
TCA	TURKS AND CAICOS ISLANDS
TCD	CHAD
TGO	TOGO
THA	THAILAND
TJK	TAJIKISTAN
TKL	TOKELAU
TKM	TURKMENISTAN
TLS	EAST TIMOR DEMOCRATIC REP OF
TMP	EAST TIMOR
TON	TONGA
TTO	TRINIDAD & TOBAGO
TKM	TURKMENISTAN
TLS	EAST TIMOR DEMOCRATIC REP OF
TMP	EAST TIMOR
TON	TONGA
TTO	TRINIDAD & TOBAGO
TZA	TANZANIA UNITED REPUBLIC OF
UGA	UGANDA
UKR	UKRAINE
UMI	UNITED STATES MINOR OUTLYING
URY	URUGUAY
USA	UNITED STATES OF AMERICA
UZB	UZBEKISTAN
VAT	HOLY SEE (VATICAN CITY STATE)
VCT	ST VINCENT & THE GRENADINES
VEN	VENEZUELA
VGB	BRITISH VIRGIN ISLANDS
VIR	US VIRGIN ISLANDS
VNM	VIETNAM
VUT	VANUATU
WLF	WALLIS AND FUTUNA
WSM	SAMOA
YEM	YEMEN
YMD	YEMEN DEMOCRATIC
YUG	YUGOSLAVIA SOCIALIST FED REP
ZAF	SOUTH AFRICA
ZAR	ZAIRE
ZMB	ZAMBIA
ZWE	ZIMBABWE

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