

PointsBet Announces Transformational 5-Year Media Partnership With NBCUniversal

Melbourne, Australia, 28 August 2020 – PointsBet Holdings Limited (ASX:PBH) (the “Company”) is pleased to announce today that its wholly owned subsidiary, PointsBet USA Inc (“PointsBet”), and NBCUniversal Media, LLC (“NBCUniversal”), a subsidiary of Comcast Corporation, have entered into a five-year media partnership.

TRANSACTION HIGHLIGHTS

- PointsBet will become the Official Sports Betting Partner of NBC Sports in the US.
- Secured transformational US media partnership providing access to leading national and regional television and digital assets, with the largest sports audience of any US media company, accessing over 184 million viewers.
- Total committed marketing spend of US\$393 million allocated in progressively increasing amounts over the 5 year media partnership, together with incentives payable to NBCUniversal for customer referrals.
- Key alignment reinforced with a significant equity subscription received by NBCUniversal of a 4.9% shareholding in the Company and 66.88 million options maturing in five years, conditional on shareholder approval.
- The combined value of the shares and options will offset and reduce the total cash payments under the media spend, subject to the terms and conditions outlined in **Appendix B**.
- PointsBet has an exclusive right to certain pre-game, post-game and in-game promotional enhancements and integrations on certain of NBC Sports' national and regional television and digital platforms.

MEDIA PARTNERSHIP

NBC Sports Group serves sports fans 24/7 with premier live events, insightful studio shows, and compelling original programming. The sports media company consists of NBC Sports, NBC Olympics, 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](https://www.nbcsports.com), [NBCOlympics.com](https://www.nbcolympics.com), [GolfChannel.com](https://www.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 Group 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, NASCAR, INDYCAR, PGA TOUR, The R&A, PGA of America, USGA, Churchill Downs, Premier League, Tour de France, French Open, and many more.

Under the media partnership, PointsBet will become the Official Sports Betting Partner of NBC Sports. This will include:

- 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
- Premium placement and agreed pricing structure across NBC Sports television and digital assets
- Ability for committed spend to be deferred into future periods in defined circumstances

"We are excited to begin this partnership with PointsBet, which will deliver unmatched sports betting engagement opportunities across multiple platforms," said David Preschlack, President, NBC Sports Regional Networks, and Executive Vice President, Content Strategy, NBC Sports Group. *"For NBCUniversal and PointsBet, this agreement provides considerable opportunities in the fast-growing sports betting marketplace, which is unique to this extensive and robust multi-year arrangement. Looking ahead, we're also excited about the significant activation opportunities that will come to fruition as sports betting continues to proliferate across the U.S."*

PointsBet Managing Director and Group CEO Sam Swanell said becoming the exclusive, official sports betting partner of NBC Sports is transformational for PointsBet.

"NBC Sports, an iconic brand and holder of the largest sports audience in the US, brings significant credibility and trust to PointsBet's operations. Through the NBC Sports partnership, PointsBet gains 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 our marketing strategy and combined with our in-house technology and products, as well as our talented and experienced team, will deliver outstanding client acquisition and retention efficiency as we scale rapidly over the next five years. NBCUniversal's decision to take an equity stake in PointsBet illustrates the alignment of our strategies, the trust across teams, and our shared belief that the US gaming market is a once in a lifetime opportunity."

EQUITY SUBSCRIPTION

As part of the 5-year marketing agreement, under which the Company has agreed to a total committed marketing spend of US\$393 million, the Company has entered into a subscription agreement with NBCUniversal ("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 ("Consideration Shares") and 66.88 million options maturing in five years ("Consideration Options").

The total value of the Consideration Shares and Consideration Options ("Total Subscription Value") will offset the total committed marketing spend and reduce the cash commitment across the five years, subject to the terms and conditions outlined in **Appendix B**.

For the purpose of calculating the Total Subscription Value, shares will have a deemed price of A\$6.50, representing the average daily VWAP across the 20 days up to and including 26 August 2020.

The Consideration Options will be exercisable at A\$13.00 per option (“Exercise Price”) within the three months prior to the date representing the fifth anniversary of the Subscription Agreement (subject to customary early exercise rights in the event of a Liquidity Event – see **Appendix B** for full details). The agreed value of the options is A\$105,324,471 (“Consideration Options Value”) representing A\$1.5749 per option.

As an alternative to exercising the Consideration Options, NBCUniversal may (at any time prior to the expiry of the Consideration Options) elect to receive an amount of A\$105,324,471, representing a refund of the Consideration Options Value, following which the Consideration Options will immediately lapse and be cancelled (see **Appendix B** for full details).

If all of the Consideration Options are exercised on a cash settlement basis, the Company will receive further funding of approximately A\$870 million.

Alternatively, NBCUniversal may elect to exercise the Consideration Options on a cash free basis (see **Appendix B** for full details).

The issue of Consideration Shares and Consideration Options (collectively “Equity Consideration”), and the exercise of the Consideration Options, will be conditional upon the necessary Shareholder approvals under the Corporations Act and Listing Rules in accordance with item 7 of section 611 of the Corporations Act. It is expected that the Notice of Meeting and Explanatory Statement in respect of the Shareholder approval will be issued in the coming weeks.

If shareholder approval is not obtained by 28 November 2020 (the “Sunset Date”), either party can terminate the Subscription Agreement, in which case the Total Subscription Value will not offset the total committed marketing spend, and NBCUniversal will have a right, upon providing 90 days’ notice, to terminate the partnership within 6 months of termination of the Subscription Agreement.

This Equity Consideration underpins the strategic partnership with NBCUniversal and aligns the interests of the parties.

Further details of the terms and conditions of the Consideration Options are set out in **Appendix B**. The Subscription Agreement imposes certain restrictions on NBCUniversal as set out in **Appendix A**.

As at 30 June 2020, the Company had a corporate cash balance of A\$135.4 million and the Board is considering potential funding options.

Flagstaff Partners acted as Financial Adviser, and Baker McKenzie as Legal Adviser, to the Company on the Media Partnership with NBCUniversal.

For personal use only

FORWARD-LOOKING STATEMENTS

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

NO OFFER OF SECURITIES

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

-ENDS-

FOR FURTHER INFORMATION

For investors

Andrew Mellor
Group Chief Financial Officer
andrew.mellor@pointsbet.com

For media

Geoff Elliott
GRACosway
GElliott@gracosway.com.au

ABOUT POINTSBET

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

ABOUT NBCUNIVERSAL

NBCUniversal is one of the world's leading media and entertainment companies in the development, production, and marketing of entertainment, news and information to a global audience.

NBCUniversal owns and operates a valuable portfolio of news and entertainment television networks, a premier motion picture company, significant television production operations, a leading television stations group, world-renowned theme parks, and a suite of leading Internet-based businesses. NBCUniversal is a subsidiary of Comcast Corporation.

APPENDIX A – NBCUNIVERSAL EQUITY PROTECTIONS

Voluntary Lock-up

The Consideration Shares are subject to a voluntary lock-up period of 3 years, during which NBCUniversal will not sell, assign, transfer or otherwise dispose of those Consideration Shares. The voluntary lock-up is subject to customary exceptions, including:

- to enable a disposal in circumstances where NBCUniversal would acquire a relevant interest in excess of 4.9% prior to it exercising the Consideration Options;
- to enable a disposal in circumstances where the marketing agreement has terminated and NBCUniversal has elected to dispose of a portion of the Consideration Shares that is attributable to the value of media services which has yet to be provided;
- to allow NBCUniversal to accept into, transfer or cancel those Consideration Shares in connection with a takeover bid or scheme of arrangement;
- in a transaction or series of transactions by NBCUniversal:
 - 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
 - where the Consideration Shares are sold, assigned, transferred or otherwise disposed of together with a majority of the assets of the NBC Sports group; or
- any dealing following the termination of the marketing agreement.

Standstill

NBCUniversal has agreed to a standstill for 5 years, during which it will not, whether directly or indirectly, purchase, agree or offer to purchase equity securities in the Company. The standstill is subject to customary exceptions, including:

- the acquisition of equity securities up to a shareholding of 29.99% on a fully diluted basis (taking into account the Consideration Options and any other rights to acquire equity securities of the Company) at any given time;
- to acquire shares on-market for a period of 3 months to maintain its 4.9% shareholding, in circumstances where the options issued to Penn Interactive Ventures, LLC have been exercised; or
- to participate in a change of control transaction.

The standstill will cease to have effect if:

- the Company has given notice to NBCUniversal of a third-party control transaction pursuant to its notification obligations (further details of which are set out below);
- any third party and/or their associates acquire, or proposes to acquire (i) a 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
- the Media Agreement is terminated.

Notice of Change of Control Transaction

For a period of 5 years, the Company has undertaken to inform NBCUniversal if it receives any confidential approach with respect to a proposed bona fide third party 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.

Upon giving such notice, the Company must not enter into an agreement, arrangement or understanding in relation to such confidential approach for 30 days or publicly recommend shareholders to take any action in relation to the proposed control transaction, but is otherwise not prohibited from:

- 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;
- publicly disclosing the fact of, and any information in relation to, the proposed third party control transaction; and
- providing further guidance to shareholders (including a recommendation) following the expiration of the 30-day period.

For personal use only

APPENDIX B – NBCUNIVERSAL OPTIONS 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

For personal use only

- (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.

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:
$$\text{Aggregate Exercise Price} = O \times EP$$
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 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:

- (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:

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

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.

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 7.

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
- (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.

For personal use only