



## Voting Intentions – Pointsbet Holdings 2021 AGM

ASX Code	PBH
Meeting Time/Date	11am, Tuesday 5 October 2021
Type of Meeting	Virtual; <a href="https://web.lumiagm.com/340053289">https://web.lumiagm.com/340053289</a> (Meeting ID: 340053289)
Monitor	Mike Robey assisted by Richele Janjatovic
Pre-AGM Meeting?	Yes, with Chair Brad Paton and Company Secretary Andrew Hensher

### Proposed Voting Summary

1	Election of Director – Ms Kosha Gada	For
2	Ratification of Prior Issue of Placement Shares	For
3	Issue of Performance Share Rights to Mr Sam Swanell	For
4	Issue of Performance Share Rights to Mr Manjit Singh	For
5	Approval of GAME Plan	For
6	Increase in Non-Executive Directors' fee cap	For
7	Adoption of Remuneration Report	For
8	Amendment to the Constitution	Against

### Key Financials

	2021	2020	2019
Statutory NPAT (\$m)	(187.1)	(41.5)	(41.9)
Underlying NPAT (\$m)	(164.3)	(41.5)	(34.4)
Statutory EPS (cents)	(97.0)	(29.9)	(62.0)
Dividend per Share (cents)	0.0	0.0	0.0
Share Price at End of FY (\$)	12.41	5.26	2.43
Statutory CEO Remuneration (\$m)*	1.49	1.24	0.787
Total Shareholder Return (%)	135	116	na

*Statutory NPAT and EPS are the audited figure from the financial accounts. Underlying NPAT is (usually) an unaudited figure used in management presentations or commentary. Total Shareholder Return is calculated as the share price change over the year plus the dividend declared during the year, divided by the share price at end of previous year. This may differ from the figure quoted by the company. \* Includes accounting fair value of vested options at the grant date from prior years' plans. In 2021 option plans were replaced by Performance Share Rights.*

### Summary of Historical ASA Issues with the Company

This is the first year of full monitoring of PBH. We did collect proxies last year and voiced concern over remuneration matters, since the LTI was in effect a retention bonus paid without hurdles, in year 2 and 3. The board was also overweight in founder shareholders and underweight in women.

## Review of Board on Governance, Transparency, Fairness to Retail Shareholders

### Positives

- The Board has a majority of independent directors.
- The Board has nearly 30% female since one founder Director has recently retired and replaced by a female
- Directors have adequate skin in the game.
- The company raised very significant capital fairly by using pro-rata renounceable entitlement/rights offer, followed in the present 2022 FY with a similar amount and the same PAITREO structure.

### Areas for Improvement

- The skills matrix is primitive and if anything undersells the strengths of the Board.
- The Chairman is not independent, due to his substantial shareholding.
- The ESG report amounts to only a few lines in the annual report, which given their social responsibility obligations, needs considerable development. They have recruited an ESG specialist and plan a full separate ESG report this year, as well as a modern slavery report, as their revenue now exceeds the threshold \$100m triggering the requirement.

### Items for Voting

Resolution 1	Election of Director – Ms Kosha Gada
ASA Vote	For

Ms Gada was appointed in May 2021 and although a US citizen is currently based in Melbourne, Australia. She brings a good range of skills to the Board, from her grounding computer science and MBA degrees coupled with her work experience as a principal at Kearney and extensive media commentary roles. She is concurrently the CEO of a small consultancy, but we have been assured she is aware of her time requirements as a Board Director. She has no other Board responsibilities. She also tips the balance for gender diversity back to around 30%, since one of the (male) co-founders, Mr Fahey has retired. For these reasons we will vote in favour of her appointment.

Resolution 2	Ratification of Prior Issue of Placement Shares
ASA Vote	For

This is a listing requirement following the institutional and SPP share placement of Jul 2020, amounting to 21.5m shares. The retail shareholder SPP was conducted as a PAITREO, which enabled those shareholders not participating to sell their entitlements and thus avoid dilution.

Resolution 3	Issue of Performance Share Rights to Mr Sam Swanell
ASA Vote	For

This resolution seeks approval for the issuing of 26,596 performance share rights (PSRs) under the 2022 LTI plan (called KEEP). These were computed using face value of \$350k and used the VWAP for the last five days of the FY 2021, which was \$13.16. Half will vest on Jul 1, 2023, and the other half on Jul 1, 2024. As described in the discussion of the remuneration plan this is effectively a retention program but is modest in comparison to peer companies and acknowledges the early

start-up involvement of Mr Swanell, who has about 3.5m shares stemming from the IPO period. We therefore support this resolution

Resolution 4	Issue of Performance Share Rights to Mr Manjit Singh
ASA Vote	For

This resolution seeks approval for the issuing of 28,865 (PSRs) for Mr Singh, domiciled in the US, under the 2022 LTI plan. The LTI award has a face value of US\$285k, (at the time, AUD\$380k). It vests in the same way as Mr Swanell's. The quantum is reasonable and the structure as retention bonus, though irregular by our guidelines, is aligned to what is expected in the US, for critical KMPs. See discussion under remuneration.

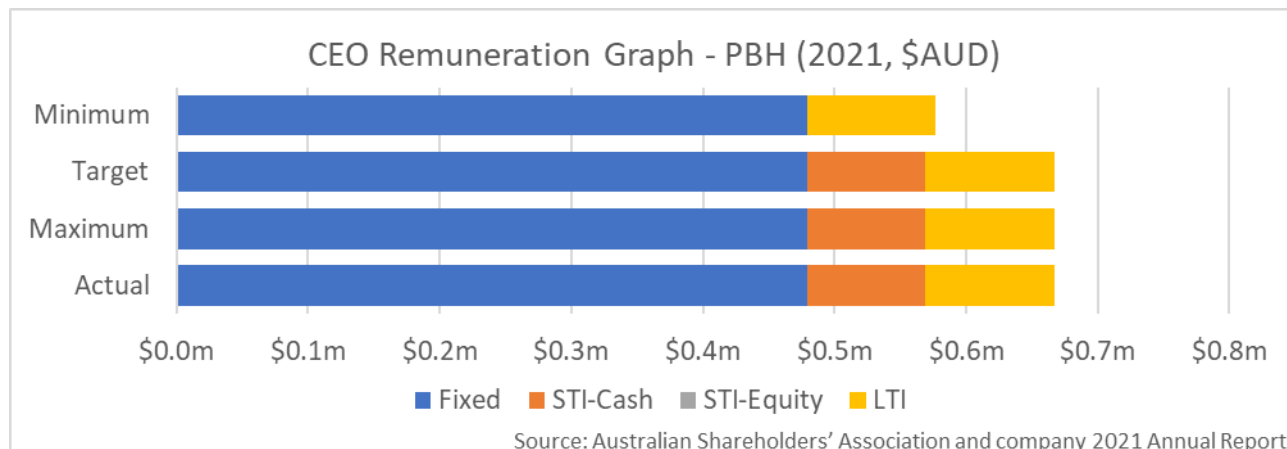
Resolution 5	Approval of GAME Plan
ASA Vote	For

This is an employee share plan available to all employees, enabling them to contribute up to 20% of their remuneration toward on-market share purchases, with an added incentive of a 1 for 3 no-cost matching share issue, up to the value cap of \$6000. Under Californian law the issue of shares to employees must be put to a vote by shareholders. We support the aim and content of the plan, which is to enlist employees as retail shareholders and therefore will support the resolution.

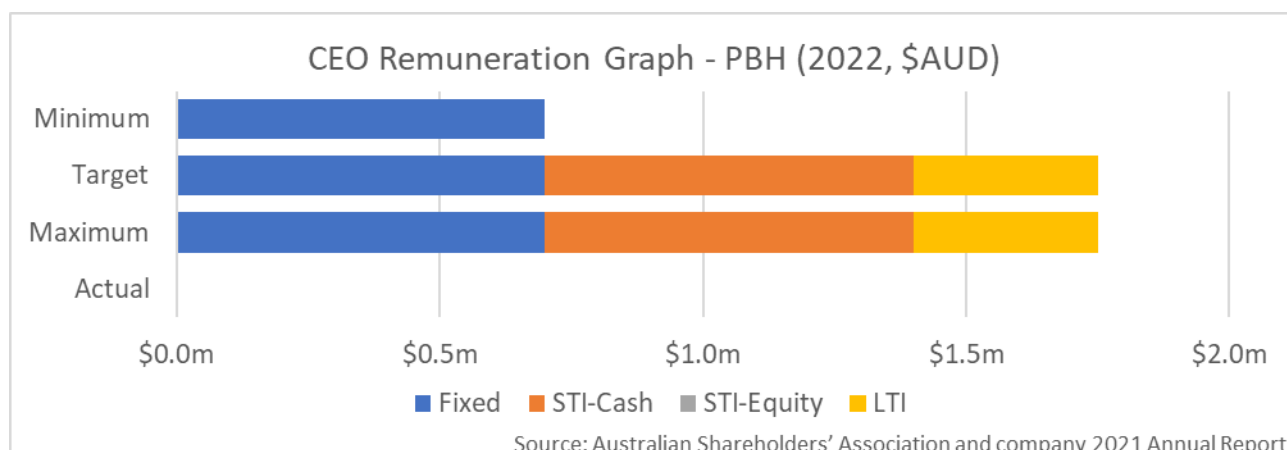
Resolution 6	Increase in Non-Executive Directors' fee cap
ASA Vote	For

This seeks to increase the fee pool for the non-executive directors (NEDs) from \$750k to \$1.5m. The Board will probably be expanded as PBH continues its expansion in the US and into Canada. We were advised by the Chairman that this permits the orderly succession from the IPO Board, where most members had considerable equity, to a rapidly expanding public company, which requires a greater diversity of talent paid at the market rate. PBH will use a remuneration consultant during FY2022 to benchmark competitive Board and KMP packages. He pointed out that directors must spend considerable time responding to probity questionnaires from each US State, prior to that State issuing gaming licenses, so Board members have added time and complexity in fulfilling their roles. The current NED fees are modest according to our Australian benchmark reports. Although the fee pool increase is significant, we will support the resolution and assess the proposals for the revised payment structure when they are complete.

Resolution 7	Adoption of Remuneration Report
ASA Vote	For



Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. 2021 was a transition year for PBH, marking the end of an options based LTI with a PSR based one. See comments below.



**Positives**

- CEO’s actual take-home remuneration, as well as the target and maximum opportunity of each component is clearly disclosed.
- The total quantum of the CEO remuneration package is modest in comparison with the Godfrey Group report benchmarks. This reflects that the CEO was a co-founder and has substantial equity and unvested options in PBH.
- The quantum of Board fees is well within the Godfrey Group report benchmark
- All share grants are allocated at face value not fair value.
- No termination payments exceed 12 months fixed pay.
- There is a table of actual take home pay, which includes the value of vested options from 2019 and 2020 LTI plans.

**Areas for Improvement**

- There is no disclosure of performance measures or hurdles for STI, but award is subject to performance against a mix of financial and non-financial measure.
- The LTI (KEEP) plan introduced this year is essentially not at risk, but a retention plan for the founding CEO and KMPs.

- The overall fixed component of the package is high, but this is due to the small STI and LTI components.
- The LTI plan vests at 50% after as little as 2 years and completes after 3 years. Staying employed with satisfactory performance is all that is required.
- The Board retains the right to enable PSR vesting in the event of a change of ownership

#### Conclusion on Remuneration

In summary, PBH has a remuneration structure which is in transition from the options-based plan used in its 2019 market listing (IPO). This needs to transition to a market-based competitive structure as the founders move off the Board and new talent comes into the Executive ranks. By comparison, the CEO LTI plan this year offered 8,897 PSRs, whereas Mr. Singh, the President of product and technology, was awarded 53,381 PSRs in his LTI plan. The notice of meeting outlines the target remuneration for 2020 for both the CEO and CIO. The CEO remuneration increases to a target \$1.75m in 2022, from a token \$0.67m in 2021, split \$0.7m, \$0.7m, \$0.35m for Fixed, STI and LTI. We have been assured that during the year they will continue to refine the structure to bring it into alignment with more mature market peers, but at least the planned quanta for 2022 are now in the right ballpark.

The remuneration structure therefore does not comply with all our guidelines since it is a work in progress. Given also that the company's principal focus of activity is the US, with the Australian operations seen as a proof-of-concept, we expect a structure which will satisfy the talent market there, so it may well continue to miss some of our guidelines. We have forwarded our guidelines to them and offered to be of assistance to review the proposals of the remuneration consultant.

On balance we therefore support it this year and will review the changes in the coming year. We will continue to advocate for more granularity in the measures and hurdles for both STI and LTI.

Resolution 8	Amendment to the constitution
ASA Vote	Against

This is principally to communications both virtual AGMs and electronic communications with shareholders. We advised that while we support default electronic shareholder communications, there are shareholders who require paper communications, which should be available upon request. We will follow up at the AGM to get an assurance that this is an option.

We are unable to support voting in favour of companies holding virtual-only AGMs at the current state of technology and delivery, and for this reason will vote against the resolution.

#### Monitor Shareholding

*The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.*

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