

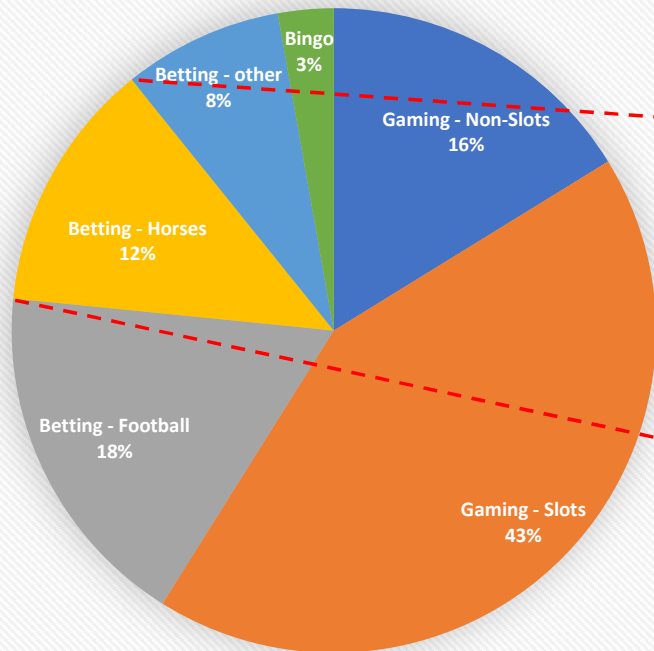


Tote Multi and Single pools in a Fixed Odds Market

25th January 2022

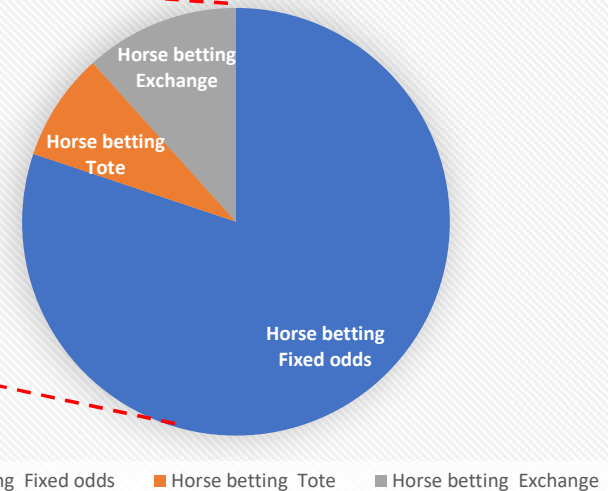
The UK Market

Online Betting in the UK by Gross Yield



- £6.9bn total Gross Gambling Yield April 2020 – March 2021
- Market dominated by the biggest brands, offering fixed odds betting, casino gaming, tote sales and bingo

Horse Betting in the UK by Gross Yield



bet365

PADDYPOWER.

betfair

sky bet

Ladbrokes

The UK betting market has changed since the Tote was created



- The rise of fixed odds competition with low margin pricing.
- Bookmaker groups are big enough to offer £1m maximum payouts thus competing with multileg pool bets.
- Flexibility of bet types, free format multiples, cash out and levels of certainty around payouts are expected
- Demographics are changing – increasing number of first-time racecourse attendees will already have a betting app on their mobile phone.
- Historic Tote players are ageing while the younger audience exists on their mobile with high expectations of service, flexibility, value and entertainment.



The value backdrop in UK win betting

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Best

Win betting markets
are visible and easy
to compare through
sites such as
Oddschecker,
therefore poor value
leads to negative
brand perception

*The SP is the best
prevailing off-course
market price available at
the time the race is off.

Worst

Exchanges



Betfair SP ~101%
Commission 2% to 8% (No promos to full promos)
20%-60% of profit "Premium charge" for consistent winners

Bookmaker

bet365

SP* average 118% Overround (~1.5% per runner)
15% theoretical margin
6-8% achievable margin with BOG
c.4% with price match and BOG

Tote

+o+e

19.25% standard takeout rate
Creates average **125%** overround

Can't fight the maths....



How we made Tote win Competitive

With the major bookmakers operating anywhere between 4-8% betting margins, our 19.25% takeout made us consistently uncompetitive. With the average SP Overround at 118%, the tote price consistently underperformed the published industry fixed odds price.

By guaranteeing to pay the better of the Starting Price (SP) or tote win dividend we have been able to remove the clear disappointment that tote customers were experiencing 70% of the time.

Tote+ (tote dividend plus 10% for direct customers) was essential to adjust the balance in favour of the tote dividend.

109.2%

Average Tote+ Win Overround

117.9%

Average SP Overround

56%

% of races that Tote+ Win beats SP

£0.90

Amount Tote+ Win beats SP per race

8%

Avg amount % Tote+ Win beats SP

Single bets

This one is just to show the single bets are inherently competitive now the win is on a par

Tote+ Win

1993 Races that Tote+ Win beats SP	56% % of races that Tote+ Win beats SP	£0.90 Amount Tote+ Win beats SP per race	8% Avg amount % Tote+ Win beats SP
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Tote+ Exacta

2788 Races that Tote+ Exacta beats CSF	78% % of races that Tote+ Exacta beats CSF	£17.45 Amount Tote+ Exacta beats CSF per race	23% Avg amount % Tote+ Exacta beats CSF
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Tote+ Trifecta

1217 Races that Tote+ Trifecta beats Tricast	75% % of races that Tote+ Trifecta beats Tricast	£65.49 Amount Tote+ Trifecta beats Tricast per race	49% Avg amount % Tote+ Trifecta beats Tricast
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Signposting the better value...

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SP Guarantee creates confidence in pricing

Will pays are shown with the SP Guarantee creating a blended book **highlighting the value in the tote overpays**, rather than the peril of the underpay.

Small field races now deliver opportunities for extraordinary value proofpoints.

No. ▼	Silk	Horse / Jockey / Trainer	F	OR ▼	RPR ▼	Guide ▼	Totewin ▼	Toteplace ▼
1 ✓		Cash Back J D E Mullins T W P Mullins	F/FF-4	-	140	8/1	£9.00	-
2 ✓		Gordon Dai Dai J D J O'Keeffe T W J Burke	12-541	-	134	10/3	£4.34	-
4 ✓		Uhtred J S Fitzgerald T J P O'Brien	34-16F	133	138	7/2	£4.50	-
5 ✓		Classic Getaway J P Townend T W P Mullins	1	-	-	5/6	£2.53	-

Signposting the better value...

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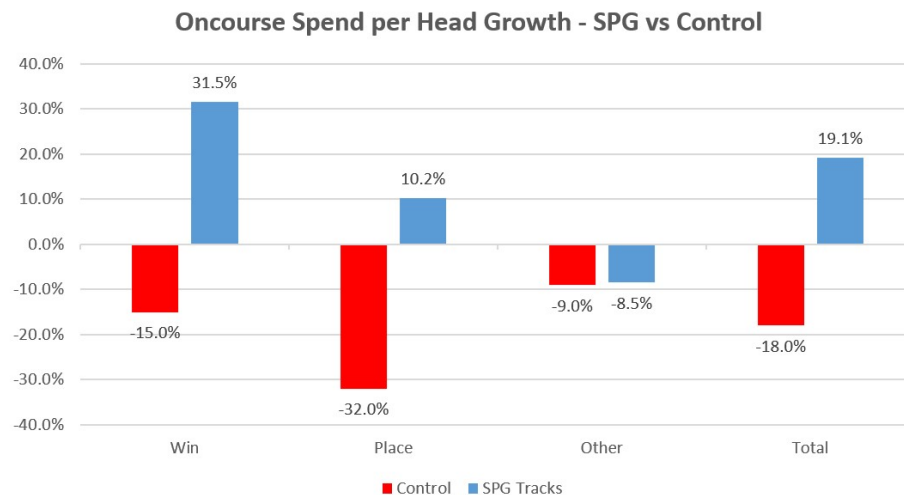
vs



Racecourse Coordination

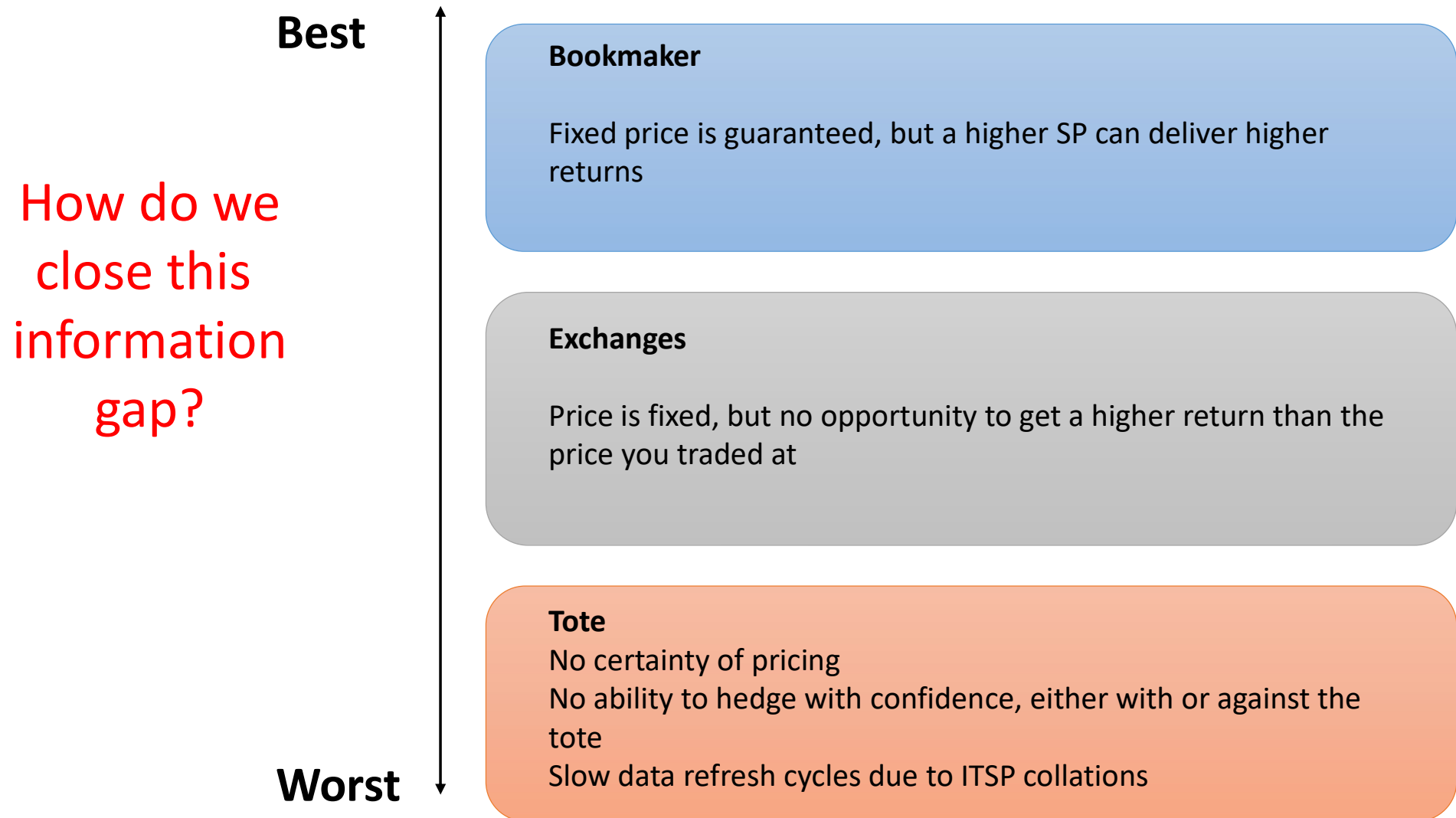
When your single physical customer touchpoint runs counter to your online value proposition, your new pricing message will struggle to cut-through.

We have been offering SP Guarantee on the majority of UK racecourses since November 2021, while maintaining standard terms at a control course.



The certainty backdrop by platform – The Information Gap

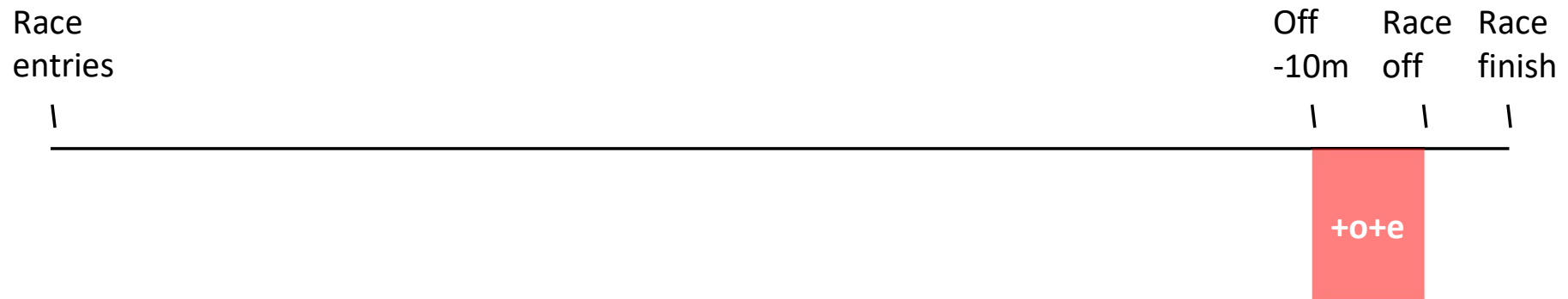
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Push Tote when we're most relevant

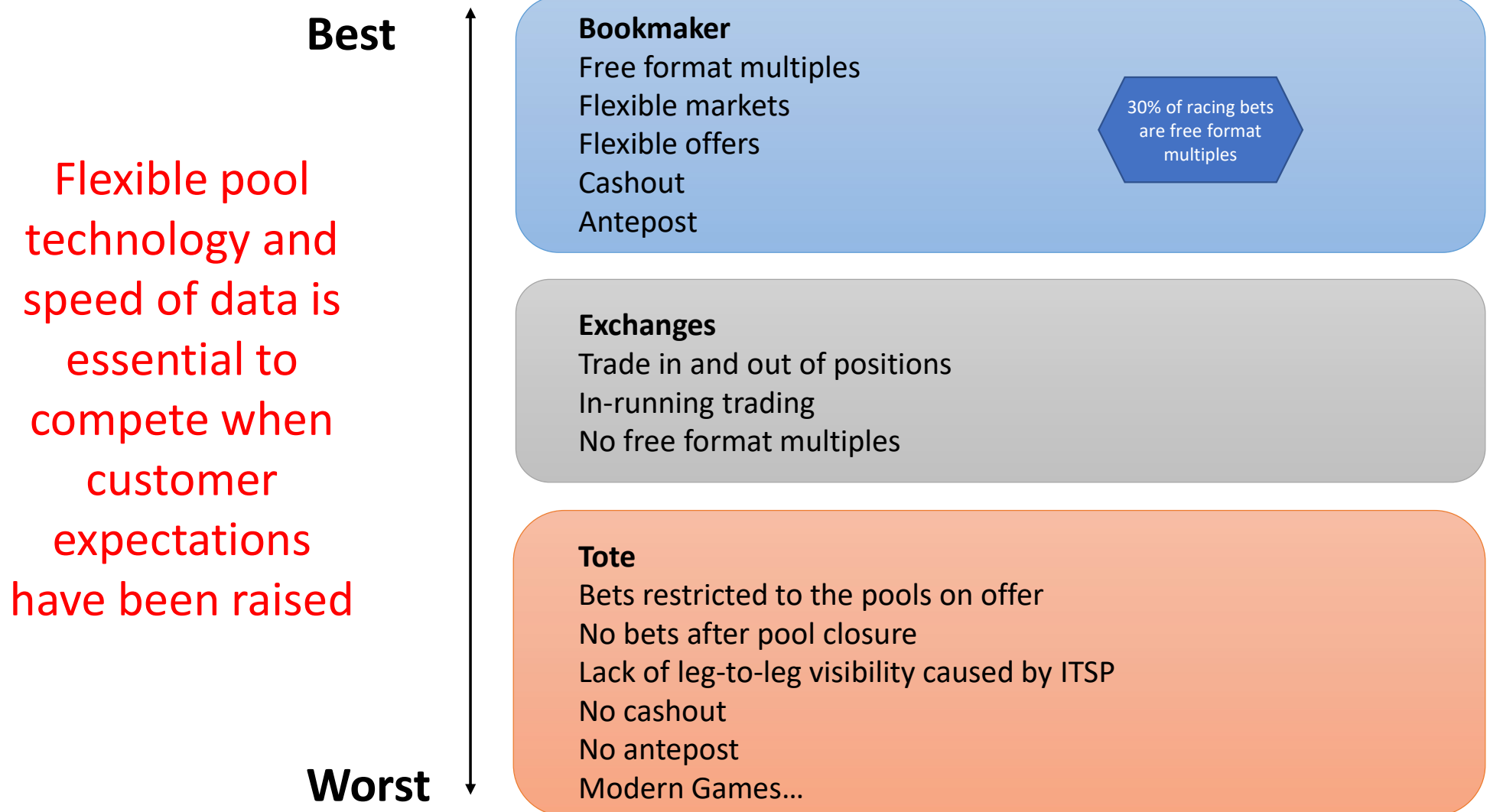
All single leg pools offer the most certainty when the market has consolidated and the pricing of the relevant market is fully formed. The information gap between the variable Tote price and SP closes with the passage of time up to the start of the race.

The uncertainty of the win dividend makes pool betting difficult to sell until the SP against which we guarantee is seen to be stable. As a result, tote betting is most relevant in the 10 minutes leading up to post time.



The flexibility backdrop by platform

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So how does a tote remain relevant in the face of fixed odds competition?

Singles

Exotics

Multilegs



Be competitive in the win market and
differentiate in exotics and multilegs.
Fix visible value issues and double down
on the Unique Tote Experience

Double down on the Unique Tote Experience



Winners welcome because the pool is agnostic

- In a fixed odds environment, the restriction of winning players has become a key talking point. This is a key advantage of the pool and must be emphasised.
- Education and data for players to assist in winning which is something a bookmaker cannot do while closing down winning accounts. Form wizards and basic modelling tools to both ease and automate bet selection.

Tote betting is player vs crowd and not player vs bookmaker

- The experience must match in order to differentiate from bookmakers who all offer a very similar experience. Focus on uniquely pool data - % of bets on a selection, % of turnover on a selection.
- Punter vs bookmaker is a confrontational and solo experience. Pool betting can offer so much more in terms of social interaction, gamification, league tables, joint tickets, syndicates.

Rollovers and diverse opinions create genuine value

- World pool events are a great example that global pool markets can offer different pricing to the domestic market and therefore create value for players and stimulate interest

Double down on the Unique Tote Experience



Innovate in single bets

Our standard bets with Tote+ 10% enhancement now make us competitive in the vital win market, but is there an opportunity to innovate and add new simple single bet types?

We need a **unique churn** product the **bookmakers can't undercut or price**, that delivers **guaranteed excitement** in a race.

We are looking at a simple winning distance bet that we call Clear vs Close

Unique tote product set at gaming level margin.

FONTWELL > RACE 1

14:10 > 2m 1f 162y Handicap Hurdle **TOTEPool**

PAGE
1 of 1

⌚ Time to Off : 103:57

TF
STARS

WIN £

PLACE £

Jockey/Trainer

8 Runners 3 To Place

1		Tomorrow Mystery	★★★★★	1.60	19.30	Lorcan Williams (5) P F Nicholls
6		Itsonlyrocknroll	★★★	3.20	14.70	Tom Cannon C Gordon
2		Et Moi Alors	★★★★	6.90	1.02	J E Moore G L Moore
4		Magical Thomas	★★★	7.10	8.30	T Scudamore N P Mulholland
7		The Lincoln Lawyer	★★★	12.00	4.30	Harry Bannister C J Mann
8		Indian Harbour	★★	14.80	50.90	Lucy Gardner Mrs S Gardner
5		Ri An Rian	★★★	20.70	51.00	Harry Teal (5) Mrs L J Mongan
3		Western Sunrise	★★★	-	23.60	RT Dunne J Farrelly

Winning Distance

Close (up to 1L)

3.10

Clear (over 1L)

1.42

Guide prices based on current pool size. Subject to change.

MINIMUM STAKE £2

Pick a horse to be placed in races 1 to 6

toteplacepot

FONTWELL

Play for:

£10,828.53

First race off at
14:10

Current net pool size after deductions

Clear vs Close



One simple bet

Guaranteed involvement in the finish

Cheering the leader or second

Can play on all racing (inc. greyhounds)

Regular wins mean

- ✓ Repeat business after pick-ups on-course
- ✓ Highly engaging and accessible product
- ✓ Instant involvement with no need for form study

Clear



VS



Close

In the win market, the pool needs to be competitive enough while placing emphasis on all of the elements that make pool betting different.

From there play to its strengths in terms of exotics and multileg entertainment.