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STATEMENT FROM 4RACING CEO FUNDI SITHEBE

Johannesburg, 1 December 2021

WELCOME TO 4RACING

Today marks an important day in the history of South African horseracing, as 4Racing officially takes over as industry operator after having yesterday finalised its transaction with Phumelela Gaming.

4Racing yesterday signed the sale of business agreement for the purchase of the horseracing, media production and distribution of the horseracing product and totalisator betting businesses from Phumelela, for venues now under the management of 4Racing.

This excludes the Tellytrack broadcast partnership.

We would like to pay tribute to Phumelela for leading the operations of the industry for over two decades, for sustaining the livelihoods of thousands of people who are deeply invested in this industry, and for providing so many moments of joy at the races.

We know we have no time to waste and we will hit the ground running as we embark on our mission of ***“building the world’s most loved racing experience”***.

Key to the success of the integration is that we onboard the Phumelela employees and ensure all internal processes are adequately and sufficiently completed.

It is vitally important that as we move on this journey, we not only focus on the “external factors of change” but that we prioritise the vehicle that will drive forward positive change and transformation in the business.

The organisation has been in business rescue mode and it is important that we now all move together with a new purpose, principles, and culture, and a focus on key business processes will be of paramount importance.

One of the first priorities in relation to business processes is to do a rigorous review of all aspects and divisions of the business, with a view to ensuring capabilities and skills are aligned to 4Racing’s business vision and that we have agile, future focused teams.

We have created 4Racing to reinvent existing business models and industry standards, developing first-class solutions for our customers, partners, employees and shareholders. We will work closely with bookmakers, owners, breeders, trainers, jockeys, grooms, operators and with the various industry, regional and national regulators, because we understand that ultimately the future of the sport of horse racing is wholly dependent on co-operation with – and transparency between - all the major stakeholder groups across the industry. And of course we will put the customer experience of the punters that are the lifeblood of our business first and foremost.

4Racing will be proactive and open with the various gambling boards and inform them of the projects, timelines, developments or impediments that impact on our license conditions. We will also develop relationships at a national government level, including with the national gambling boards and Departments of Trade and Industry, Agriculture and Sport, Art, Culture and Recreation.

When we say we are your partner for re-energising and transforming the industry, we mean it. All aspects of horse racing offer opportunities for both physical and digital social interaction and we believe there are significant opportunities to increase excitement levels across all customer segments and mediums. We will explore not only how to enhance the physical on- track experiences, but how to create digital environments where our customers can build meaningful social connections in the ‘new normal’ that the world of sport has entered.

Some of 4Racing’s key founding principles are:

Be radically transparent – This not only applies to how we will run our business, but to how we engage with all industry stakeholders. Our philosophy is to collaborate openly with our stakeholders and actively look for opportunities to work closely in the design and implementation of new projects and strategies.

Embrace the power of partnerships – We understand that there is profound power in partnerships, and that 4Racing can only succeed if it develops powerful partnerships with a range of stakeholders. We intend to work closely with owners, trainers, bookmakers, jockeys, grooms, government, regulators, and all other critical stakeholders.

Profit through purpose – While it is vital that 4Racing is a business that needs to be successful to ensure the success and welfare of all players in the industry, we will strive to be a purpose-driven organisation in achieving our long-term objectives. This will entail support in improving the working conditions of grooms, work riders and all 4Racing employees, as well as enhancing the race experience for punters – whether in person on race days – or at the tote. We will also seek to develop partnerships in developing traditional horseracing in the country.

Drive for transformation – At 4Racing, transformation isn’t seen as a government mandated scorecard to which we must adhere. Rather, we see it as a critical step in developing a quality racing product that can be appreciated and enjoyed by all spheres of society in South Africa. The power of diversity cannot be derived from simply hitting arbitrary targets. The true benefits only arise when each of us can truly empathise equally with all those we work with and all those who enter in and participate in the horseracing industry.

Some of the elements that will set 4Racing apart includes:

Operations

4Racing's strategy around fixtures and stakes for the 2022 calendar year has seen 240 fixtures proposed at 4Racing venues, and stakes increased from R186 million in 2021 to R207 million in 2022.

The strategy around fixtures and stakes will be to develop a seasonal approach to stakes, whereby the minor races in each region will carry an enhanced stakes level in-season as compared to out-of-season.

4Racing has been granted the operating licences to assume operations at Turffontein and will assume the management of Kenilworth Racing via a management agreement.

The racing seasons in the regions have been identified by 4Racing as follows:

- - Highveld - 1 November to 30 April
- - Western Cape - 1 November to 28 February

The Nelson Mandela Bay Racing region will remain a secondary racing centre - providing a much-needed outlet for slightly weaker horses. 4Racing has agreed that whilst the fixtures, feature race stakes and total stakes pot for the region remain unchanged, minor race stakes will be paid at the same constant/or consistent level all year round, as opposed to an in and out of season basis.

The 40 annual feature races (made up of Listed and Non Black Type races) in the NMB region will take place all year round. They will effectively still have two "mini feature race seasons" - one from February to May, culminating in East Cape Derby day - and the other from August to October, culminating in Algoa Cup day.

The new racing season dovetails well with the KZN winter season that runs from 1 May to 31 July and we are on hand and open to collaboration with Gold Circle to ensure a racing calendar and business case that is beneficial to the entire horseracing industry. The plan is to encourage the best horses in each racing region to follow the seasonal roadshow nationally as far as possible.

The racing calendar and stakes allocation attempts to address the declining horse populations nationally, and to better align the number of fixtures with the current horse populations in each region.

Digital transformation

Digital transformation is critical to living our core purpose of delivering the world's most loved racing experience. The 4Racing team is exploring the current digital capabilities that underpin all stakeholder experiences, including direct to customer (punters, sports fanatics and lifestyle seekers), business-to-business segments (bookmakers, agencies, affiliates, broadcasters etc.) and all other key industry stakeholders (owners, trainers, grooms, regulators, fellow operators etc.). Put quite simply...we want to radically improve these experiences for the benefit of horse racing...4Racing.

4Racing TV

We have created a new host broadcast service to manage all live productions, which will launch shortly. This provides for further interoperability and interchangeability of the equipment and technologies used when we need to gear up for our major events. Our support of Cape Racing in this regard has already yielded great results, with their Saturday races coverage now of the right standard to be flighted by Sky Racing live in the UK.

We have commissioned established and new magazine shows to bring the sport, the data, the diversity and great personalities involved in racing to the fore and engage new audiences.

We understand that sport is no longer just consumed on the couch via traditional broadcast distribution, but also across social platforms and OTT offerings. In response to this trend, we have invested in a short-form social media friendly content offering and 4Racing TV web, mobile and SmartTV applications for our customers to enjoy a dedicated and curated racing television experience.

We are ready for the challenge and look forward to you joining us on this exciting journey.

Fundi Sithebe
CEO 4Racing

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