



15 March 2018

miRunners

Affordable thoroughbred horse racing

miRunners offers part ownership of premium level thoroughbred horses by splitting the purchase price of the horse into 1,000 individual units. Monthly fees of \$15 for the first unit purchased and \$5 for all subsequent units cover operating costs. Winnings are divided between owners based on the number of units owned. The purchase price of premium level thoroughbreds is initially expected to be between \$165,000 and \$275,000 and training is undertaken by some of the world's best including household names like Gai Waterhouse and David Hayes. miRunners does not mark up the purchase price and does not share in the winnings. The digital platform developed by miRunners has application to other industries.

The business model

The miRunner's business model of co-operative part ownership uses technology and a unique model to makes premium level horse ownership previously inaccessible and now affordable to all Australians. A 1,000-part share (one unit) of a \$165,000 horse (eg Saganaki) costs an initial payment of \$165 per unit and a monthly platform fee of \$10 per month, plus \$5 per month for every unit owned (covers training, insurance, vets etc). This allows the mainstream population who previously could not afford ownership of premium level thoroughbreds to engage in the premium level ownership experience. This investment confers ownership rights including the opportunity to meet the horse, weekly video updates from the stables delivering a strong content experience, access to the miRunners owners' enclosure at racetracks where the horse is racing, membership of the miRunners ownership community (growing rapidly), a pro-rata share of prize money and a certificate of ownership. miRunners' revenue comprises the \$10 monthly platform fee paid by part owners. Annual revenue for a horse purchased for \$165,000 with 500 owners is \$60,000 as the \$10 platform fee is captured (whilst the \$5 fee covers monthly outgoings related to the horse). miRunners does not receive any of the prize money (this is distributed on a pro-rata basis to the part owners) and pays all operating costs including feed, training, insurance, race day fees and payments to the jockey. This means that the customer has a fixed monthly fee structure.

Strategy

The focus over the next five years is to increase ownership to 150 horses and 100,000 Australian owners resulting in annualised revenue of ~\$10m and costs of ~\$5m. There is significant scope to take the model and technology to Asia and Rest of World. This opportunity is to attract 1m new owners and 2,000 horses resulting in revenue of ~\$120m.

Share details

Investment to date N/A
Number of shareholders N/A
Shareholders include founders and operators N/A

Market size

Australia's thoroughbred horse racing industry generates an estimated \$6.5bn a year and is second only to the US in size in terms of the number of horses bred and raced.

Upside Case

- Affordable easy to make on-line purchase
- New model for thoroughbred ownership with high transparency, unlike closest competition (syndicators)
- Expansion to offshore racing markets and use of technology in other industries.

Downside Case

- Revenue is fixed but costs could increase
- Need scale to cover fixed costs~
- Time taken to scale. management expects it will take five years to get to 150 horses and \$10m of revenue.

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