

Business Plan for Squareball N.V.

1. Overview of the business products and historical background of the applicant

Our business profile indicates a strong foundation in the online gambling and software development industries, boasting a team of experts with a notable track record.

1. Business Background:

- The team behind the application has a history dating back to the mid-90s, with members actively involved in the global software development industry.
- Since 2013, the team has been successfully operating online gambling brands, showcasing a significant tenure and experience in the online gambling sector.
- In 2022, the business was successfully sold to a US-listed company, highlighting the recognition and value attributed to the business by an established market player.

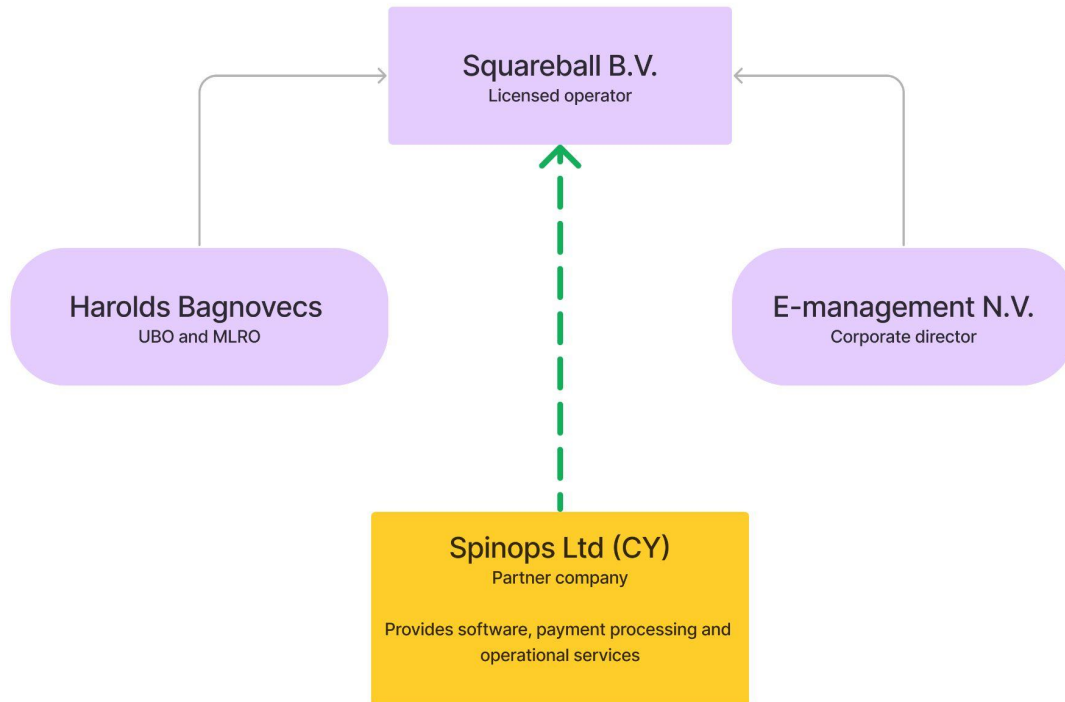
2. Team Expertise:

- The team consists of seasoned professionals from both the online gambling and software development sectors.
- With expertise spanning several decades, the team brings a wealth of knowledge and experience.

3. Competitive Edge

- The unique strength lies in the synergy between online gambling and software development.
- The combination of operational experience in running online gambling brands and a background in software development provides a distinctive advantage.
- The proprietary software developed by the partner company is one of the key factors, offering flexibility and a competitive edge in the market.

2. Company management structure and responsibilities



BACKGROUND

Squareball B.V. is in the business of providing and promoting online gaming services and is duly authorised to engage in such activities (“Regulated Activities”) by the relevant Authority in Curacao.

Spinops Ltd is in the business of providing its Operational and other unregulated gaming related services and brand development.

Squareball retains Spinops to provide the majority of Operational Services, including marketing, customer acquisition, customer funds management, procurement of necessary software and services, and other operational tasks, to support and enable the efficient and compliant performance of the Regulated Activities by Squareball B.V.;

Spinops Ltd desires to provide such Operational Services exclusively to Squareball B.V., utilising the Partner's existing brands and Website(s), to facilitate the Company's conduct of the Regulated Activities under the Company's gaming licence;

Based on the Service Agreement the companies entered into, Spinops Ltd shall receive a Service Fee equal to 90% of the “Total Net Gaming Revenue” generated by Squareball B.V. across all gaming operations under this Agreement. The remaining 10% of the “Total Net Gaming Revenue” shall be retained by the Squareball B.V.

3. Business forecasts for 3 years - Profit and Loss (based on Spinops Ltd projections)

Squareball projections									
	GGR	GGR Tax	Paid Bonuses	NGR	Aff commissions	PSP costs	NGR - costs		Notes
2024/04	280 000 €	0 €	47 600 €	232 400 €	139 440 €	14 000 €	78 960 €		
2024/05	223 000 €	0 €	37 910 €	185 090 €	111 054 €	11 150 €	62 886 €	-20,36%	
2024/06	154 800 €	0 €	26 316 €	128 484 €	77 090 €	7 740 €	43 654 €	-30,58%	
2024/07	393 080 €	0 €	66 824 €	326 256 €	195 754 €	19 654 €	110 849 €	153,93%	New brand
2024/08	327 993 €	0 €	55 759 €	272 234 €	163 341 €	16 400 €	92 494 €	-16,56%	
2024/09	535 294 €	0 €	91 000 €	444 294 €	266 576 €	26 765 €	150 953 €	63,20%	
2024/10	432 750 €	0 €	73 567 €	359 182 €	215 509 €	21 637 €	122 035 €	-19,16%	New brand
2024/11	353 212 €	0 €	60 046 €	293 166 €	175 900 €	17 661 €	99 606 €	-18,38%	GGR Growth rate
2024/12	584 231 €	0 €	99 319 €	484 911 €	290 947 €	29 212 €	164 753 €	65,40%	2,09
2024	3 284 360 €	0 €	558 341 €	2 726 019 €	1 635 611 €	164 218 €	926 190 €		
2025	9 137 255 €	0 €	744 455 €	3 634 692 €	2 180 815 €	218 957 €	1 234 919 €	178,21%	
2026	19 065 228 €	0 €	1 553 333 €	7 583 922 €	4 550 353 €	456 863 €	2 576 706 €	108,65%	
2027	39 780 319 €	0 €	3 241 089 €	15 824 139 €	9 494 484 €	953 261 €	5 376 394 €	108,65%	

4. Overview of the intended strategy for the business growth

Diversification Through Brands

- The company plans to leverage its partner's proprietary software to launch four distinct online gambling brands. This diversification strategy aims to tap into different markets, mitigating risks associated with relying on a single brand or a single market.

Geographical Focus:

- The primary focus is on the Finnish market, leveraging the company's main expertise. Additionally, the company intends to expand into markets such as Kazakhstan, Brazil, New Zealand, and Canada (excluding

Ontario). The strategic exclusion of certain regions is aligned with licensing requirements and will not target regions such as the US, Netherlands, and other markets excluded by the Curacao license.

Product Portfolio:

- The company's product portfolio includes online casinos provided by an aggregator games supplier as well as a proprietary game developed by a partner software company. Offering a mix of products enhances the company's appeal to a diverse audience and contributes to market share growth.

Utilisation of Partner's Proprietary Software:

- The access to proprietary back-end software provided by the partner company is a key strength. This software provides flexibility, allowing for quick adaptations to market changes and customer preferences. It serves as a competitive advantage in the crowded online gambling industry.

Financial Planning:

- The operational costs are covered by the partner company and it is planning to invest €1million through the partner company (Big Bada Boom OÜ, Estonian entity. Please refer to Full related company structure attached to the application) in the first year, with a significant portion allocated to marketing costs. This financial strategy indicates a focus on building brand awareness and customer acquisition in the initial stages.

Marketing Emphasis:

- A substantial part of the funding is earmarked for marketing, highlighting the company's recognition of the importance of effective promotion in gaining market share. The focus on marketing will likely involve digital advertising via the affiliate network and promotions for customers focusing on customer retention in the early stages of acquisition because of a trend in early drop-offs. The technological strength of the company helps to achieve these goals by a heavy focus on the automation process.

Self-Sustainability Goal:

- By the end of 2024, the company aims to achieve self-sustainability, indicating confidence in the growth potential of its diversified brands. This implies that, after the initial investment and growth period, the company expects to generate sufficient revenue to cover operational costs without requiring additional funding.

Market Exclusions and Licensing:

- The exclusion of certain regions aligns with licensing constraints and regulatory considerations. This strategy helps the company navigate legal complexities and focus on markets where it can operate effectively.

5. Who are the key suppliers and material dependencies?

The general strategy of the partner company is to own as much proprietary software as possible to ensure independence and reliability. There are, however, several key suppliers that provide the site content, i.e. casino games, as well as payment service providers. For this purpose, the company entered into an agreement with a games aggregation company “St8”. Other key suppliers, including payment service providers, server maintenance, affiliate management platform, and overall operational management are provided by a key partner company (please refer to the structure in the 2nd paragraph).

6. Risk evaluation and management

1. Risk Assessment:

- Internal Risk Assessment:
 - The company conducts regular internal risk assessments to identify potential risks associated with various aspects of its operations, such as technology, legal compliance, market fluctuations, and cybersecurity.
 - Cross-functional teams, including legal, technology, finance, and compliance experts, provided by the partner company, collaborate to assess risks from different perspectives.
- External Risk Assessment:
 - External experts, consultants, or agencies may be engaged to conduct independent risk assessments. This includes assessments of market risks, regulatory changes, and potential threats to the company's reputation.
- Player Risk Assessment:
 - The company maintains a comprehensive back-end log of all players to mitigate any attempts of money laundering and any fraudulent activity.

- Legal Compliance Measures:
 - Regularly updating policies and procedures to ensure compliance with changing regulations in the online gambling industry.
 - The company adheres to its internal policies and procedures as well as the AML requirements.

7. Legal and governance framework

1. Broad Oversight:

- The board provides strategic oversight, direction, and guidance to ensure the company's overall success and adherence to its mission. This includes monitoring financial performance, risk management, and regulatory compliance.

2. Current Board Membership:

- E-management N.V. - managing directors

3. Interaction with Day-to-Day Decision-Making:

- All strategic decisions of the Company are conducted via the Partner company which operates a major operations supplier with the relation between the two based on the Service Agreement.

4. Reserved Matters to Board/UBOs:

- Major financial decisions, such as significant investments or divestments.
- Changes to the company's strategic direction and long-term planning.
- Key legal and compliance matters.
- Appointment or removal of executive leadership.
- Any matters requiring a significant deviation from the approved business plan.

5. Potential for Deadlock:

- Provisions may be in place to prevent deadlocks, such as casting votes or tie-break mechanisms. In the absence of such provisions, deadlock resolution

strategies may be outlined in the company's bylaws. For these purposes the company adheres to its MA and AoA.

6. Legal Support and Advice:

- Legal support and advice is outsourced to a lawyer based in Malta; Dr Nicola Magro (LL.B N.P LL.D IM.Ent (Melit)), who provides her services through a monthly retainer.

7. Invitations to Board Meetings:

- Besides board members, key individuals invited to board meetings may include:
 - Legal advisors for discussions on compliance and regulatory matters.
 - Financial advisors for insights into the company's financial performance.
 - Operational heads for updates on day-to-day operations.
 - External auditors for presenting audit reports.
 - Occasionally, industry experts or consultants for strategic insights.

8. Decision-Making and Voting Protocols:

- Decision-making and voting rights are reflected in the articles of association.

8. Target KPIs and business objectives

There are several KPIs that an online casino has to measure to understand the effectiveness of its business. The below KPIs are considered the main ones:

- Customer Lifetime Value (CLV):
 - The predicted revenue a casino expects to generate from a player throughout their entire relationship. A high CLV indicates successful player retention and engagement.
- First-time depositing players (FTD)
 - Monthly number of players that have made a first deposit. Key factor to measure affiliate network effectiveness and growth.
- Gross Gaming Revenue (GGR):
 - The total revenue generated from all casino games before deducting operating costs, taxes, and bonuses.

The business objective is to reach self-sustainability by the end of 2024. The company aims to launch 4 brands in 2024 and expects the growth to be very significant when new sites are launched. The target KPI for 2024 is to reach €3M in GGR and triple this amount in 2025 by expanding the markets. Further, an average of 10% monthly growth shall maintain the further growth.

9. Policies and Procedures

Outline :

1. Whether the policies and procedures are done internally, or externally.
 - All policies and procedures are done internally
2. The intended timelines and commitment to keeping the GCB apprised.
 - As required by the regulator, but at least once a year.
3. Why the board believes, acting reasonably, that the person/entity doing the policies and procedures is qualified, competent and not conflicted.
 - The person responsible for the policies and procedures is Harolds Bagnovecs, who has been in the industry since 2014 holding C-level and MLRO positions under an MGA license. With a vast and extensive background in the industry, Harolds is ideally suited to assist the company in this area and bring it forward from the start-up phase to a fully functional operation, where it is intended to eventually delegate this area to another individual.
 - Due to nature of business being a startup, the company has appointed Harolds Bagnovecs as an interim MLRO. However, the company intends to appoint a dedicated MLRO in the near future to adhere to the license requirements.