

BUSSINESS PLAN

Mirth B.V (online casino)

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March 1, 2024

1. Industry Overview

The online casino industry is a dynamic and rapidly growing sector of the global gambling market. It has experienced significant expansion and technological advancements, transforming the way people gamble and enjoy casino games.

The global online gambling market, which includes not just casinos but also sports betting, poker, and other forms of gambling, was valued at around \$66.7 billion in 2020, according to Grand View Research. They projected that the market would grow at a compound annual growth rate (CAGR) of 11.5% from 2021 to 2028. The online casino segment is a substantial part of this market.

The online casino industry's market size has been steadily increasing over the years. Factors contributing to its growth include the rising popularity of online gambling, advancements in technology, increased internet penetration, the availability of smartphones and other mobile devices, Covid-19 and local war conflicts.

Also, online gambling laws vary greatly around the world. Some regions, such as the UK and Malta, have well-regulated online gambling markets. Other regions, including many U.S. states and Asian countries, have either unclear or restrictive laws regarding online gambling. These laws continue to evolve, which will undoubtedly impact the future growth and organization of the industry.

At the moment, a decision has been made on the need to obtain a license to operate in the Canadian market. This decision basis that Canada is one of the largest gambling countries in the world. It is ranked the 8th highest globally based on Gross Gambling Revenue. In recent times a huge chunk of these numbers can be attributed to iGaming. iGaming is a relatively new market in Canada but has continued to grow immensely since it arrived. It is a testament to the popularity of the industry that it has grown during the Covid-19 pandemic that has seen its land-based counterpart suffer record losses. A big reason for the is the ease with which online gambling blends with social distancing during the pandemic. They are also more flexible in terms of stakes and offer higher returns on bets. Over 70% of Canadians who gamble now do so online. That figure puts Canada in the top 10 brackets for online gamblers globally.

Therefore, we are considering the following jurisdictions to launch online gambling:

1.1. Peru Industry Overview

Peru has a fairly open and regulated environment for online gambling, making it one of the more progressive Latin American countries in this regard.

Numerous international and local operators offer online gambling services in Peru.

The potential for growth in Peru's online gambling market is significant, particularly if the country continues to improve regulation and enforcement. Peru's growing middle class and high rate of internet penetration also present opportunities for online gambling operators.

Revenue in the Online Gambling market is projected to reach US\$277.00m in 2023. Also, Revenue is expected to show an annual growth rate (CAGR 2023-2027) of 8.68%, resulting in a projected market volume of US\$386.40m by 2027.

1.2. Brazil Industry Overview

Brazil's federal legislation does not contain any specific provisions on online gambling. There are no licenses available at the moment. A legal loophole currently allows offshore operators to offer their gambling products to Brazilian citizens. One of the general rules about contracts in the Brazilian law is that a contract by and between absent parties is deemed to be executed in the place of the proposer. This is set out in Article 9, Section 2 of the Introductory Law on the Rules of Brazilian Law¹¹ and repeated in Article 435 of the Civil Code.

As a consequence, if an offshore operator's website is hosted in another jurisdiction where gambling is authorised, the contract between the Brazilian client and that operator is valid and subject to the law of the operator's jurisdiction.

Brazil is a perfect developing jurisdiction for offering online casino services. Some facts include that revenue is expected to show an annual growth rate (CAGR 2023-2027) of 19.45%, resulting in a projected market volume of US\$3.23bn by 2027. In global comparison, most revenue will be generated in the United States (US\$19,140.00m in 2023). Also, in the Online Gambling market, the number of users is expected to amount to 2.25m users by 2027.

1.3. Also, we will consider additional possibility of launching online gambling in the following jurisdictions:

1.3.1. Uzbekistan

Industry Overview

The local industry would have good growth potential considering the year-on-year increments that has been registered in terms of internet and mobile penetration, which currently stands at 55% and 76% respectively. In fact, recent statistics published by Hootsuite indicated a 7.1% increase in terms of internet users, and a 0.9% increase in mobile connections. The improving infrastructure is further underlined by the year-on-year change in the average speed of fixed internet connections (+122%).

2. Business Structure

After conducting a market analysis, it was decided to create the following corporate business structure: The main company that will be the license holder and operator of the online casino is Mirth B.V. In the future can be an additional company established by Mirth B.V. (the company will perform the auxiliary function of the financial agent of the main company).

Companies will interact based on COMPLIANCE & PROCESSING SUPPORT AGREEMENT.

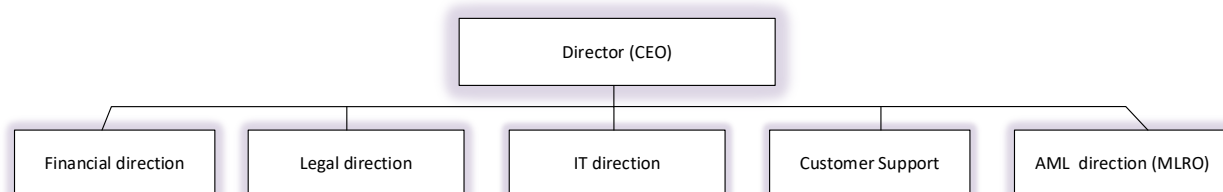
The owner (UBO) of this structure of companies is officially Lyudmila Zhukova, without the participation of any trust.

4. Subject of investment

At the moment, the owner's investments have been made in websites, software, and legal analysis. The average cost of investments at the moment is already USD 15,000.

The next stage of investment is payment for the received license. More detailed information regarding costs in Part 8 «Financial estimates».

4. HR structure



Director (CEO) Responsibilities:

- Creating, communicating, and implementing the organization's vision, mission, and overall direction.
- Leading the development and implementation of the overall organization's strategy.
- Formulating and implementing the strategic plan that guides the direction of the business or organization.

- Representing the organization for civic and professional association responsibilities and activities in the local community, the state, and at the national level.
- Participating in industry-related events or associations that will enhance the CEO's leadership skills, the organization's reputation, and the organization's potential for success.

Finance direction Responsibilities:

- Directing financial planning and strategy.
- Analyzing and reporting on financial performance.
- Overseeing audit and tax functions.
- Developing and implementing accounting policies.
- Preparing forecasts and comprehensive budgets.
- Assessing, managing, and minimizing risk.
- Analyzing complex financial data.
- Managing internal controls.

Legal direction Responsibilities:

- Advise on, draft, maintain and review templates and policies.
- Monitor and analyze changes in the law and legal risks; propose creative and effective solutions to address those risks.
- Anticipate legal issues or risks and build the necessary processes and systems to address them.
- Manage outside counsel relationships, as needed.

IT direction Responsibilities:

- Planning and executing corporate IT strategy.
- Managing computer systems, networks, and security.
- Managing hardware and software deployments.
- Protecting sensitive information and system-crucial data.
- Managing applications and their security.
- Assessing IT risks.
- Managing disaster recovery.

Customer Support Responsibilities:

- Respond to customer queries in a timely and accurate way, via phone, email or chat.
- Identify customer needs and help customers use specific features.
- Analyze and report product malfunctions (for example, by testing different scenarios or impersonating users).
- Update internal databases with information about technical issues and useful discussions with customers.
- Monitor customer complaints on social media and reach out to provide assistance.
- Share feature requests and effective workarounds with team members.
- Inform customers about new features and functionalities.
- Follow up with customers to ensure their technical issues are resolved.

AML direction (MLRO) Responsibilities:

- Develop and maintain anti-money laundering and counter-terrorist financing policy in line with evolving statutory and regulatory obligations.
- Support and coordinate management focus on the money laundering risk in individual business areas.
- In consultation with management, create and maintain the money laundering risk-based approach and the risk assessment of the firm's customers, products and services.
- Establish and maintain appropriate risk-based monitoring processes proportionate to the firm's operations' scale, nature, and complexity.
- Regularly review the effectiveness of money laundering compliance policies and procedures to prevent money laundering and counter the financing of terrorism.
- Provide management information as necessary, including an Annual Report each year for the Bank's Board and senior management on the firm's compliance with its obligations.
- Make recommendations for action to remedy any deficiencies in policies, procedures, systems or controls and follow up on those recommendations.

- Ensure that employees receive timely and proper AML/KYC trainings
- Give expertise on the specifics of the financial and legal aspects of the company in question.

Part of the specified functionality can be outsourced and supported by partners on the basis of an appropriate service agreement.

5. IT infrastructure

TECHNICAL REQUIREMENTS:

- Domain ownership;
- Presence of at least one physical server of the company in the jurisdiction;
- Technical (Hardware and Software) audit of each gaming system;
- Software Certification – RNG Certificate;
- To be able to proceed with the eGaming Licence Curacao. Must hosting in Curacao, as well as overseas if they would prefer.

The gaming platform itself will be a website (which will also have a mobile version) with the following URL
- <https://auro777.win/>

The gaming platform has the technical capability (technical gateways) to connect the necessary gaming and payment providers, as well as other systems that are necessary for the eGaming Licence Curacao.

6. Financial infrastructure

First of all, companies will open settlement bank accounts for the possibility of settlements with partners and receiving funds from economic activities.

In parallel with bank (settlement) accounts, various payment solutions for accepting bets and paying out winnings will be connected, depending on the requirements of the Canadian market.

The most popular withdrawal and deposit options that will be used on the gaming platform:

- Debit and credit cards.
- Prepaid cards.
- E-wallets.

At the moment, negotiations are already underway with partners on the possibility of connecting these payment solutions to the project:

Credit and Debit Cards:

- Visa,
- MasterCard,
- Maestro,
- American Express.

Electronic Wallets:

- Paysafecard,
- Skrill,
- Neteller,
- EcoPayz.

Instant Bank Transfers:

- Interac.

At that moment some of the newest popular deposit methods and casino withdrawal methods are cryptocurrencies. There are several options to choose from, including:

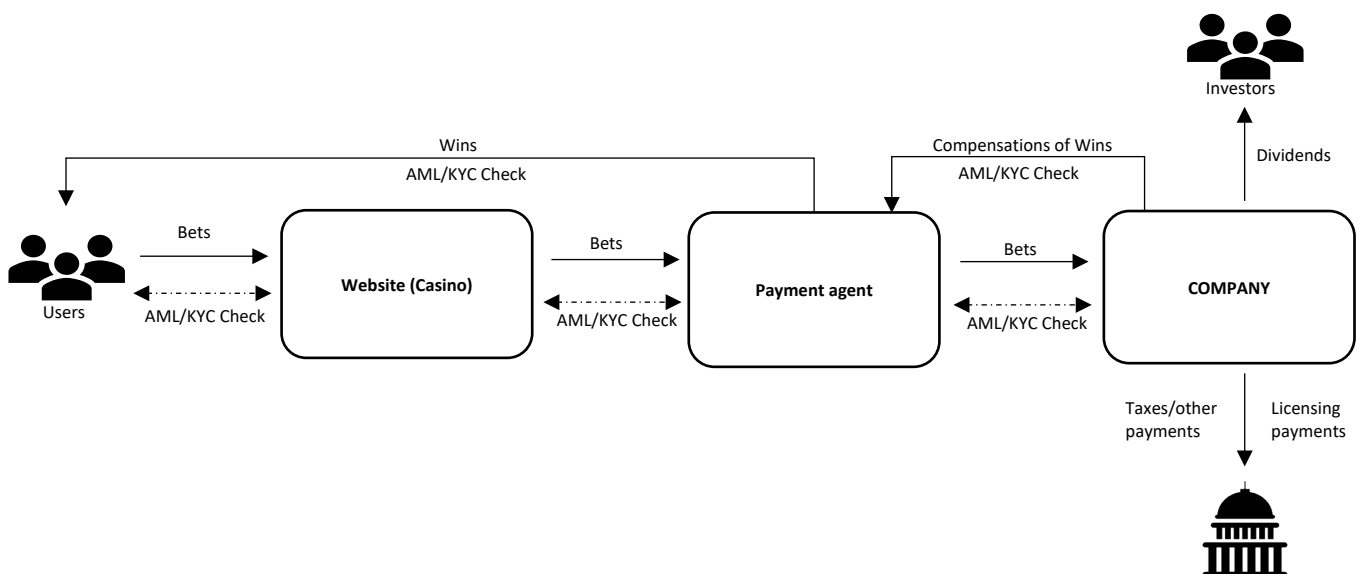
- Bitcoin,
- Ethereum,
- Dogecoin,
- Litecoin,
- and many others, which will also be used for their acceptance on the gaming platform.

Online casinos often suffer from chargebacks and refunds. We should also focus on making every step of the payment process clear for the player, properly store details on every online transaction and improve the consumer service to peacefully solve any issue with users.

Our future payment solution should allow us to accept online payments and make payouts to players through different payment methods. The payment page, or checkout, must be user-friendly and intuitive, allowing customers to choose the preferred option and pay by clicking a few buttons. Long and complex payment forms ruin conversion rates. The gateway also must be compliant with regulations and security standards, like PCI DSS. It will help you build trust among customers and safeguard their payment data and transaction info.

The planned money flows may include the following stages:

1. Registration on the Website and passing the KYC/AML checks.
2. Making a deposit to play any online game.
3. Passing the information about the client to the selected payment agent.
4. Transfer the sum of deposits to our company (deducted by commission).
5. Exchange of KYC/AML information between the payment agent and our Company.
6. Compensation of winnings by our Company.
7. Payment of winning by the payment agent.
8. Payment of taxes, licensing payments, credits, other payments (obligations).
9. Payment of dividends.



7. Gaming infrastructure

Online gambling is most popular among people between 30 and 50 years old in Canada. However, young people also gamble in significant numbers. They are largely similar in their gambling preferences, but their ages vary.

After conducting a cross-sectional analysis of the market, it was decided to focus on the current gaming content that will be placed on the gaming platform:

1. Slots are arguably the most exciting games ever whether it is three-reel or five-reel slots. A huge reason for slots being so popular is that people need almost zero skill to play the game. To a layman, it is entirely a game of luck.

2. Roulette (table games) is a spinning wheel game where players place bets on either a single number, various groupings of numbers, the colors red or black, whether the number is odd or even. There are different variations of roulette and they all offer varying house edge percentages.

3. Live Casino, sometimes known as “live” casinos, provide players with the opportunity to engage with real-time human dealers without having to physically visit a casino location. A video camera crew is used to broadcast the game, which is produced by specialized gaming studios.

At the moment, possible suppliers of games are being considered, the above content of which will be placed on the gaming platform:

- Play'n GO.
- Evolution.
- Pragmatic Play.
- Amatic.
- EGT.
- Spinomenal.

8. Financial estimates

USD	<u>1st year</u>	<u>2nd year</u>	<u>3rd year</u>
Gross Revenue	1 253 722	2 274 817	3 526 123
Emission	250 000	500 000	750 000
Processing costs	99 992	185 323	285 282
Royalty of casino providers	162 984	295 726	458 396
Personel	120 000	200 000	300 000
Marketing costs	510 000	925 000	1 480 000
Legal costs	50 000	60 000	70 000
Other costs	35 000	35 000	35 000
Total Costs	1 227 976	2 201 050	3 378 678
Net Revenue	25 746	73 767	147 445

9. SWOT Analysis

9.1. Strengths:

Location: Our operating locations are chosen with careful planning to ensure that we do not operate in an area with the highest demand for such services and that there is no competition in that area for our high-quality services.

Marketing: Organic traffic will be used, which allows you to attract about 60% of visitors to the website from the total traffic.

Strong portfolio of brands: Despite the fact that the casino will only be launched, users will be able to play gaming content with world-class brands. This portfolio of brands can be extremely useful and the online casino can quickly expand into new and requested product categories.

Training: We will provide each and every employee with the most updated and rigorous training in their respective departments to ensure safety, integrity, and credibility.

Atmosphere: Our casino will offer a new type of atmosphere in the casino world, which will not only have a bright interface, but an atmosphere of financial security, calm and relaxation.

9.2. Weaknesses:

Marketing: Since we will be a new casino, we will need a larger pool of traffic and external advertising for promotion.

Investments: Given the scale of the expansion and the different geographies the company plans to expand into, casinos may find themselves needing to invest more money into the startup to integrate processes across the board.

9.3. Opportunities:

Media/Trends: Media and trends can help promote our casino by incorporating these trends into our online casino to make our casino more intriguing, which increases profits with more users.

Technology: With the newest technology we are able to provide the best experience for our customers by giving them more leisure time by cutting tasks the guest might have to do and make things more convenient, while also decreasing human staff needed which gives us more funds to focus on other aspect of our online casino.

Strengthening market position: The development of our market services will reduce competitive advantages and allow the Casino to increase its competitiveness compared to other competitors.

Lower inflation rate: Low inflation will provide greater stability in the market.

9.4. Threats:

Competition: In our field, we must be alert to what other casinos in the area as well as in the world are doing to keep up with our sales.

Cheating: Our guests/customers could utilize tactics that we aren't comfortable with to win more money and hurt the experience of other guests.

Terrorism: Threats or any signs of danger to our casino or guests will be taken care of and handled the safest way possible with the utmost seriousness and professionalism.

Media: The media could potentially report on, or publish news articles related to our field or our business that could negatively affect our sales.

10. Policies and Procedures

In our Company only the professional lawyers, KYC/AML/CTF specialists and experts are responsible for drafting and preparing the internal and external policies & procedures. Before publishing, we involve external independent auditors to confirm compliance with the Curaçao laws and the international demands on AML/CTF measures, GDPR, a payment solution's requirements etc.

Anti-money laundering and combating the financing of terrorism policy – is a key to the integrity and stability of our payments. The policy outlines the principles and standards of internal AML/CFT controls which should be adhered to in order to prevent money laundering (ML) or financing of terrorism (FT). The policy applies to all staff members All implementing partners, donors and suppliers are subject to the measures to prevent financing terrorism and/or money laundering.

Terms and conditions – are legally binding and accepted by our clients and/or the player from the moment of starting the registration procedure on the Company's website and in any case until the moment of making a bet in any of the gambling games on the Website. Terms and conditions are agreement between our clients and the Company.

Privacy Policy – our Company collects information about the Websites' content mostly viewed by the visitors, frequency of the connections to the website, software and hardware exploited to visit our website, geography of our visitors. This information enables our Company to understand the manner how the visitors work with our website. Our Privacy Policy is a legal document that explains how our Company handles any customer, client or employee information gathered in our operations. It is including how data is collected, stored, used, shared and protected and the user's rights in connection to the data.

Responsible gaming policy – contains specific recommendations in the areas of policy, staff training, informed decision-making, assisting players, self-exclusion, advertising and promotion, game and site features, and working with research.

Chargeback Policy – helps our Customers feel secure. A clear, simple, and easy-to-understand Chargeback policy says that our Company stands behind our product and wants our customers to be satisfied. We believe that the more flexible the Chargeback policy is, the lower the risk of chargebacks.

Bonuses Policy – provides guidelines on how our Company rewards the clients with additional financial incentives. It details eligibility, types of bonuses, and the procedures for granting them, ensuring fairness and transparency.

Cookie Policy – is a legal document containing a list of all the cookies used on our website, along with detailed information about each. It also helps our clients to understand how their data is used, how long the cookies will remain on their devices, etc.

Our policies and procedures are drafted in an external manner and can be published on the Website in compliance with the Curaçao laws. In addition, our Company review and update the policies and procedures in case of adopting the new regulations or in case of updating the internal regulations.

Only professionals with the necessary qualifications work for our Company to develop the policies and procedures. Numerous certifications, recommendations, and other evidence attest to the competence and knowledge of our internal and external professionals.

Our Company will strictly adhere to Curaçao legislation and will notify the GCB in a timely manner about any changes.