



LUCKY

MERLIN

BUSINESS PLAN



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1. EXECUTIVE SUMMARY

The gaming industry is one of the oldest industries in the world, it is said that the harder the economy is treating the traditional business and therefore downsizing people, the better the growth of the gaming industry. People need their excitement and changing your life with one bet, one lucky draw seems to pull people deeper and more actively into the world of gaming year by year. Lucky Merlin will be established to fulfill this need and give people a strong sense of trust and an easy-to-use online gambling experience.

Lucky Merlin will attract its customer from the LATAM market. Our ideal customer will be a 22–50-year-old who has access to the internet, a computer or mobile phone with browsing access, and has the financial whereabouts to gamble on a regular basis. Lucky Merlin will enlist the best technology and marketing partners in the space to accomplish this.

We plan on being known as the online casino with the best customer experience, customer service, and loyalty programs in our space. We feel there is a market for this type of gambling experience. This will allow us to gain a loyal customer base and establish a brand identity in the LATAM market.

2. COMPANY OVERVIEW

Company Summary:

Merlin Games will be a company created in Curacao for the launch of Lucky Merlin, which has been in development for more than nine months at the time of writing. It will be a traditional online casino designed to profit from online gambling.

To make the project as visually attractive as possible, industry-leading Digital Fuel will be recruited. (<https://digitalfuel.io/>). Digital Fuel is a combination of iGaming, Esports, and entertainment marketing experts. They will utilize their in-depth knowledge combined with the latest technology to build an effective performance marketing strategy for us.

For Lucky Merlin, Digital Fuel will develop a unique visual style centered around the story of Merlin. We are currently looking at different options for promotional material, including content, videos, customer journeys, and unique interactions. The name Merlin was chosen as it comes from Arthurian mythology. Merlin was a wizard, King Arthur's mentor, and symbolizes the magical experiences that happen in the online entertainment market.

Mission and Vision Statement

Our online gambling vision is to create and nurture an online casino business that will provide a unique experience for online gamblers and compete with other leading online casino businesses on a global scale.

Product Overview:

Lucky Merlin will be an internet casino that will be based in Curacao. We will conduct our online casino business following the laws of Curacao and any country we have a presence in.

All software for the products will be provided by Soft Gaming and include:

- Online Slots
- Legal online casino gaming services
- Sportsbook
- Live Casino

Key Features of the Product:

Lucky Merlin sees the combination of dynamic promotion to its customers, the use of a modern CRM platform designed for I-Gaming, offering interactive and widely desired games, and top-tier customer service to support users as key to its project development. The most important aspect of our marketing message is user trust and the ability to reach us 24/7 with real staff. Lucky Merlin believes that trust is the key to marketing online casinos.

We have partnered with FastTrack, an AI-driven customer-based CRM solution designed for the I-Gaming space. They bring technology and customer interactions and journeys to an individual player level.

Our in-house customer support team will be available via multiple channels in real-time 24/7 to resolve any questions or requests our customers have. We are looking to be known as the casino with the best customer service, customer experience, and loyalty programs in the industry. To accomplish this, the trust of our players is critical. With a set goal of 99.9999% uptime, 24/7 customer service available via multiple channels, and a healthy bonus and incentive program, we feel we can accomplish this.

3. MARKET ANALYSIS

Market Segmentation:

Lucky Merlin sees its development in the markets of Latin America. In general, the online gambling market in Latin America is expected to grow at a significant growth rate due to several factors including, the increasing adoption of smartphones, the surge in internet penetration, and the availability of cost-effective mobile applications for betting. Two other benefits are the single

language spoken (Spanish) and the long history of gambling within the LATAM culture.

Also, the end-users comprising the age group from 35 to 55 years have high disposable incomes and a passion for the adoption of the latest technological devices as part of leisure. Therefore, the end-user segment is more likely to adopt online gambling technologies in the coming years.

Latin America Online Gambling Market Growth Projection



Based on legislative assumptions modeled with the Latin American Online Data Dashboard, VIXIO Gambling Compliance estimates that online gambling revenue in Latin America will reach US\$2.6bn by 2025. With most of that revenue coming from Brazil and Mexico, Lucky Merlin plans to target smaller LATAM markets to obtain a higher presence and establish brand loyalty.

These factors will enable Lucky Merlin to carry its brand across multiple countries without having to change its messaging or site language.

Conclusion:

It seems like it is almost impossible to find an online casino that can be the best on all accounts for LATAM players. Some sites provide a vast selection of gaming options, while others focus primarily on promotions. To gain a competitive advantage, Lucky Merlin will be the best in customer experience, customer service, and loyalty programs.

To accomplish this, we will use our technology to give each player their own customer journey and apply a professional approach toward visualization and generally accepted rules of marketing (for example, constantly changing ads and offers, and banner graphics to keep the users engaged).

We believe that Lucky Merlin is significantly different from other products on the market and has its own identity - something that is key if you are to build trust in the brand.

SWOT Analysis

Lucky Merlin will be a legal online gambling enterprise that invests in the latest trends, games, and customer experiences to provide a fun and friendly online gaming service for its clients. This combined with unrivaled customer support and partnerships will give us a maximum level of trust and positive feedback from our users.

It will rely on its strengths in its technology partners, top-tier branding and marketing partnerships, and excellent customer service to establish itself and grow in the LATAM space.

It recognizes the opportunities to use its customer feedback to introduce new and exciting games for our users. Also, to carry the platform to new markets as the opportunity arises.

Lucky Merlin is lastly aware of the external threats posed by changes in government regulations and the payment landscape, inflation, and any weakness in the global economy.

Lucky Merlin will work hard to ensure compliance, and that its monetary policy and marketing plans align to meet these challenges.



4. OPERATING PLAN

Lucky Merlin will have an international standard, a top-down organizational structure with its own communication and corporate rules.

The company will devote a significant amount of attention to special methods of communication that have been acquired in the course of work on other e-commerce projects. We will use the tools of Soft Gaming and others for communication:

Teams: an internal messenger

Base Camp: a task-tracker

Confluence: a knowledge base

Soft Gaming: an IGaming Backend Solution

These allow open real-time communication (Teams), and operational control (Base Camp and Soft Gaming), and facilitate a central location for policies, procedures, and training (Confluence). This will enable faster training and a reference for any questions on operations. Furthermore, these instruments will be built on the principle of immediate 24/7 access for staff, enabling user nested control, and providing a real-time audit trail. Lastly, these systems will allow data to be stored in the cloud, preventing data storage on the employee's devices. As a result, we will get an easy-to-use communication environment that allows maximum confidentiality and will prevent staff from straying outside the bounds of professional communication.

In addition to the above-mentioned instruments, we will use FastTrack CRM and SoftGamings for customer tracking, marketing, and customer data retention.

Technology:

Direct providers of online gaming that will be essential to involve in the online casino include (through the Soft Gaming Platform (<https://www.softgamings.com/>))

Payment:

At Lucky Merlin, our payment policy will be all-inclusive. We are aware that different clients prefer different payment options.

Below are the payment options that we will make available to our clients.

- Payment via online bank transfer
- Payment via debit card
- Payment via wire
- Payment via mobile money

5. MARKETING AND SALES PLAN

For Lucky Merlin to gain a competitive edge, we will rely on a variety of strategies including real-time performance analytics, competition with player-friends, virtual rewards, and loyalty bonuses. This, in turn, will generate brand loyalty in players and distinguish our platform from those of our competitors.

Lucky Merlin is planning to begin with 100,000 visits a month in the first quarter of 2023 - or about 3,400-5,000 daily visitors. This will be driven through our online advertising and affiliate marketing campaigns.

In terms of marketing, the project will be developed along omnichannel lines, in several important directions:

Direct Online Marketing

On appropriate sites throughout targeted Latin American Countries, with the assistance of Digital Fuel, Lucky Merlin will place advertising material, in particular custom content, blogs, and video content. At the same time, that content will be distributed through known and reputable channels that allow registered online gaming advertising, including social and influencer partnerships.

Affiliated Marketing

This will be the second most important marketing approach for the project. Our affiliates will drive new clients and help build brand loyalty and trust. We will contract with Digital Fuel to manage the affiliate program. Digital Fuel has over 20 years of running affiliate programs within the Gaming Space. This expertise will help to accelerate our customer acquisition targets over the next 5 years and keep Lucky Merlin on track to become one of the predominant IGaming and Sports Bet locations in Latin America. The program will run on the MyAffiliates platform (<https://www.myaffiliates.com/>),

To help expand our network, Lucky Merlin will take part in the following conferences in 2023: Ice London, SBC Latin America Summit (<https://sbcevents.com/en/sbc-summit-latinoamerica/>), and the IGB Affiliate 2023. Our in-depth experience shows that participation annually combined with Digital Fuel's reach is enough for the development of the affiliate network and the project will get significant support when it comes to affiliate webmasters.

Mainstream PR

This is a fantastic way to establish trust among existing and future players. Lucky Merlin will achieve this via participation in industry associations and work to

create new informative industry content to generate mentions in large media outlets, both regional and international.

Social Media

The presence of Lucky Merlin on all major social networks (Facebook, Twitter, TikTok, Instagram, and Telegram) will also increase user trust in the product.

Lucky Merlin is aware of two major aspects of advertising— the legislation of each country where the advertising takes place, and social-ethical norms.

Many countries in LATAM ban advertising in certain verticals for online casinos. Lucky Merlin will also exclude the use of aggressive advertising and will not seek to attract users under the legal age for online casinos.

We are aware that there are limitations on advertising within some of these platforms, however, our marketing teams will establish the biggest presence possible within the rules and regulations of each platform.

6. FINANCIAL PLAN

Start-up Costs:

Unlike most industries, this space requires a significant amount of startup capital. Total investment in the project including one time setups and direct marketing costs over 3 years is estimated at around 300k. Of this in the first year, about \$91k is earmarked for Licensing and Software Development, \$36k, for operational costs, \$96k for staff salaries, and \$150k for marketing. This will include advertising and affiliate commissions related to the offerings.

Break Even:

The project plans to reach \$60,000 per month in GGR over the course of the first quarter after the launch - about 10 percent of this will hit the bottom line after all expenses and revenue sharing is paid. The project assumes the average cost of transactions will be no more than 5 percent of the turnover. -See Appendix

Projected Profit and Loss:

Over the course of five years, the project should grow at 50 percent of the level of sales from the previous year as profits are reinvested into marketing. Personnel costs will grow in proportion to the user base to maintain the 5-star customer satisfaction goals with operational costs remaining flat. -See Appendix

TEAM

Paul Khor MBA BS

Paul brings a vast array of knowledge in the gaming and finance space. Serving as a finance director and operations manager in the space for over 10 years, he has been exposed to all sides of casino operations. As a financial director, he was a lead business partner and intermediary between key stakeholders and finance. He improved operational efficiency by streamlining processes and enhanced reporting automation. He also analyzed monthly, quarterly, and annual business results, KPIs, trends, and provided critical business insights to the leadership team.

In operations, he developed, implemented, and managed the operational goals and profit objectives. He made recommendations on implementation and oversight of overall strategies for engagement, customer service, revenue growth, and expense management. Lastly, he prepared, monitored, and adhered to budgets while resolving discrepancies to achieve annual budgetary goals.

Khloe M. Lilang

A passionate, loyal, and committed person who brings over 8 years of casino operations experience. Khloe has developed, promoted, and overseen many casino customer service operations including customer loyalty and rewards programs. She has drafted and implemented support staff schedules as well as analyzed team performance indicators to ensure support volume and quality of interactions met standards. Khloe has been responsible for hiring and training of new support agents and has resolved escalated incidents from the customer service staff. She is adept at training staff on back-end systems including live chat functions and protocols.

T. Jason Taylor, MBA

Over Innovative, dynamic, and visionary style Chief Operating Officer offering 14+ years of experience in Fintech space within the United States and coupled with experience building multiple Payment Facilitators and other tech platforms.

Recognized throughout his career for being a strategic leader with abilities to thoroughly understand business priorities, the full scope of Fintech, e-commerce, and SAAS services, and managing top-performing teams. Vastly adept at building strong relationships with strategic vendors, sponsoring banks, credit card networks, and external staff.

Recognized for building a Payfac from the ground up with only API's and an acquiring license from a sponsoring bank, he has processed over \$200 million in the gaming industry over 10 years. Throughout his career, Jason has launched four successful fintech products from the ground up and trained 150+ employees /interns. He has managed a team of at times up to 60 employees while growing an international and domestic merchant processing portfolio to over 200m annually.

APPENDIX

Projected Start-Up Costs:

START-UP COSTS				
Lucky Merlin				15-Sep-22
COST ITEMS	MONTHS	COST/ MONTH	ONE-TIME COST	TOTAL COST
Advertising/Marketing	3	\$13,500	\$0	\$40,500
Employee Salaries	3	\$14,171	\$0	\$42,513
Employee Payroll Taxes and Benefits		\$0	\$0	\$0
Rent/Lease Payments/Utilities	3	\$500	\$0	\$1,500
G & A	3	\$267	\$0	\$801
Communication/Telephone	3	\$0	\$0	\$0
Computer Equipment	3	\$500	\$0	\$1,500
Back End Platform and WebDesign		\$0	\$61,200	\$61,200
CRM Solution*	3	\$0	\$1,500	\$1,500
Hosting	3	\$1,500	\$0	\$4,500
Bank Service Charges		\$0	\$0	\$0
Supplies		\$0	\$0	\$0
Travel & Entertainment	3	\$500	\$0	\$1,500
Equipment		\$0	\$0	\$0
Furniture & Fixtures		\$0	\$0	\$0
License and Incorporation		\$0	\$29,214	\$29,214
Business Licenses/Permits/Fees		\$0	\$0	\$0
Legal	3	\$833	\$0	\$2,499
Miscellaneous		\$833	\$0	\$0
ESTIMATED START-UP BUDGET		\$32,604	\$91,914	\$187,227

Lucky Merlin

Business Plan

Projected Profit and Loss:

12 Month Cash Flow													
Lucky Merlin													23-Sep-22
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	YTD
GGR (Gross Gaming Revenue)	19786	39571	59357	79143	93982	93982	93982	93982	93982	93982	93983	93983	949714
Transaction Costs	-10457	-15354	-20251	-25148	-26714	-26714	-26714	-26714	-26714	-26714	-26711	-26714	-284914
CRM	0	0	0	0	0	0	-3000	-3000	-3000	-3000	-3000	-3000	-18000
Hosting	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-1500	-18000
Staff Costs	-14171	-14171	-14171	-14171	-14171	-14171	-14171	-14171	-14171	-14171	-14171	-14171	-170052
Marketing (Direct Marketing)	-13500	-13500	-13500	-13500	-13500	-13500	-13500	-13500	-13500	-13500	-13500	-13500	-162000
License													0
Other Operating Costs	-3932.67	-3932.67	-3932.67	-3932.667	-3932.67	-3932.67	-3932.67	-3932.67	-3932.67	-3932.67	-3932.67	-3940.67	-47200
													0
EBITDA	-23775	-8886	6003	20892	34165	34165	31165	31165	31165	31165	31169	31158	249548

5 Year Projection

	Year 1	Year 2	Year 3	Year 4	Year 4	Year 5
GGR (Gross Gaming Revenue)	949714	1424571.4	2136857	3205285.7	4807929	7211892.9
Transaction Costs	-284914	-427371.43	-641057	-961585.71	-1442379	-2163567.9
CRM	-18000	-18000	-18000	-18000	-18000	-18000
Hosting	-18000	-18000	-18000	-18000	-18000	-18000
Staff Costs	-176052	-256103.76	-256104	-256103.76	-256104	-256103.76
Marketing (Direct Marketing)	-162000	-243000	-364500	-546750	-820125	-1230187.5
License	0	-29214	-29214	-29214	-29214	-29214
Other Operating Costs	-41200	-41200	-41200	-41200	-41200	-41200
EBITDA	249548	391682	768782	1334432	2182907	3455620