

# **FARO ENTERTAINMENT N.V.**

## **BUSINESS PLAN**

## 1. Executive Summary (Business overview).

This is a business plan for FARO ENTERTAINMENT N.V. (Faro or the Company) which is a company wherein the persons involved are experienced and proficient in the gaming industry. This business plan is to provide high level information necessary to demonstrate the plans, intentions and strategies that will be implemented by the company to run a successful business. It includes financial reports and detailed analysis of the operation which we believe should prove adequate to justify the allocation of gaming license.

The Company's web-sites mr.bet and spin.city are Casino games to clients, and mr.bet is also offering Sportsbook. All gaming operations offered will be in accordance with the requirements of the laws and regulations of Curacao.

It consists of high-grade experts with long-term experience in the area of development, management and optimization of online casino.

All the available channels such as media buys, affiliates, SEO, SMM, and ASO will be used for advertising. The team is focused on the products development and customers retention.

Faro's online casino and sportsbook is based on its own CMS and will include all the latest company inventions as well as comply with the highest requirements of the international online casinos and sportsbooks.

Faro's customer support will be provided by our own multilingual centre of customer support.

## 2. Management Structure

The Company was formed as a Curacao Company for the purpose of running remote gaming operations. Key function personnel are able to provide Faro with sound advice and experience and trainings.

Mr. Sergii Mishchenko (**CEO**) is leading Faro venture. Mr. Mishchenko is a versatile and highly accomplished management expert with 10+years of experience in the IT industry, 11 of them in C-level positions. Visionary thinker, who built several companies in different industries (including online gambling) from scratch. Mr. Mishchenko is also the Ultimate Beneficial Owner of Faro Entertainment N.V.

Mr. Liubomyr Buk is the **Chief Compliance Officer** of the company. Mr. Buk holds a master's degree in law and has experience as a compliance officer in the gambling industry for 5 years.

The Chief Compliance Officer maintains the overall responsibility for the timely and correct submission of all the required reports to the Regulator of any regular, periodic or other information, as requested by laws and Curacao Gaming Control Board regulations.

The Chief Compliance Officer will explain the relevant regulations and instructions to the employees through written instructions. The Chief Compliance Officer shall be also expected to

be able to deal with all enquiries that Curacao Gaming Control Board may wish to raise in connection with the information included in the above information. The Chief Compliance Officer shall be expected to act honestly and reasonably and to make his determination in good faith.

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The **Chief Financial Officer** is responsible for the completeness, accuracy and validity of the books, records and financial and management accounting reports of all the Faro's operations.

The CFO shall report directly to the Chief Executive Officer and has as main responsibilities the collection and analysis of financial and accounting information as to plan the financial activity of the Company: budgeting and planning the expenses, payment of providers and suppliers, purchases, salaries, fiscal obligations.

Also, The Chief Financial Officer shall be responsible for supervising the following tasks:

- correct issuance of invoices for the offered services;
- updating the accounting software of the department;
- check of invoices and documents in the general ledger accounts.
- organization of the correct and timely collection of payment for services;
- the composition of the monthly and annual financial reports (Balance Sheet, Profit & Loss);
- correct calculation of the related employees' fees Payroll;
- payment of Faro's obligations towards authorities;
- the realization of the correct entries in the accounting software;
- payments to the suppliers;
- preparation of the financial reports;
- analytical reports;
- the budget for the next semester or year-end results;
- liaising with the External Auditors;
- updating of General & Analytic Accounting Journals, timely and correct update of accounts;
- check for the correct password usage in the accounting software.

### **Chief Technical Officer**

Chief Technical Officer is a key executive responsible for overseeing the technological aspects of a Company's operations, products, and services.

The CTO develops and executes the company's technology strategy in alignment with its overall business objectives. CTO evaluates emerging technologies and assess their potential to enhance the Company's competitiveness and innovation.

CTO plays a crucial role in leading product development efforts.

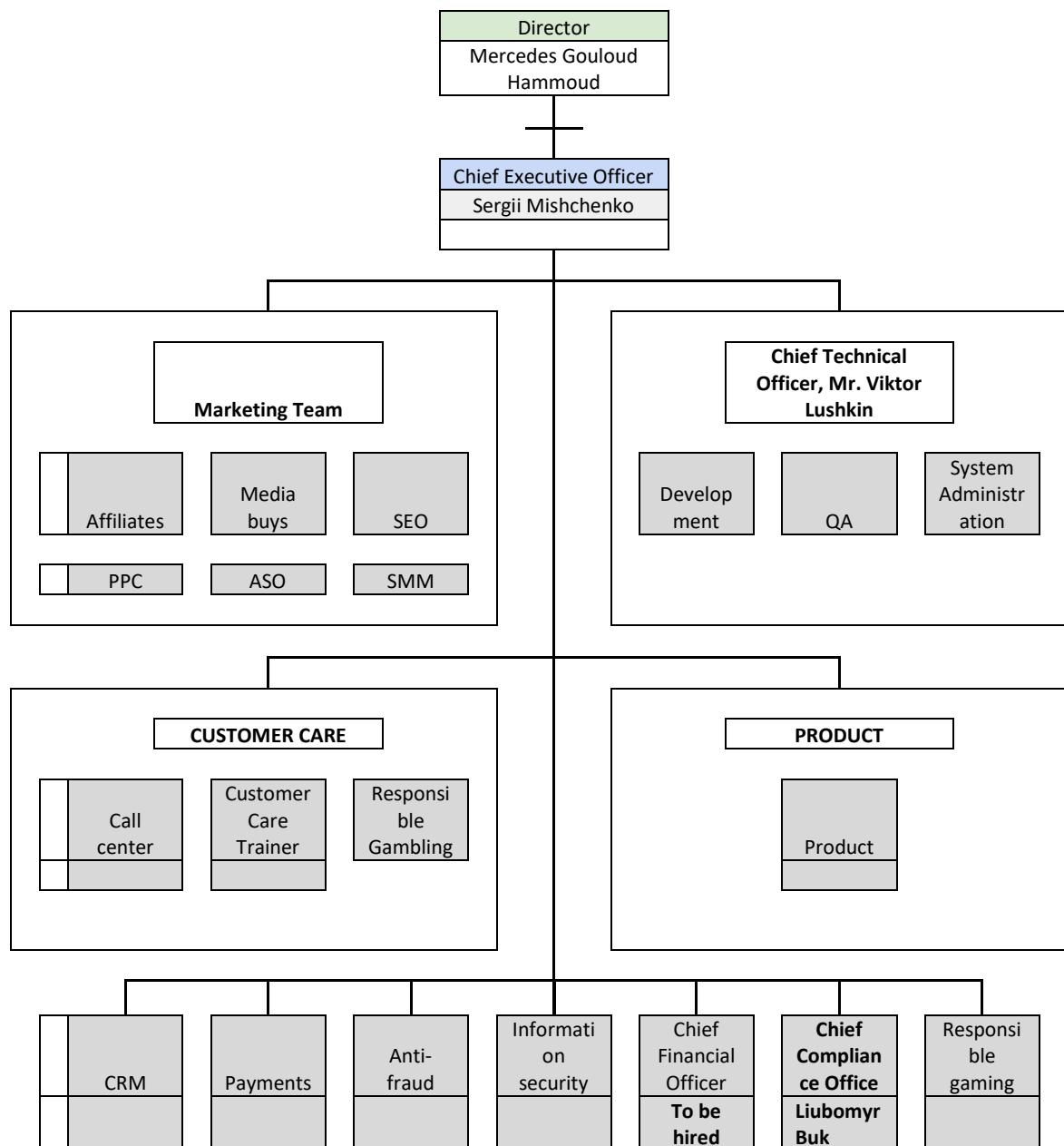
The CTO is responsible for designing and maintaining the company's technical architecture and infrastructure. This includes overseeing the development of scalable and secure systems, selecting appropriate technologies, and ensuring compliance with industry standards and regulations.

The CTO oversees the development, maintenance, and optimization of the online gambling platform. This involves managing software development teams, defining technical requirements, and ensuring that the platform is robust, scalable, and reliable.

## 2.2. Key function holders of Faro

| Key Functions               | Outsourced/In-house | Key persons       |
|-----------------------------|---------------------|-------------------|
| The Chief Executive Officer | In-house            | Sergii Mishchenko |
| Compliance                  | In-house            | Liubomyr Buk      |
| Chief Financial Officer     | In-house            | To be hired       |
| Chief Technical Officer     | In-house            | Viktor Lushkin    |

### Management Organogram



### 3. Business Forecast.

The Business forecast for 3 years is presented in the Attachment 1 hereto.

We have made the Business forecast to accurately report Faro's costs. The growth is an estimate and depends on the minimum fees and GGR % of the games offered by Faro's platform.

|                                       | 2023       | 2024       | 2025       | 2026       |
|---------------------------------------|------------|------------|------------|------------|
| <b>Marketing</b>                      | 24,003,646 | 25,683,901 | 27,481,775 | 29,405,499 |
| <b>Gaming Licence</b>                 | 57,500     | 57,500     | 57,500     | 57,500     |
| <b>Professional Fees</b>              | 110,000    | 120,000    | 130,000    | 140,000    |
| <b>Total Expenses</b>                 | 54,647,285 | 58,365,480 | 62,334,857 | 66,528,704 |
| <b>Total Gross Profit from Gaming</b> | 10,114,314 | 10,895,541 | 11,739,983 | 12,697,036 |
| <b>Net Profit</b>                     | 9,689,868  | 10,420,149 | 11,210,641 | 12,109,854 |

## 4. Overview of Strategy.

The marketing tools considered in the financial plan are made up of affiliates, bonus program, search engine optimization, brand development, media purchases, as well as the use of social media.

The plan is to win about one third of the (new) customers via affiliate/bonus programs and two thirds through the other marketing tools.

### **Bonus Program**

Especially for new customers, a bonus program is indispensable. If such players can be directed to the site and find an appealing, reliable offer with good service, it is likely that they will play on the site more often. Usually, it is advertised with a deposit bonus that doubles the first deposit. In addition to a deposit bonus for new customers, loyal (regular) customers should also be given a bonus from time to time.

### **Affiliate marketing**

Affiliate marketing involves partnering with individuals or businesses (affiliates) who promote the casino's services on their platforms. Affiliates earn commissions based on the players they refer to the casino who subsequently make deposits or generate revenue. The casino provides affiliates with unique tracking links or codes to monitor referrals accurately. Affiliates use various marketing channels such as websites, social media, and email campaigns to drive traffic to the casino. Commissions can be structured based on revenue share, CPA (Cost Per Acquisition), or hybrid models. Compliance with regulations, transparent reporting, and effective relationship management are essential aspects of successful affiliate marketing programs for online casinos.

### **Search engine optimization**

Through the use and placement of keywords in the descriptions of virtual slot games and, in particular, through the prominent naming of individual, possibly frequently requested games, as well as through optimally maintained technical infrastructure, providers of corresponding offers can improve their ranking in search engines (Google, etc.).

## **Brand development**

Brand development for an online casino involves creating a unique and recognizable identity in the competitive online gambling industry.

## **Media Buys**

Media purchases include classic advertisements on TV, radio, cinema, but above all online advertisements on the Internet. When placing such advertising banners, it is important to ensure that they are placed in a way that is appropriate for the target group. An online ad for a virtual slot game offer on a gardening tips website will have less success than an ad on a gaming website or on a website containing financial tips.

## **Social media**

The online marketing portfolio is rounded off by the possibility of using social media. On the one hand, banners can also be placed on social media websites, but also articles can be placed or fan groups can be founded.

## **Excluded markets**

We do not accept users from Afghanistan, Algeria, Angola, Anguilla, Antigua, Australia, Austria, Antigua and Barbuda, Antilles, Armenia, Aruba, Azerbaijan, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belgium, Belize, Benin, Bermuda, Bhutan, Botswana, British Indian Ocean Territory, British Virgin Islands, Brunei Darussalam, Bulgaria, Burkina Faso, Burma, Burundi, Cambodia, Cape Verde, Cayman Islands, Central African Republic, Chad, China, Christmas Island, Cocos Islands, Comoros, Cook Islands, Costa Rica, Cote D' Ivoire, Cuba, Cyprus, Czech Republic, Democratic Republic of Congo, Djibouti, Dominica, Dominican Republic, East Timor, Egypt, El Salvador, Equatorial Guinea, Eritrea, Estonia, Ethiopia, Falkland Islands (Malvinas), Faroe Islands, Fiji, France, French Guiana, French Polynesia, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Greenland, Grenada, Guadeloupe, Guam, Guatemala, Guinea, Guinea-Bissau, Haiti, Honduras, Hong Kong, Indonesia, Iran, Iraq, Ireland, Israel, Italy, Jamaica, Jordan, Kahnawake, Kazakhstan, Kiribati, Kuwait, Kyrgyzstan, Laos, Lebanon, Lesotho, Liberia, Libya, Macau, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Marshall Islands, Martinique, Mauritania, Mauritius, Mayotte, Micronesia, Moldova, Mongolia, Montserrat, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, Netherlands, Netherlands Antilles (Saba, Sint Eustatius, Sint Maarten, Aruba, Bonaire, Curaçao), New Caledonia, Nicaragua, Niger, Niue, Norfolk Island, Democratic People's Republic of Korea (North Korea), Oman, Pakistan, Palau, Palestine, Panama, Papua New Guinea, Puerto Rico, Qatar, Republic of Serbia, Reunion, Russian Federation, Rwanda, Saint Kitts and Nevi, Saint Lucia, Saint Pierre and Miquelon, Saint Vincent and the Grenadines, Samoa, Sao Tome and Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Slovenia, Solomon Islands, Somalia, South Africa, South Korea, South Sudan, Spain, Sri Lanka, St. Helena, Sudan, Swaziland, Sweden, Switzerland, Syria, Taiwan, Tajikistan, Tanzania, Thailand, Togo, Tokelau, Tonga, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Turks and Caicos Islands, Tuvalu, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan, Vanuatu, Vatican City, Virgin Islands, Wallis and Futuna Islands, Western Sahara, Yemen, Zimbabwe and any country where the Faro's license is not valid.

## **5. Key suppliers.**

## **Suppliers and Material Dependencies**

The company has established relationships with leading suppliers in the gambling industry to provide a robust and reliable gaming platform and portfolio of games.

### **Platform Provider**

The Company use its own platform (CMS) which minimise the risk of business interruption.

### **Game Providers**

Our casino game portfolio includes a wide range of game studios such as Play'n Go, Playtech, Relax Gaming, Yggdrasil, Quickspin, Pragmatic Play, Habanero, Booming Games, BGaming, Endorphina, Belatra, Tom Horn, Gamevy, Golden Hero, Spinomenal, and more. By partnering with numerous game suppliers, we mitigate concentration risk and provide variety to players. Games have been selected based on player popularity, variety, and quality graphics and features. All game providers are licensed and regulated in reputable jurisdictions. New games are regularly added and underperforming games removed to enhance the player experience.

### **Betting Provider**

Sportsbook solution is provided by Black Ocean B.V.

### **Payment Solutions**

We have partnered with leading payment service providers such as Skrill, Neteller, Ecopayz, Astropay, Instadebit, Paysafe, Venus Point, and Coinspaid to enable convenient and secure deposit and withdrawal options for players globally. We also work with specialized local payment methods like Pay4Fun, Monnet, and FIAT Systems for certain countries.

### **Other Key Suppliers**

In addition, we utilize specialized suppliers for compliance (OneTrust), fraud prevention (Covery), legal services, marketing, and customer support. All key suppliers are leaders in their respective fields. Contracts contain appropriate notice periods, and backup providers are secured where feasible to guarantee continuity of service if required.

### **Ongoing Due Diligence**

Thorough due diligence is undertaken during the supplier onboarding process and on an ongoing basis through the relationship. This includes regulatory compliance, ownership structure, financial health, security measures, and operational policies and procedures.

### **Business Continuity Planning**

Detailed business continuity and disaster recovery plans have been developed to manage any potential disruptions with key suppliers or technologies. This includes failover to backup systems, contracted minimum service levels, and activating replacement suppliers if required.

### **Compliance**

All existing and potential new suppliers, games, and technologies are evaluated to ensure compliance with the regulatory requirements of our Curacao gambling license. Only approved platforms, games, and partners that meet both technical and legal standards can be integrated into our operations.

By partnering with established, regulated suppliers and implementing risk management strategies, we are confident the operations are scalable, resilient, and compliant with licensing regulations.

## 6. Risk evaluation and management

At Faro Entertainment N.V., we utilize a comprehensive risk management framework tailored to the gambling sector to maintain profitability, compliance, and our reputation as a trusted online gambling operator.

### **Risk Assessment**

A systematic risk assessment process is conducted annually and more frequently as needed by the Compliance Officer. Risks specific to operating an online casino and sportsbook are evaluated, including:

- Financial risks like credit, liquidity, foreign exchange
- Operational risks like IT systems, data security, business continuity
- Compliance risks like licensing conditions, regulatory changes, AML
- Reputational risks like fair games, responsible gaming, player disputes
- Strategic risks like competition, mergers and acquisitions, regulatory changes

Both quantitative and qualitative analyses are performed to determine likelihood and potential impact. Risks are documented in a detailed register with mitigation plans and assigned owners.

### **Risk Mitigation**

Targeted mitigation strategies are developed and implemented to reduce inherent risks in gambling. Examples include:

- Ongoing audits of game operations, financial transactions
- Responsible gaming features like deposit limits, loss limits, self-exclusion
- Anti-money laundering controls including sanctions screening, transaction monitoring
- Diversified payment processing and redundancies to avoid disruption
- Information security measures like encryption, access controls, cyber monitoring
- Rigorous supplier due diligence and agreements to ensure continuity
- Dispute resolution process and proper record-keeping for player complaints
- Proactive compliance to address regulatory changes and license conditions

### **Oversight and Reporting**

The respective key function holders regularly reviews reports on key risks, compliance, audits, data security, responsible gaming, disputes and other matters. The Risk Committee meets monthly to discuss emerging issues, trends, and mitigation strategies. Action is taken swiftly if risk appetite thresholds are exceeded.

We perform ongoing compliance control testing for licensing requirements like age and identity verification, geo-blocking, AML transaction monitoring, and game operations. Any exceptions are quickly remediated.

With this tailored framework, we maintain effective oversight of gambling-specific risks while upholding player interests. This provides assurance of integrity to all stakeholders including players, affiliates, and regulators.

### **Internal audit**

Internal auditor shall conduct internal audits through external qualified and experienced in those specific fields individuals or companies. The principal objective of the internal audits shall be to identify the activity's risks and provide assistance to the Director of Faro and to the Directors independently, so that it may efficiently practice its responsibilities.

The internal auditors will report directly to the Director. Accordingly, the Director will take all necessary measures so that the internal auditor may practice their duties free of any internal obstacles.

The main scope of the internal auditors will be:

- the evaluation of the adequacy and effectiveness of Faro's internal control systems;
- the prevention and administration of risk connected to its operation;
- the quality of operating performance on an ongoing basis.

The internal audits will ensure the Faro's legitimate operations, according to the:

- all the applicable laws and rules;
- the Director's decisions and guidelines;
- the procedures and guidelines set by the management of Faro;

The internal auditors will monitor the security of Faro's assets and the undertaking of timely remedial action in order to prevent or combat actions, which might put the Faro's operation at risk.

The internal auditors will make recommendations to the Director regarding the internal controls and the management of the various risks that are associated with the operations, in order to secure a controlled environment in the Faro.

Suspicious transactions shall alert the auditor to decide of the work to be performed.

## **7. Legal and governance framework.**

### **Oversight and Membership**

In our organization, we uphold a governance framework that emphasizes the authority and responsibility vested in our director. All decisions, both strategic and operational, are made unilaterally by the Director, reflecting a commitment to efficiency, clarity, and accountability.

At the heart of our corporate governance structure is a recognition of the director's leadership role. With a deep understanding of the organization's objectives, values, and stakeholders, the director possesses the insight and judgment necessary to navigate complex challenges and seize opportunities effectively. As such, decisions are entrusted solely to the director, ensuring swift and decisive action in pursuit of our corporate mission.

This unilateral decision-making approach streamlines the decision-making process, eliminating bureaucratic hurdles and fostering agility in our operations. By centralizing authority in the director, we enhance our ability to adapt to changing market dynamics, respond promptly to emerging threats, and capitalize on emerging opportunities. This proactive stance enables us to maintain a competitive edge in today's dynamic business environment.

Transparency and communication are paramount within our governance framework. While decisions rest with the director, there is a commitment to open dialogue and information sharing throughout the organization. This ensures that stakeholders understand the rationale behind decisions, fostering trust and alignment with our corporate vision.

Additionally, robust oversight mechanisms are in place to safeguard against potential risks associated with unilateral decision-making. Regular reviews, audits, and performance evaluations provide checks and balances, ensuring that decisions align with our organizational objectives and values.

Ultimately, our corporate governance model reflects a balance between empowerment and accountability. By entrusting decision-making authority to the director, we empower swift action and strategic vision. Simultaneously, our commitment to transparency, oversight, and communication reinforces accountability, ensuring that decisions are made in the best interests of our stakeholders and the long-term sustainability of our organization.

### **Legal Support and Advice**

Faro Entertainment N.V. secures legal support and advice from reputable law firms specializing in gaming and corporate law. These legal experts provide guidance on regulatory compliance, contractual matters, dispute resolution, and any other legal issues relevant to the company's operations.

### **Environmental, Social, and Governance (ESG) Policy**

Faro Entertainment N.V. recognizes the importance of Environmental, Social, and Governance (ESG) factors in conducting its business responsibly and sustainably. The company is committed to:

- **Environmental Responsibility:** Implementing environmentally friendly practices, minimizing carbon footprint, and supporting initiatives for conservation and sustainability.
- **Social Impact:** Promoting diversity, equity, and inclusion within the organization, fostering a safe and inclusive workplace, and engaging in community outreach programs.
- **Governance Excellence:** Upholding high standards of corporate governance, transparency, and ethical conduct in all business operations.

Faro Entertainment N.V. integrates ESG considerations into its decision-making processes, aiming to create long-term value for stakeholders while contributing positively to society and the environment.

## 8. Target KPIs and business objectives

Faro Entertainment N.V. is committed to achieving sustainable growth and maintaining industry leadership in the gambling sector. To measure success and track progress towards long-term objectives, the company focuses on key performance indicators (KPIs) aligned with its strategic priorities.

### Target KPIs:

1. **Player Acquisition and Retention:** Monitor the number of new player registrations and track player retention rates to gauge the effectiveness of marketing and customer engagement strategies.
2. **Revenue Generation:** Measure revenue growth across various product verticals, including casino games, sports betting, and virtual gaming, to ensure profitability and financial sustainability.
3. **Customer Lifetime Value (CLV):** Evaluate the lifetime value of customers by assessing their total spending, frequency of play, and loyalty to the platform, enabling targeted marketing efforts and personalized customer experiences.
4. **User Experience (UX) Metrics:** Analyze user feedback, session duration, and website/app performance metrics to enhance the overall gaming experience and optimize customer satisfaction.
5. **Regulatory Compliance:** Ensure adherence to all regulatory requirements and licensing standards, monitoring compliance-related KPIs such as audit findings, regulatory penalties, and licensing renewals.
6. **Operational Efficiency:** Measure operational performance indicators such as cost per acquisition (CPA), player-to-staff ratio, and platform uptime to optimize resource allocation and streamline business operations.

### Business Objectives:

1. **Market Expansion:** Expand into new geographical markets and target demographics, leveraging market research and strategic partnerships to capitalize on emerging opportunities.
2. **Product Innovation:** Continuously innovate and enhance the gaming platform, introducing new features, games, and betting options to meet evolving customer preferences and market trends.
3. **Brand Recognition:** Strengthen brand awareness and reputation through targeted marketing campaigns, sponsorships, and community engagement initiatives, positioning Faro Entertainment N.V. as a trusted and preferred gaming destination.
4. **Customer Engagement:** Foster strong relationships with customers through personalized marketing communication, loyalty programs, and responsive customer support, driving repeat business and customer advocacy.
5. **Risk Management:** Proactively identify and mitigate operational, financial, and regulatory risks, implementing robust risk management strategies and contingency plans to safeguard the company's reputation and financial health.

#### **Long-Term Vision:**

Faro Entertainment N.V. envisions becoming one of the leaders in the Gambling industry, recognized for its innovative gaming platform, exceptional customer experience, and commitment to responsible gaming practices. By achieving sustained growth, maintaining regulatory compliance, and prioritizing customer satisfaction, the company aims to deliver long-term value to its stakeholders while contributing positively to the gaming ecosystem and society at large.

## **9. Policies and Procedures**

Policies and procedures have been drafted and implemented internally by experienced experts in gambling industry. Our Company is committed to upholding robust governance practices that ensure transparency, accountability, and efficiency. To this end, we have established clear timelines for decision-making processes and governance procedures. We prioritize timely communication and action to address matters requiring attention from the Curacao Gaming Control Board (GCB). Our commitment includes:

**Transparent Communication:** Faro pledges to keep the GCB apprised of all relevant developments, decisions, and issues in a timely manner. This ensures that the GCB remains informed and empowered to fulfil its oversight responsibilities effectively.

**Timely Reporting:** Any significant events, policy changes, or emerging risks will be promptly communicated to the GCB, enabling timely evaluation and response.

At the moment Faro has the following policies in place:

1. Anti-money laundering Policy (inter alia, includes Procedures for Cash Transaction, player identification and verification policies and procedures, account closure, Anti-money laundering Procedures);

2. Information Security Policy;
3. Responsible Gaming Policy;
4. Data Protection Policy;
5. Customer Complaints Policy;
6. Policies and procedure for player account and fund management functions.