



ONLINE CASINO

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1 EXECUTIVE SUMMARY

1.1 PROJECT SUMMARY

The initiator of the project is Alasia soft B.V. a company incorporated in Curacao.

Service will be provided by FERTAMI LTD, a company incorporated in the Republic of Cyprus, reg number HE 413010, with its registered office at: Valaoriti 5, Flat/Office 102, Latsia, 2220, Nicosia, Cyprus. Technical support is provided by a specialist: Natalia Shalamonova (Head of Marketing)

e-mail: n.shalamonova@gmail.com, tel: +35795782100.

The website is under construction. The domain is winwin.bet. The list of game providers:

- AleaPlay
- Barbara Bang
- DLV
- Espresso Games
- KA Gaming
- LuckyStreak
- Mascot
- Mancala
- MultiSlot
- Netgame
- Onlyplay
- PG Soft
- tvgames
- Winfinity
- LiveG24
- Zillion

The project involves the creation of a company offering online games improved by technologies that attract players, based on the experience of working in 7 casinos that have already been created with the participation of the founders of a new gaming platform.

The security payment, in the event of the closure of the online casino for internal reasons or other objective reasons, is returned to the casino owners, but must remain unused during the operation of the online casino as a deposit in case of winning the jackpot, i.e. losses can be minimal.

1.2 A LIST OF THE GAMES

Main types of casino games:

- Type 1 – Games of chance played against the house, the outcome of which is determined by a random generator, and shall include casino type games, including roulette, blackjack, baccarat, poker played against the house, lotteries, secondary lotteries and virtual sports games.
- Type 2 – Games of chance played against the house, the outcome of which is not generated randomly, but is determined by the result of an event or competition extraneous to a game of chance, and whereby the operator manages his or her own risk by managing the odds offered to the player.
- Type 3 – Games of chance not played against the house and wherein the operator is not exposed to gaming risk, but generates revenue by taking a commission or other charge based on the stakes or the prize, and shall include player versus player games such as poker, bingo, betting exchange, and other commission based games.
- Type 4 – Controlled skill games.

The Casino presented:

- Type 1: roulette, blackjack, baccarat, poker played against the house, lotteries;
- Type 2: sportsbetting.

1.3 RISKS

Potential loss of funds

At the first stage, losses of funds spent on registration, rent and office equipment are possible,

The security payment, in the event of the closure of the online casino for internal reasons or other objective reasons, is returned to the casino owners, but must remain unused during the operation of the online casino as a deposit in case of winning the jackpot, i.e. losses can be minimal.

Risk insurance

Thanks to the combined 10 years of experience in the field of online casinos of the founders and co-owners of the project and the managerial experience of the project mentor, the risks of entering the market will be minimized as much as possible.

1.4 SOCIAL EFFECTIVENESS OF THE PROJECT

The sum of all taxes transferred by the enterprise as a tax subject and as a tax agent in aggregate for the project period will amount to 8 380,0 thousand euro.

In total the company will employ 6 people.

1.5 INDICATORS OF THE PROJECT

The economic efficiency of the project was confirmed by calculating traditional financial indicators used in project analysis.

Table 1. Indicators of the project

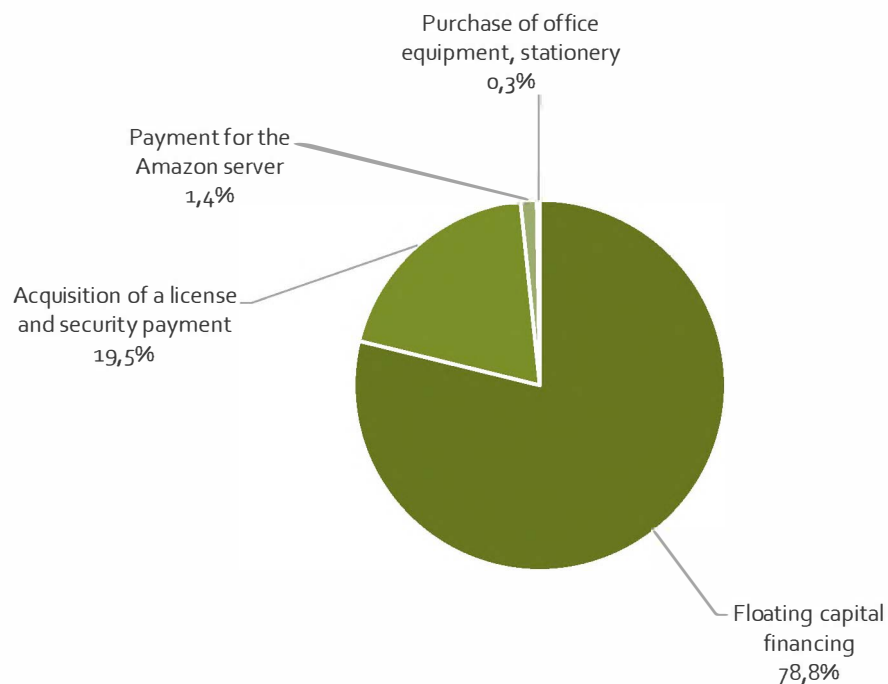
No	Name of the index	Value of the index
1	Calculation period of the project, year	5,0
2	Calculation period of the project, month	60
3	Laid-down capital (LDC),	923 400
4	Sum of proceeds (SP), incl. VAT,	63 848 333
5	Sum of proceeds (SP), excl. VAT,	63 848 333
6	Net average operational receipts per month (NAOR),	525 415
7	Average demand balance per month (ADB),	7 640 637
8	Net profit for the project period,	31 524 897
9	Net value (cash balance (NV)),	29 625 392
10	Average profitability for the project period (net profit to proceeds	49,4%
11	Discounting rate (DR), %	19,2%
12	Net present value (NPV),	16 692 753
13	Net present value (NPV), incl. terminal value (DTV),	18 324 842
14	Average Rate of Return of investments (ARR)	682,8%
15	Return on investment (ROI)	3414,0%
16	Capitalization rate, %	687,0%
17	Profitability index (PI)	88,05
18	Internal rate of return (IRR)	323,5%
19	Modified internal rate of return (MIRR)	14,3%
20	Pay back period of the project in whole (PBP), incl. financing scheme	17 months
		1,4 years
21	Discounted payback period of the project in whole (DPBP), incl. financing scheme	18 months
		1,5 years

2 FINANCIAL SUMMARY

2.1 INVESTMENT SCHEMATIC SHOWING TYPE OF INVESTMENTS, PROJECTED COSTS, EXPLANATION BY WHOM AND SOURCE OF WEALTH

The need for financial resources for the project is 923,4 thousand euro.

Diagram 1. Investments structure



It is planned that the financing of this project will be carried out at the expense of the investor.

35% of the net profit will be sent to reimburse the investor's funds within three years from the date of launch, from the moment when the accumulated profit for the current month becomes more than 0 (from the 10th month of the project).

The amount of payments to the investor for the period of the project will be 2 823 thousand euro.

2.2 FINANCIAL ESTIMATION FOR THE FIRST, SECOND AND THIRD YEAR

Table 2. Cash flow for the first year

[illegible]

Table 3. Cash flow for the second year

Month of the project Month from the project launch Number of days in the period		Total for 5 years	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
			13	14	15	16	17	18	19	20	21	22	23	24
			9	10	11	12	13	14	15	16	17	18	19	20
			31	30	31	31	30	31	30	31	31	28	31	30
Cash flow from INVESTING total	VAT	-195 400	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition of a license and security payment	0%	-180 000	0	0	0	0	0	0	0	0	0	0	0	0
Payment for the Amazon server	0%	-13 000	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of office equipment, stationery	0%	-2 400	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING cash flow total		31 720 297	62 000	102 000	142 000	132 000	210 333	239 704	206 980	238 580	270 180	285 980	317 580	349 180
Proceeds inpayment exd. VAT	VAT	63 848 333	360 000	400 000	440 000	480 000	528 333	560 000	600 000	640 000	680 000	720 000	760 000	800 000
Income from dients	0%	63 840 000	360 000	400 000	440 000	480 000	520 000	560 000	600 000	640 000	680 000	720 000	760 000	800 000
Expenses total	VAT	-32 128 036	-298 000	-298 000	-298 000	-348 000	-318 000	-320 296	-393 020	-401 420	-409 820	-434 020	-442 420	-450 820
Variable costs total		-21 500 000	-260 000	-260 000	-260 000	-280 000	-280 000	-280 000	-300 000	-300 000	-300 000	-320 000	-320 000	-320 000
Advertising costs	0%	-12 320 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000
Additional staff costs	0%	-9 180 000	-40 000	-40 000	-40 000	-60 000	-60 000	-60 000	-80 000	-80 000	-80 000	-100 000	-100 000	-100 000
Fixed costs total		-2 248 000	-38 000	-38 000	-38 000	-68 000	-38 000	-38 000	-38 000	-38 000	-38 000	-38 000	-38 000	-38 000
Salary		-1 568 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000
Accounting (outsourcing)	0%	-168 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000
Office equipment maintenance	0%	-140 000	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500
Hosting	0%	-120 000	0	0	0	-30 000	0	0	0	0	0	0	0	0
Office rent	0%	-84 000	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500
Legal support	0%	-168 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000
Taxes total	%	-8 380 036	0	0	0	0	0	-2 296	-55 020	-63 420	-71 820	-76 020	-84 420	-92 820
Profit tax	21%	-8 380 036	0	0	0	0	0	-2 296	-55 020	-63 420	-71 820	-76 020	-84 420	-92 820
Investing and Operations total		31 524 897	62 000	102 000	142 000	132 000	210 333	239 704	206 980	238 580	270 180	285 980	317 580	349 180
Cash flow from Financial operations total		-1 899 505	0	0	0	0	0	-83 896	-72 443	-83 503	-94 563	-100 093	-111 153	-122 213
Co-investor's investment	100%	923 400	0	0	0	0	0	0	0	0	0	0	0	0
Refunds to co-investor		-2 822 905	0	0	0	0	0	-83 896	-72 443	-83 503	-94 563	-100 093	-111 153	-122 213
TOTAL CASH FLOW OF THE PROJECT		29 625 392	62 000	102 000	142 000	132 000	210 333	155 808	134 537	155 077	175 617	185 887	206 427	226 967
progressive total (cash balance)		29 625 392	106 000	208 000	350 000	482 000	692 333	848 141	982 678	1 137 755	1 313 372	1 499 259	1 705 686	1 932 653

Table 4. Cash flow for the third year

		Total for 5 years	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Month of the project			25	26	27	28	29	30	31	32	33	34	35	36
Month from the project launch			21	22	23	24	25	26	27	28	29	30	31	32
Number of days in the period			31	30	31	31	30	31	30	31	31	28	31	30
Cash flow from INVESTING total	VAT	-195 400	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition of a license and security payment	0%	-180 000	0	0	0	0	0	0	0	0	0	0	0	0
Payment for the Amazon server	0%	-13 000	0	0	0	0	0	0	0	0	0	0	0	0
Purchase of office equipment, stationery	0%	-2 400	0	0	0	0	0	0	0	0	0	0	0	0
OPERATING cash flow total		31 720 297	364 980	396 580	428 180	420 280	475 580	507 180	522 980	554 580	586 180	601 980	633 580	665 180
Proceeds inpayment exd. VAT	VAT	63 848 333	840 000	880 000	920 000	960 000	1 000 000	1 040 000	1 080 000	1 120 000	1 160 000	1 200 000	1 240 000	1 280 000
Income from dients	0%	63 840 000	840 000	880 000	920 000	960 000	1 000 000	1 040 000	1 080 000	1 120 000	1 160 000	1 200 000	1 240 000	1 280 000
Expenses total	VAT	-32 128 036	-475 020	-483 420	-491 820	-539 720	-524 420	-532 820	-557 020	-565 420	-573 820	-598 020	-606 420	-614 820
Variable costs total		-21 500 000	-340 000	-340 000	-340 000	-360 000	-360 000	-360 000	-380 000	-380 000	-380 000	-400 000	-400 000	-400 000
Advertising costs	0%	-12 320 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000	-220 000
Additional staff costs	0%	-9 180 000	-120 000	-120 000	-120 000	-140 000	-140 000	-140 000	-160 000	-160 000	-160 000	-180 000	-180 000	-180 000
Fixed costs total		-2 248 000	-38 000	-38 000	-38 000	-68 000	-38 000	-38 000	-38 000	-38 000	-38 000	-38 000	-38 000	-38 000
Salary		-1 568 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000	-28 000
Accounting (outsourcing)	0%	-168 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000
Office equipment maintenance	0%	-140 000	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500	-2 500
Hosting	0%	-120 000	0	0	0	-30 000	0	0	0	0	0	0	0	0
Office rent	0%	-84 000	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500	-1 500
Legal support	0%	-168 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000	-3 000
Taxes total	%	-8 380 036	-97 020	-105 420	-113 820	-111 720	-126 420	-134 820	-139 020	-147 420	-155 820	-160 020	-168 420	-176 820
Profit tax	21%	-8 380 036	-97 020	-105 420	-113 820	-111 720	-126 420	-134 820	-139 020	-147 420	-155 820	-160 020	-168 420	-176 820
Investing and Operations total		31 524 897	364 980	396 580	428 180	420 280	475 580	507 180	522 980	554 580	586 180	601 980	633 580	665 180
Cash flow from Financial operations total		-1 899 505	-127 743	-138 803	-149 863	-147 098	-166 453	-177 513	-183 043	-194 103	-205 163	-210 693	-221 753	-232 813
Co-investor's investment	100%	923 400	0	0	0	0	0	0	0	0	0	0	0	0
Refunds to co-investor		-2 822 905	-127 743	-138 803	-149 863	-147 098	-166 453	-177 513	-183 043	-194 103	-205 163	-210 693	-221 753	-232 813
TOTAL CASH FLOW OF THE PROJECT		29 625 392	237 237	257 777	278 317	273 182	309 127	329 667	339 937	360 477	381 017	391 287	411 827	432 367
progressive total (cash balance)		29 625 392	2 169 890	2 427 667	2 705 984	2 979 166	3 288 293	3 617 960	3 957 897	4 318 374	4 699 391	5 090 678	5 502 505	5 934 872

3 CREW OF THE PROJECT

Vladimir – the Project Manager

More than 7 years of successful project activity in the development of modern platforms for communication, generation and elaboration of project initiatives aimed at achieving strategic goals in the field of creating Internet platforms.

Development of project documentation, selection of a framework for project implementation (rigid or flexible methodologies, depending on the type of project).

Recruitment and management of a project team of over 200 people.

The responsibilities include:

- Project implementation management.
- Communication with investors, customers and potential clients.
- Pre-project survey, collection, analysis, structuring of customer requirements;
 - ◆ definition of goals, objectives and results of the project;
 - ◆ preparation of the project for implementation, determination of "control" points and key parameters;
 - ◆ determination of the scope of work required for the development and implementation of the project;
 - ◆ assessment of the duration of work, drawing up a critical path, assessing and describing risks;
 - ◆ determining the required resources and assessing their cost, creating estimates and project budget;
 - ◆ identification of key competencies required by members of the project team, description of requirements for project roles;
 - ◆ formation of a project team, distribution and assignment by roles;
 - ◆ monitoring deviations from the plan, controlling changes in the project budget, adjusting the plan;
 - ◆ solution of all organizational and administrative issues;
 - ◆ control over the preparation of the necessary project documentation;
 - ◆ reporting on the execution of projects;

- ♦ participation in the development / preparation of tender documents for the implementation of a new project.

Konstantin - Second Project Leader

Qualified Business Analyst with Computer Science and over 6 years of professional experience. Used first-class management and analytical skills at Alabama Casino. In previous positions, the profitability of games in this sector increased by 30%. An in-depth analysis of business processes was also carried out, which increased revenue by 23%. Well acquainted with all types of table and slot machines.

Was responsible for monitoring the actions of dealers and players in the table games section. Ensuring proper handling of money, observing players for cheating or card counting, observing for signs of dealer fatigue, and observing transactions to prevent errors. The main responsibilities were to ensure that the casino and all its employees were in compliance with government regulations, and to ensure that the casino was profitable. Was also required to hire, train, fire and supervise executives and non-executives. Later he was engaged in cryptanalysis, management of regulated portfolios of crypto investments. Responsibilities included: effective execution of transactions and risk management.

Improving investment efficiency.

Marketing research and analysis of cryptoassets, liquidity and market structure.

Communicate effectively with other key internal stakeholders.

Maria - HR Manager

More than 10 years in the field of professional selection and training of personnel in the gambling business and foreign economic activity. The responsibilities included:

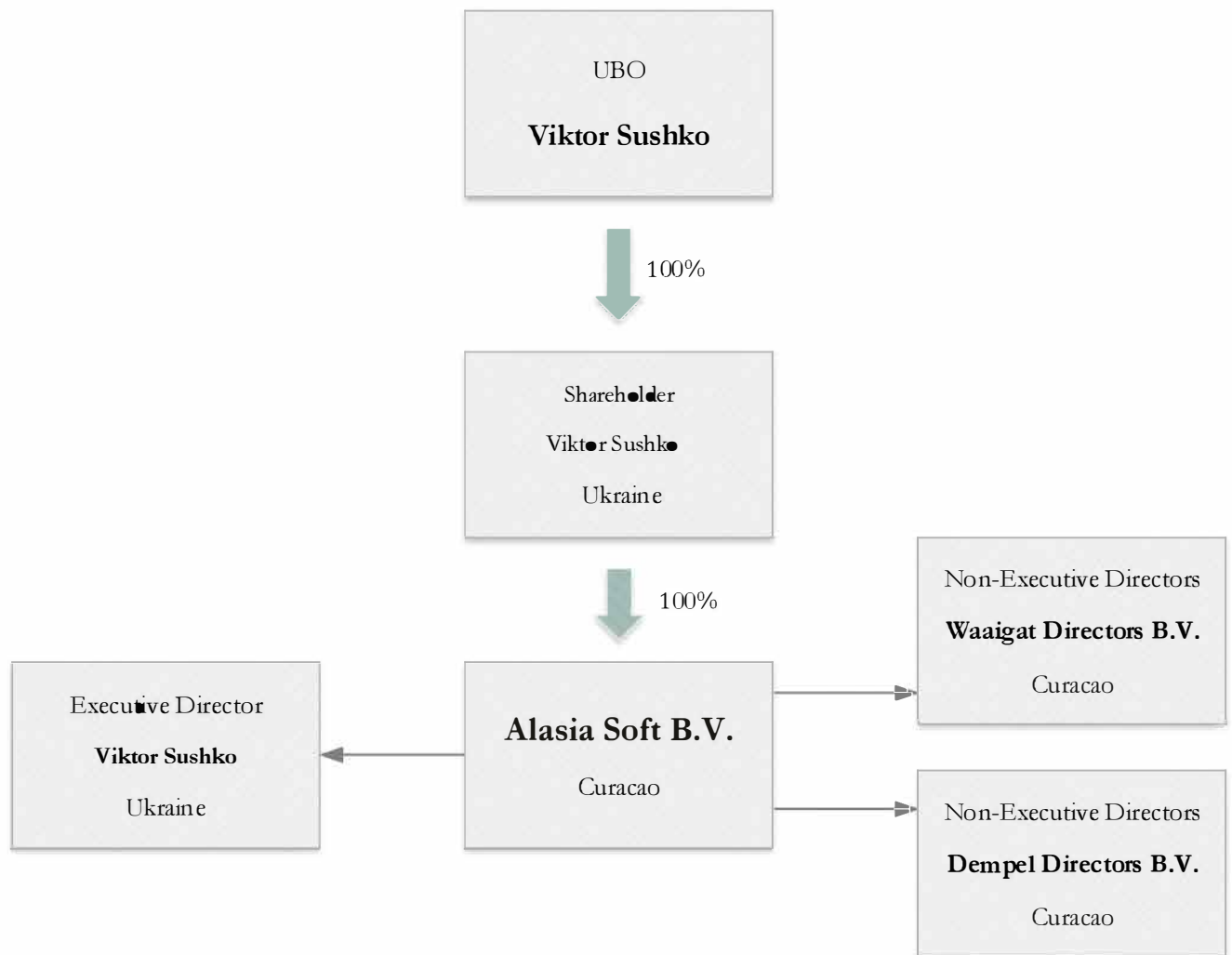
- Development of a marketing plan (SWOT analysis, STEP analysis, consumer segmentation, positioning of company services);
- Organization of the work of the personnel department (subordinate to 150 people).

- Development, planning and organization of the development and training process for the Company's personnel.
- Managing the process of searching, evaluating, selecting and adapting.
- Organization of development of normative and regulatory documentation.
- Development and promotion of HR brand. Formation of positioning as an attractive employer in the external and internal environment.
- Automation of HR processes.
- Support for managers and employees of the Company on any issues of personnel management, labor relations management, Company policy, procedures and laws.
- Participation in pricing;
- Development of new site structures, implementation of pivot tables.
- Development of recommendations to improve the usability of partner sites.
- Writing content for the company's website;
- Preparation and organization of the company's participation in thematic exhibitions;
- Development of RIM (advertising leaflets, leaflets, brochures, business cards, banners, etc.);
- Preparation of information materials about the company;
- Google Analytics - analysis, conclusions, recommendations;
- Working with contextual advertising
- SEO promotion: compilation and analysis of the semantic core, work with contractors;
- Customer feedback support, clarification of the quality of the services provided;
- Development of a marketing plan and presentation to management.

Maxim - PR Manager

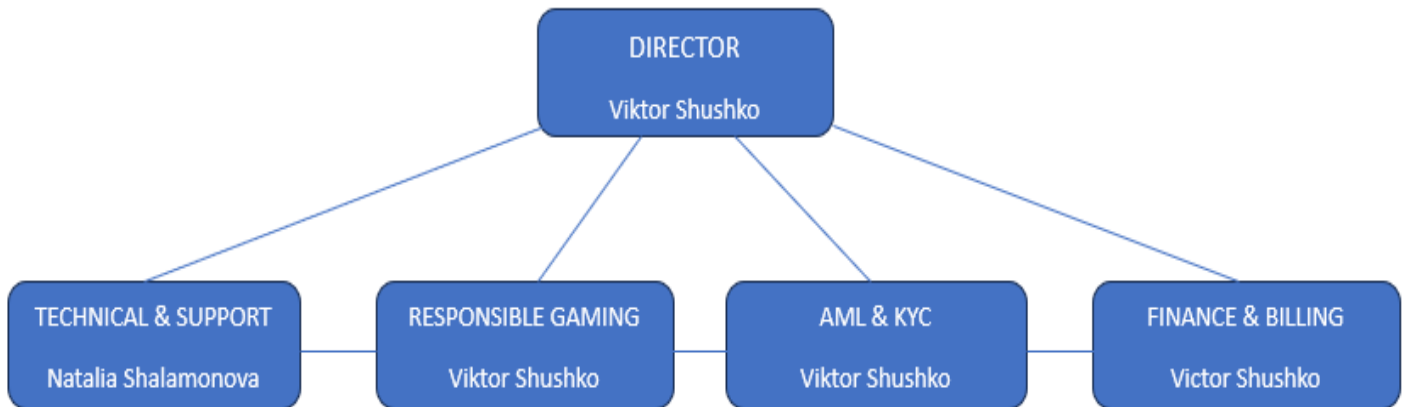
- A wide-profile specialist with extensive experience in developing and implementing a promotion strategy in accordance with the tasks and profile of the company;
- 6 years of experience in negotiation and business correspondence;
- Knowledge of the features of offline and online platforms, the ability to use them effectively;
- Organizational skills

Diagram 2. Organizational Structure of Alasia soft B.V.



Alasia Soft B.V.

Company Control Structure



4 MARKET ANALYSIS

4.1 INCOME AND TURNOVER

2020 has become a successful year for online casinos around the world due to the pandemic and self-isolation. In many countries the revenue of the entire gambling market has grown by a third - at least in relation to the previous 2019. This indicates the robustness and promise of this business model.

Over the past few years 85 countries around the world have legalized online gambling. Online betting and betting in slot machines and other gambling games together account for 70% of the income of all Internet gambling.

Gambling on the global network is very popular due to the wide variety of offers and comfortable gaming process without any restrictions. The largest income from online slot machines is generated in the UK, China, Austria, Germany and Italy.

Research firm Juniper has calculated that online gambling betting turnover will reach \$ 950 billion by 2022 and will continue to grow, Yogonet reports.

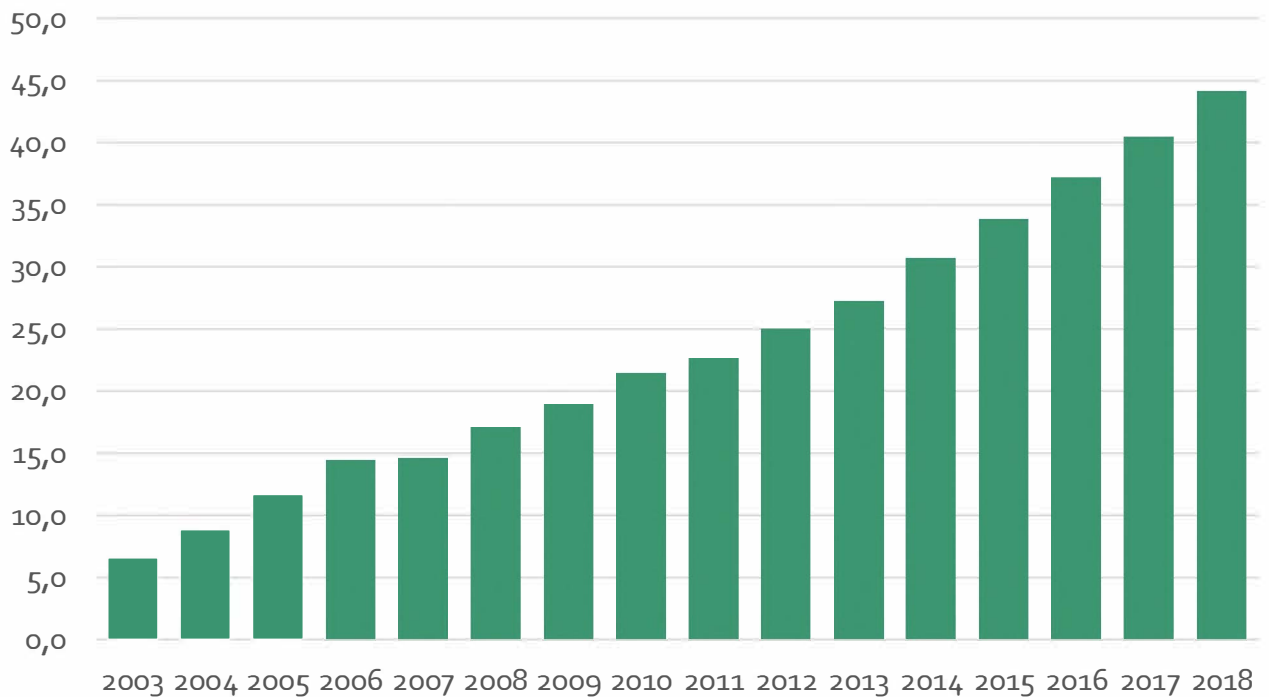
According to Juniper research, gambling is increasingly moving to the online environment. Moreover, the greatest activity is shown by mobile applications. The share of bets made using mobile phones is constantly growing.

The authors of the study also noted that, despite the general trend towards the regulation of national gambling markets, a few countries are moving towards the prohibition of gambling via the Internet and mobile applications.

The global online gambling market already accounts for 13% of the total global legal gambling market and this figure is constantly growing.

About 85 countries have allowed online gambling, according to a study by the American Gaming Association.

Diagram 3. Revenue from online gambling worldwide, billion euros

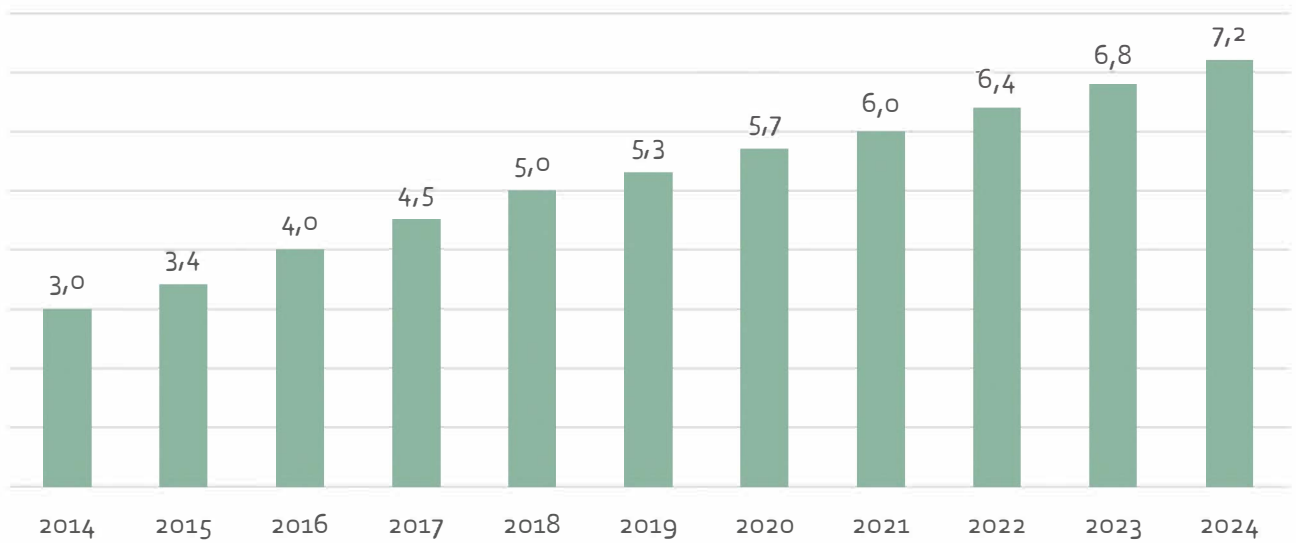


Gross Gaming Revenue is a financial indicator that determines the gross revenues of a gambling establishment. The GGR parameter allows you to track the dynamics of the behavior of gambling players around the world.

BV1sion presented an overview of the online casino market in 2019, including the GGR market predictions. In 2019, GGR was \$ 5.3 billion (up from \$ 5 billion in 2018). It is predicted that GGR will grow further and will reach \$ 5.7 billion this year (2020), and \$ 7.2 billion in 2024¹.

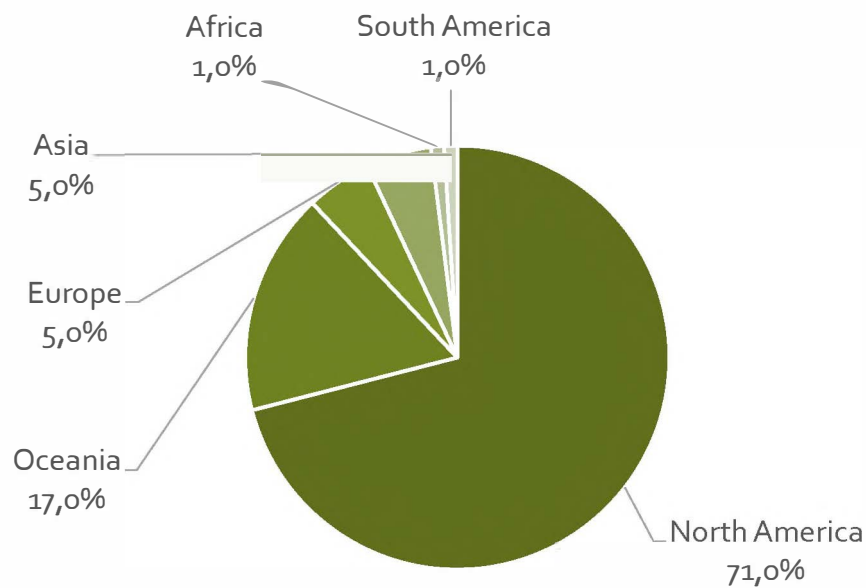
¹ <https://3snet.co/news/2020-forecasts-gambling/>

Diagram 4. Forecast of Gross Gaming Revenue, \$ billion



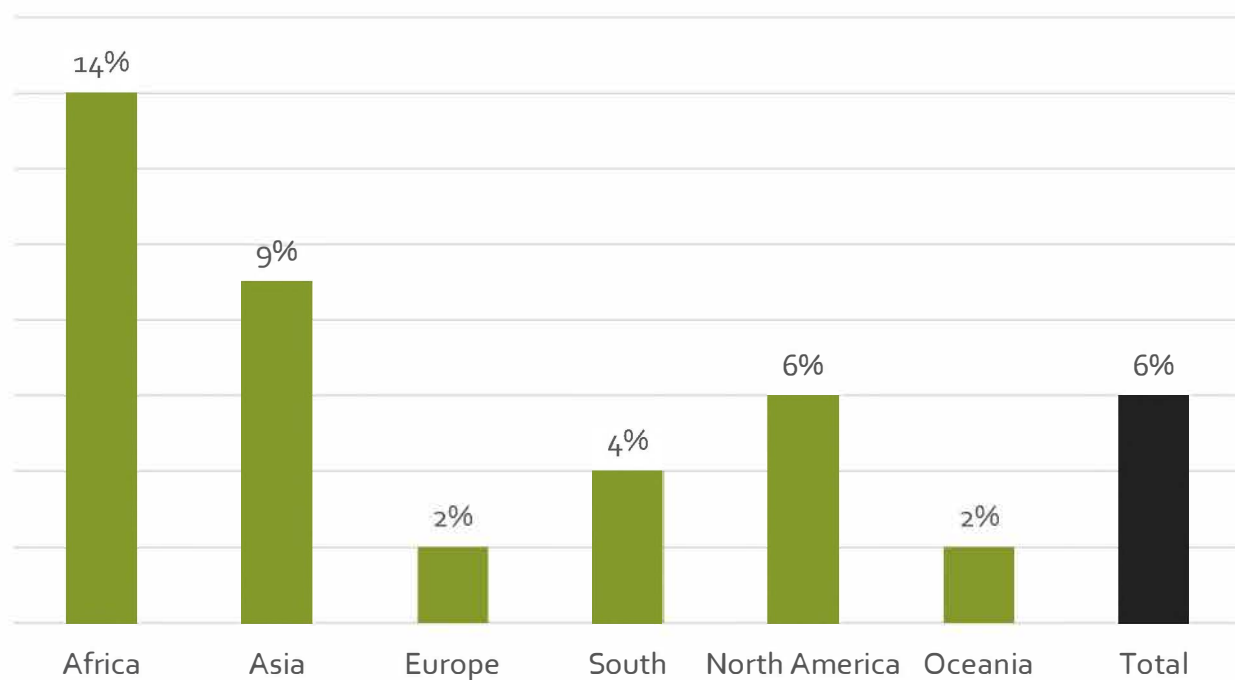
At the same time, Oceania (Fiji, New Zealand, Polynesia, New Guinea, etc.) also has a strong presence with 17% of the global GGR in 2019, significantly ahead of Asia and Europe with 5%.

Diagram 5. Regional structure of gross income of the gambling business in 2019



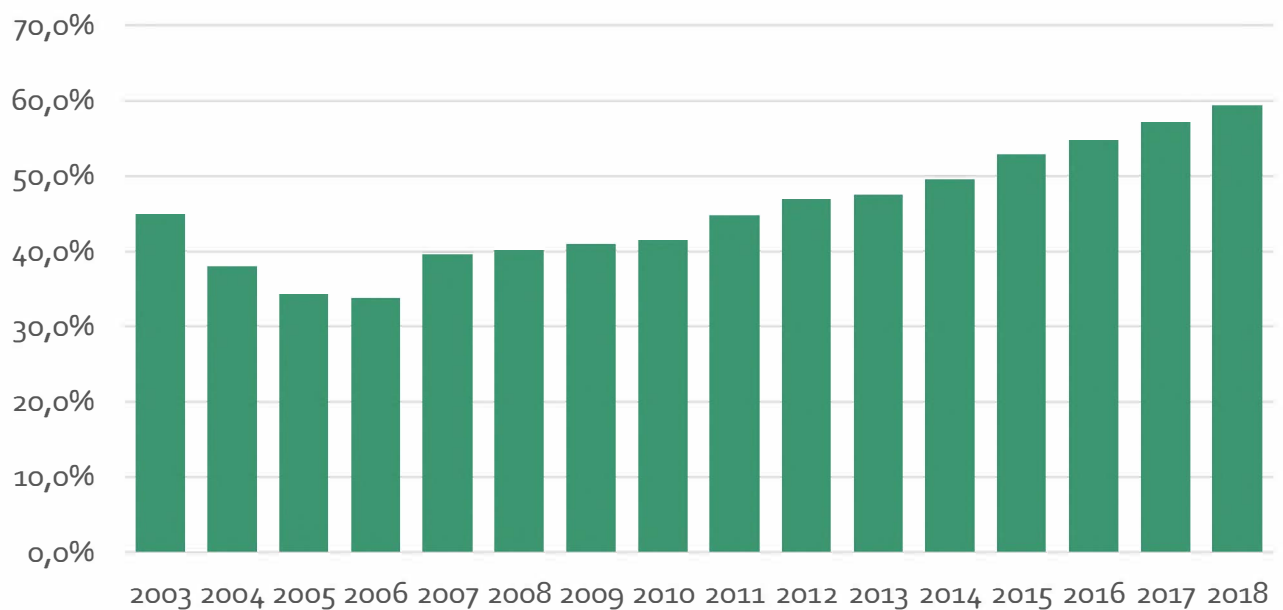
Africa posted the fastest growth rate in 2019 at 14% YoY, while Europe experienced very modest growth.

Diagram 6. Growth in gross income by region in 2019



There was also talk about simplifying the rules. Operators of online gambling operating in the European Union are forced to obtain licenses in several countries, which require licensing. But a more general approach would be better for them. More compliance requirements create unnecessary infrastructure duplication and costs, which adds unnecessary administrative burdens for regulators.

Diagram 7. The share of the "white market" in online gambling revenue worldwide



Since 2003, the market has grown by an average of 23% annually. The dominant elements were betting, casino and poker. Online gaming is becoming more and more popular, and its progress is driven by factors such as the spread of the Internet, the emergence of new markets and new groups of players.

4.2 NEW GROUPS OF PLAYERS

Since 2004, the number of female Internet users aged 18 to 74 has increased by more than 80%, and men by 60%. Online gambling attracted mostly young men, but now it is becoming more popular among women and older people.

Different types of players have different preferences and reasons to play. Most people do it for fun, others do it to win money, and some do it to relax. Whatever the reason, operators and developers should keep an eye on player preferences. Age differences between players are also increasing as the Internet continues to spread in society. The image of the average male player between the ages of 25 and 35 is becoming increasingly blurred.

According to a study by GP Bullhound, 43% of all online gamblers in 2009 were women. Their favorite segment is still bingo, but they play in different directions. Research shows that the

play behavior of men and women is different. Women tend to play longer and bet lower, while men do it more often and bet more, but the games are shorter.

Bingo is becoming more and more popular because the game offers the opportunity to relax in a social society.

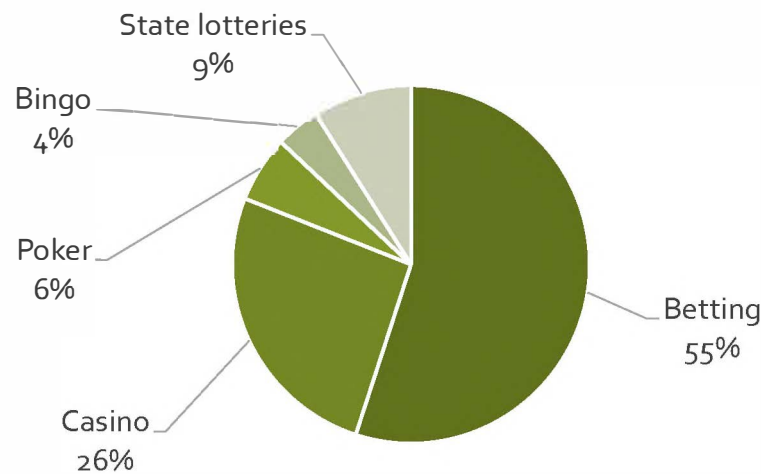
Diagram 8. Share of online gambling income from total gambling income in the world



It is important to note that most of the popular forms of remote gambling today are traditional casino games, betting and poker variations. The popularity of different types of online gambling depends on gender. The bingo industry is expected to have the highest growth rates as more women are interested in the iGaming industry and bingo.

Nevertheless, online gambling is still more popular among men. Young men are especially prone to gambling. Women enjoy playing just as much, but they choose simpler games like lotteries and slots. The difference can be explained by the socialization of the roles of men and women. Betting, casino games and skill games are traditionally associated with male audiences, while women are more accustomed to playing, having fun, rather than getting an adrenaline rush.

Diagram 9. Online gaming revenue by type, 2019



4.3 CURRENT TRENDS IN ONLINE CASINOS

Due to the pandemic and self-isolation in many countries, 2020 has become a very successful year for online casinos around the world: there is an increase in the revenue of the entire online gambling market in the world by a third compared to the previous period last year. And during the crisis of 2008, it practically had no effect on the wallet of online casino customers. This indicates the robustness of this business model.

New technologies are having a profound impact on the gaming market. Active development is predicted for mobile gambling, and only the best new products will withstand competition, which means that users will notice an improvement in the quality of mobile gambling.

All technical changes, including those related to the speed of mobile data transmission, will not be particularly noticeable to end users, they will take place, so to speak, in the background. But the qualitative and specific changes will be on the face.

The main surprise will be virtual reality in online gambling. Thanks to the development of Microsoft HoloLens, HTC Vive and Playstation VR, video slots and other online games will become more spectacular and amazing than ever before soon.

Virtual reality technology

New advances in VR technology make it possible to faithfully reproduce the emotions and physiological sensations experienced by a person in a real casino. With the help of virtual reality glasses, anyone who wishes today can walk through the hall of a masterfully recreated gambling establishment, talk to the dealer and place bets at any gaming table.

Such giants of the gaming market as Microgaming, Novomatic, NetEnt, Lucky VR, Topgame Technology and others are working in the direction of the development of virtual reality games.

Back in the winter of last year, at the international conference ICE Totally Gaming, Microgaming presented an impressive stand, where the virtual roulette game was demonstrated. The software used has clearly shown that virtual reality is achievable, and a great future awaits it in the gambling industry.

The company NetEnt is actively studying VR technologies. Visitors to exhibitions dedicated to online gambling have already repeatedly experienced the Jack and the Bean Tree slot machine. The amazingly realistic journey was appreciated by both players and competitors.

Talking about their achievements in the field of virtual reality, Novomatic representatives note the main advantages of realistic online games: full immersion in the gameplay; incredible emotions, even brighter than in real life; the ability to use the resource in any convenient place where there is an Internet connection; exciting and varied plots.

Novomatic is one of the pioneers in the implementation of VR technology in online gambling, which has many new developments.

Recently, the idea of the possibility of integrating virtual gameplay into social networks has been repeatedly expressed. Most likely, such an idea will soon be implemented.

Social games combined with slot machines

Online gambling in a social format is gaining popularity. We recently reviewed the new Castle Builder 2 slot from Microgaming, which evolves gameplay through advances in spinning reels and placing bets.

The advantage of social gambling is that it is much more dynamic and addictive than a traditional slot machine. Such games allow you to choose a playable character and follow different paths depending on the character of the hero. In addition, the characters are invited to develop: to accumulate experience, skills and achievements, and due to this, get more favorable conditions for the game. The role of the reel slot machine is that the winning combinations not only bring money, but also the resources necessary to continue in the game.

Currently, slot machines with social game capabilities are in great demand, so many developers are working on their creation. In the second half of 2019, several fresh new products were released.

Progressive Poker Jackpot with a live dealer

Slot machines with a progressive jackpot are chosen by many gamblers, as this is a chance to win a large cash prize. Now this technology is smoothly spreading to poker. Evolution Gaming has already introduced the world's first Jumbo 7 Progressive Jackpot in Live Casino Hold'em!

The initial size of the jackpot is 1,000,000 euros, but since it is cumulative, the amount increases in proportion to the activity of the players. Evolution Gaming Product Director Todd Haushalter noted that the jackpot could grow to an incredible € 30,000,000! Agree, playing poker with such a prize at stake is much more fun. The game also has a second level jackpot with lower fixed payments.

Other developers of live online casino games are also considering introducing an attractive progressive jackpot for players.

Live-games

Live dealer games have become very popular in the past year. And this is just the beginning of their successful development. This year, it is expected to further popularize live games in conjunction with VR technology. The developers plan to create even more realistic games with improved functionality and open new studios for broadcasting games in real time.

Skill games

Most modern players rely not only on luck, but also on their own skills. This inspired many providers to develop platforms containing strategy games. They need to apply certain skills, which is very attractive for players. This promises immense popularity for skill games soon.

Gamification

This concept implies the use of game dynamics and game thinking to attract an audience to the process and solutions to marketing problems. Gamification will no doubt become a new trend in gambling and promises new missions, competitions, bonus programs and rewards to attract gamblers.

Entertainment content

Online casino operators strive to keep users on their resource in every possible way. Now, in addition to chats, special sections with useful non-game content will be used for this: movies, TV series, music videos and TV shows. In addition, plot details of many slots will appear in online casinos.

Big data

Another trend of the current year will be Big Data technology. It provides the collection and storage of a huge amount of information and is indispensable for the progressive online gambling industry. Thanks to the ability to analyze and sort a large amount of data, games will effectively adapt to the interests and needs of the target audience.

Mergers and acquisitions

According to experts' forecasts, the development of the gambling market is so rapid that by 2022 its volume will exceed \$ 60 billion. So, in 2021, gambling companies will expand and increase their capital.

Messengers

The new possibilities of the mobile Internet are constantly attracting players. If earlier social networks and telephone means of communication were in trend, now the position of the leader is taken by convenient instant messengers.

Slotegrator is seriously interested in this trend and has created its own Telegram casino. Integration of the gaming platform into the messenger allows users to enjoy gambling on their smartphone at any time.

Individual slots

Creation of slots for individual orders will also be included in the top online casino services. The development of unique slots will allow operators to gain a competitive advantage in the market and maximize brand awareness.

Cryptocurrencies

Cryptocurrencies are famous for such significant advantages as anonymity, convenience, minimum fees and the absence of prohibitions from legislation. Thanks to this, they will become one of the most popular means of payment in the field of Internet gambling. In addition to bitcoin, the following currencies will gain popularity: litecoin, dogecoin, ethereum, ripple, monero, zcash and others.

Currently, the use of cryptocurrencies by customers is alarming, since they are associated with illegal, i.e. gray financial market. At the first stage, it is not recommended to use settlements with clients in cryptocurrency.

Security issues in online gambling

New technologies imply the search for new ways to solve security issues. Moreover, DDoS attacks have become more frequent lately. In the past year, they have done a lot of damage to online bookmaker sites. As it turned out, even large operators with close attention to security issues, such as Britain's William Hill, are not immune from hacker provocations. Last fall, the services of this operator were unstable, and with 5 million revenue a day, the losses will be rightly called significant.

In 2019, a significant proportion of gambling operators' investments were directed towards security.

Women are actively interested in online gambling

The trend of an increase in the number of female gamblers in online casinos was outlined back in 2015. And now it is only getting stronger. According to the research conducted, the fair sex prefers to gamble on personal gadgets and in private. This allows for more leeway and avoids ridicule from male players.

The most active gamblers are women under the age of 35, but older ladies are also not averse to occasionally spinning the reels of slot machines, starting a roulette wheel or throwing cards.

Online casinos made especially for women have already begun to appear, and some operators are conducting advertising campaigns aimed specifically at women.

4.4 MARKET FORECASTS

Research company Juniper calculated that betting turnover in the online gambling segment will reach \$ 950 billion by 2021 and will continue to grow even before the pandemic, according to Yogonet.

According to Juniper research, gambling is increasingly moving to the online environment. Moreover, the greatest activity is shown by mobile applications. The share of bets made via mobile phones is constantly growing.

The authors of the study also noted that, despite the general trend towards the regulation of national gambling markets, a few countries are moving towards a complete ban on gambling via the Internet and mobile applications.

The global online gambling market already accounts for more than 13% of the total global legal gambling market and this figure is constantly growing.

Niche revenue is expected to reach \$ 65 billion by 2021, and the niche itself will undergo a series of changes and reforms depending on the market.

Modern technologies for the gambling business are actively developing. This applies to classic slots, video slots and VR (virtual) - gambling. A young generation of players is entering the market, and companies are doing their best to meet the high requirements. This is how esports betting and skill-based games emerged.

The Asian market is the largest in the world in terms of volume, and every year the demand for gambling is only growing. 2019 showed softening in the field of law - more and more countries are legalizing online betting and even casinos. This trend has moved into 2020, which opens new perspectives for the industry. See also the best deals from Asian casinos at 3snet.

In Africa, the online gambling market is now at the stage of rapid development and growth. The main problem is that currently, in most countries of the continent, casino activities are not regulated in any way (but they are not prohibited at the legislative level either). Therefore, it will take time to fully unleash the potential of this market.

5 RISKS OF OPENING AN ONLINE CASINO

Unstable legislation

Each country has its own rules regarding gambling, which change quite often. You need to understand that, perhaps, the casino owner will need to decide how to reformat the establishment in the event of changes in the law.

Instability of equipment operation

Since the main locale is the internet, it's important that everything runs like clockwork. If the site or server goes down, the casino will suffer serious losses.

Software

The structure of an online casino is a kind of constructor consisting of three types of software (software, or so-called software): a gaming platform, a payment solution, and gaming content.

Payment systems are the least risky category. All payment solutions are seriously tested by regulatory authorities, banks, etc. Here the risk of getting low-quality software is minimized.

The biggest risk for operators is non-original, or so-called pirated, software. As a result, you can lose experienced and serious players who understand software. They will choose the casino that has the original software. Because it guarantees both payouts and a clear return to player (RTP) percentage. Another aspect that operators often overlook is the back doors. Backdoors is a malicious algorithm that programmers often "screw" onto handicraft software to simply steal money from unsuspecting operators. In addition to backdoor, there is a huge number of errors, bugs, which also entail financial losses.

"Pirate" software is an illegal thing. Clients simply cannot know either the final provider or who they are contracting with, because there is a whole chain of intermediaries. At a certain moment, when you invested money in the development of a casino, installed software,

launched a project, spent money on marketing, your provider will simply disappear. This will not happen with the original software, because you always know with whom you have a contract, who is behind this contract and to whom in case of something to contact with problems.

The last aspect is a violation of the copyright law, which is often ignored, but in our country, there is still a possibility to prosecute a person under this law.

A very important aspect when choosing software is security. Serious software development companies spend colossal resources on it. Creation of secure software requires additional time and human resources. Companies deliberately do this in order to end up with a product that will provide security to all customers. And that's something worth working for.

Another very important aspect is the so-called usability, which is often neglected when developing software, because people are chasing functionality. Forgetting about usability, you can face a problem when a lot of unsystematic functionality accumulates on one platform. it is necessary to think about ease of use at all stages: both when drawing up a technical assignment for software development, and subsequently, during modernization and upgrades.

High competition

The owner of a gambling business can receive a lot of money, since this type of service is in great demand. Many seek to occupy a niche, but only casinos with the right approach to business achieve success. You need to tune in to the fact that you must work hard to earn.

Money laundering

Regulatory organizations conduct constant checks about money laundering by criminal structures, financing of terrorism through online casinos. If evidence of inadequate anti-money laundering activities is found, casinos may have their license revoked.

Advertising

Regulatory organizations ensure that gambling advertising is socially responsible, with attention to protecting children, young people and other vulnerable persons from harm or exploitation. This applies to the images of toys, comic book characters, cartoons, fairy tales, brands that children like.

Loss of funds

At the first stage, losses of funds spent on registration, rent and office equipment are possible.

The security payment, in the event of the closure of the online casino for internal reasons or other objective reasons, is returned to the casino owners, but must remain unused during the operation of the online casino as a deposit in case of winning the jackpot, i.e. losses can be minimal.

Risk insurance

Thanks to the combined 10 years of experience in the field of online casinos of the founders and co-owners of the project and the managerial experience of the project mentor, the risks of entering the market will be minimized as much as possible.

6 FINANCIALS

6.1 INVESTMENT PLAN

Volume and structure of investments

The total investment required for the project is 923,4 thousand euro.

The funds raised under the project are planned to be distributed in the following areas of financing:

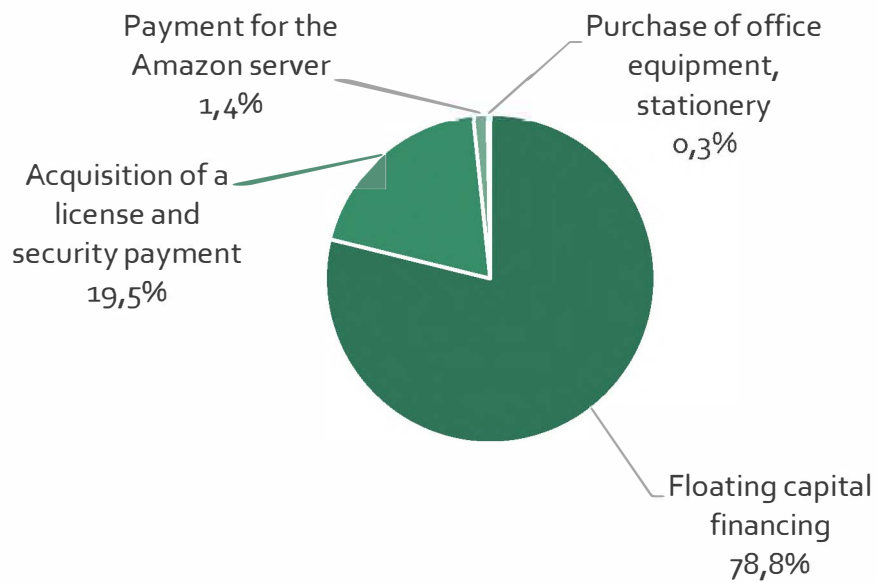
- acquisition of a license and security payment;
- payment for the server "Amazon";
- purchase of office equipment, stationery;
- floating capital financing.

Table 5. Investment budget

No	Name	Value
1	Acquisition of a license and security payment	180 000
2	Payment for the Amazon server	13 000
3	Purchase of office equipment, stationery	2 400
4	Floating capital financing	728 000
5	Investment total exd. floating capital	195 400
Invested capital total (actual need for cash)		923 400

The largest share in investment costs is acquisition of a license and security payment (about 79%).

Diagram 10. Investment cost structure



Project Milestones and Implementation of Investments Schedule

The total project implementation period is 60 months (5 years).

The duration of the investment period (before the launch of the project) is 0,3 years.

In the process of project implementation, the following steps must be completed:

- first stage: acquisition of a license and security payment;
- second stage: payment for the Amazon server;
- third stage: purchase of office equipment, stationery;

A phased work schedule with a financing schedule is presented in the table below.

Table 6. Financial plan, euro

		Total for 5 years	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23
1	Acquisition of a license and security payment	180 000	180 000						
2	Payment for the Amazon server	13 000				13 000			
3	Purchase of office equipment, stationery	2 400				2 400			
4	Floating capital financing*	728 000					218 000	178 000	138 000
Investment total exd. floating capital		195 400	180 000	0	0	15 400	0	0	0
Invested capital total (actual need for cash)		923 400	180 000	0	0	15 400	218 000	178 000	138 000

6.2 INCOME PLAN

Income-generating activities and products

Within the framework of this project, it is planned to receive income from the provision of online casino services.

Scope of services

Project scope of services rendering

The design volume of attracting new clients is 2000 people per month.

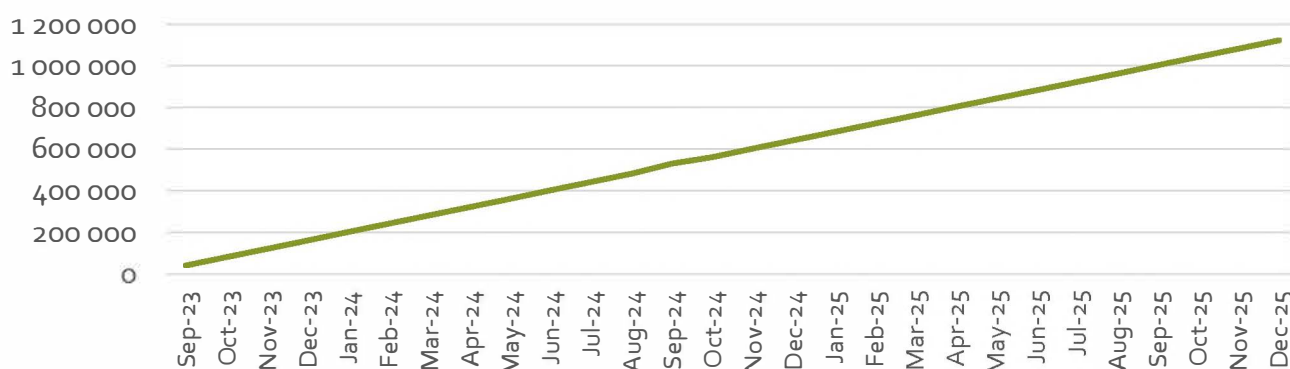
Average income per client is 240 euros per year.

Customer income is 5% of customer turnover in online casinos.

Volume of income

The average monthly income for the project period (5 years), taking into account the gradual reaching the design capacity, will be about 1 064,1 thousand euro. At the beginning of the project, it is planned to have an income of 40,0 thousand euro per month, after the company reaches its design capacity – 944,6 thousand euro per month.

Diagram 11. Dynamics of proceeds from sales and direct costs, euro



The total amount of proceeds for the project period (5 years) will amount to 63 848,3 thousand euro. An aggregate plan for generating income and financing direct costs is presented in the table below.

Table 7. Income and direct cost plan

			Total for 5 years	2024	2025	2026	2027	2028
Physical indicators			Unit	-				
Total number of dents		ppl		40 000	64 000	88 000	112 000	436 000
Number of new dents		ppl	112 000	24 000	24 000	24 000	24 000	8 000
For reference:								
Number of additional staff		ppl	555	25	45	65	85	335
Customer turnover			1 276 800 000	1 008 000 000	216 000 000	331 200 000	446 400 000	174 400 000
Proceeds exd. VAT		Price exd. VAT	63 848 333	5 048 333	10 800 000	16 560 000	22 320 000	8 720 000
	total		63 848 333	5 048 333	10 800 000	16 560 000	22 320 000	8 720 000
Income from dents		20,0	63 840 000	5 040 000	10 800 000	16 560 000	22 320 000	8 720 000
Variable costs exd. VAT		Price exd. VAT	21 500 000	3 160 000	4 120 000	5 080 000	6 040 000	2 220 000
Advertising costs		110,0	12 320 000	2 640 000	2 640 000	2 640 000	2 640 000	880 000
Additional staff costs		4000,0	9 180 000	520 000	1 480 000	2 440 000	3 400 000	1 340 000

6.3 PROJECT COSTS

The following types of costs were identified in this project:

- fixed costs;
- variable costs.

Fixed costs

Staffing and salary

According to the staffing table, the total estimated number of personnel is 6 people with a standard workload with an average salary of 4 667 euro per month.

The total payroll will amount to 28,0 thousand euro per month (336,0 thousand euro per year).

It is planned to pay for the work of all employees of the company on a time-based basis. At the same time, in the future, it is planned to develop a system of financial incentives (bonuses, bonuses, etc.).

Table 8. Staffing table with salaries, euro

No	Position	Number of people	Salary	Total per month
1	Project director	1	5 000	5 000
2	Site developer	1	5 000	5 000
3	Animator-designer	1	5 000	5 000
4	Advertising specialist	1	5 000	5 000
5	Employee	2	4 000	8 000
Total		6		28 000

5 additional staff are employed for every 6000 new clients. The cost of additional personnel is shown in variable costs.

Other current (fixed) expenses

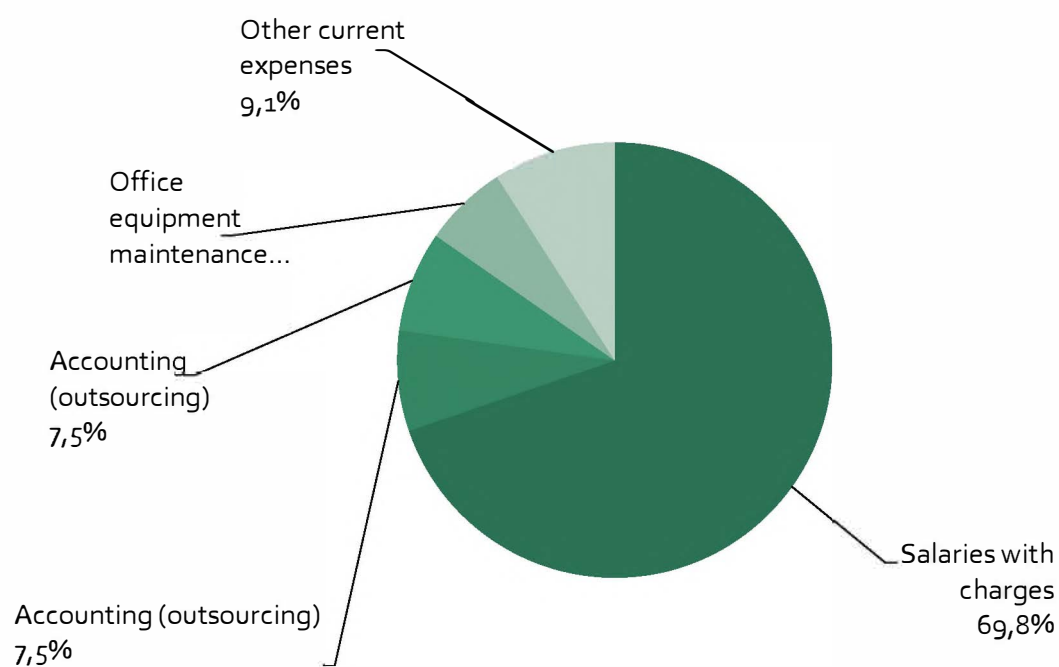
When calculating the financial indicators of this project, current fixed costs with an average amount of 10,0 thousand euro per month were taken into account.

A complete list of ongoing fixed costs is presented in the table below.

Table 9. Fixed costs, euro

No	Item of expense	Total per month	Total per year	For reference
1	Accounting (outsourcing)	3 000	36 000	
2	Office equipment maintenance	2 500	30 000	
3	Hosting	0	30 000	annually in August
3	Office rent	1 500	18 000	
4	Legal support	3 000	36 000	
Total		10 000	150 000	

Diagram 12. The structure of fixed costs (to the total volume of fixed costs)



Variable costs

Direct production costs

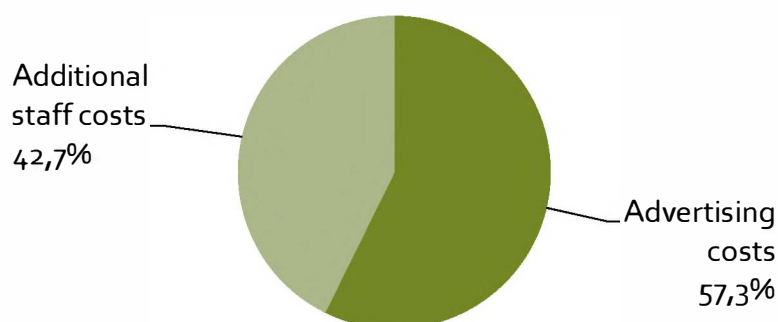
A complete list of current variable costs is presented in the table below.

Table 10. Variable costs, euro

No	Item of expense	Unit	Per unit, total	Calculation base
1	Advertising costs	<i>ppl</i>	110	for 1 client
2	Additional staff costs	<i>ppl</i>	4 000	for 1 person

A detailed plan for financing direct costs is presented in the Appendices.

Diagram 13. Structure of variable costs (to the total volume of variable costs)



Taxes

Taxes of the company as a tax subject

Within the framework of this project, the following types of taxes are taken into account:

- profit tax at rate 2,0%.

The amount of accrued and paid taxes for the project period will amount to 8 351,8 thousand euro, including:

- profit tax – 8 380,0 thousand euro.

Analysis of the break-even point

The break-even point shows the minimum sales volume at which the company does not receive a loss (sales revenue is equal to the cost of production). The financial strength margin shows the possibility of reducing sales to the threshold of zero profitability.

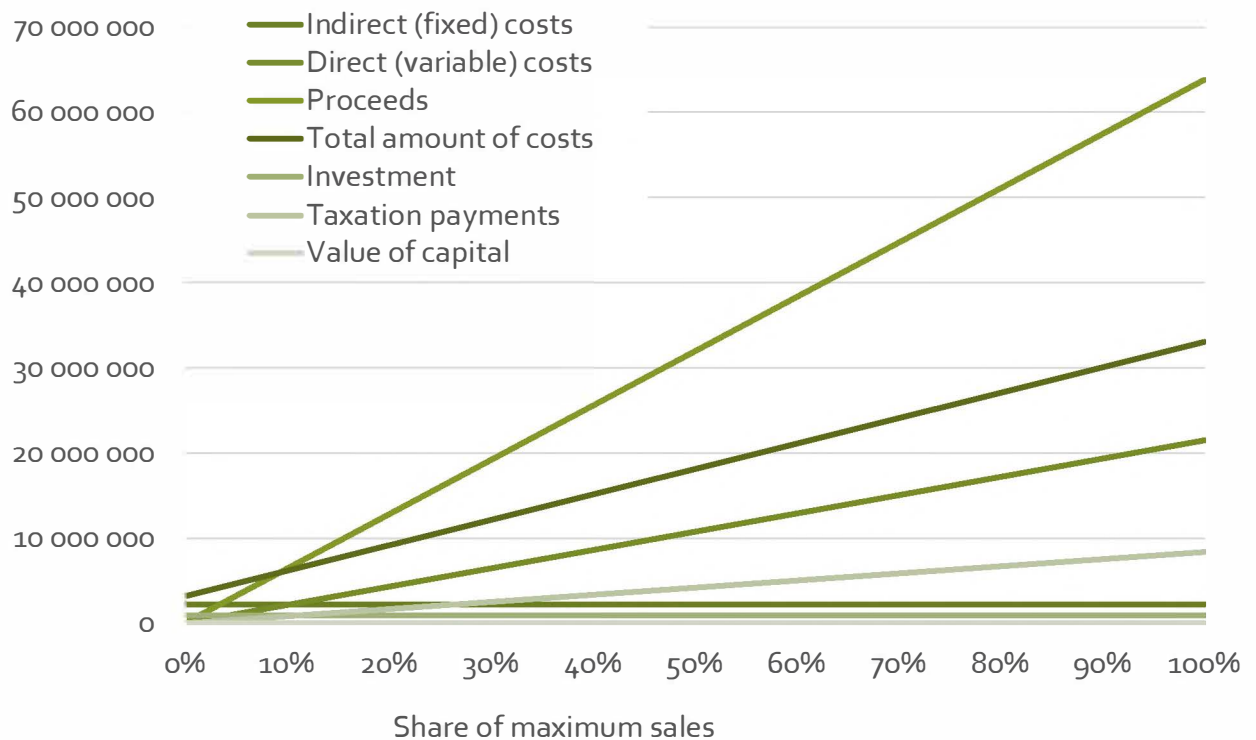
While searching for the break-even point of this project, the following assumptions were used:

- variable costs increase in proportion to the increase in sales (i.e., sales volumes for each line of business increase with the same proportions);
- to analyze the break-even point, considering taxes, the average amount of taxes for the project period per month was taken, which increases in proportion to the growth in sales;
- to analyze the investment break-even of the project (break-even points for the project as a whole), investments and the cost of capital (interest) are included in the same way as fixed costs (do not change with increasing revenue).

As part of the investment project as a whole, taking into account investment costs and the declared sales volume for the entire project period, the break-even sales volume is equal to 5 961,1 thousand euro (9,3% of the total project proceeds).

The financial strength margin reaches 57 887,2 thousand euro (90,7% of the total project proceeds).

Diagram 14. Break-even point of the project as a whole, euro



6.4 FINANCIAL PLAN

Conditions for attracting investment resources

Financial resource requirements and financing structure

The need for financial resources for the project is 923,4 thousand euro.

It is planned that the financing of this project will be carried out at the expense of the investor.

The investor's capital will amount to 923,4 thousand euro (100%).

Conditions for reimbursement of investor funds

35% of the net profit will be sent to reimburse the investor's funds within three years from the date of launch, from the moment when the accumulated profit for the current month becomes more than 0 (from the 18th month of the project).

The amount of payments to the investor for the period of the project will be 2 823 thousand euro.

Indicators of the cash flow plan

The cash flow plan combines three cash flows together:

- investment flow (characterizing long-term investments in the development of the company, as well as possible further income from the sale of these assets);
- operating flow (describing the current activities of the company);
- financial flow (showing the sources of financing investment investments and operating costs).

Investment activities

The balance of the investment cash flow of the project is equal to the aggregate of all long-term financial investments (investment budget), except for working capital - 195,4 thousand euro.

Operating activities

Positive cash flows from operating activities are generated by sales proceeds. Negative cash flows are the company's operating costs.

The amount of proceeds for the period of the project reaches 63 848,3 thousand euro.

Negative cash flow reaches 32 128,0 thousand euro.

Thus, the balance on operating activities at the end of the project will be equal to the amount of net profit and will be 31 524,9 thousand euro.

Financial activities

The financial flow consists of receipts of own and credit funds for financing the project, as well as their subsequent reimbursement.

Thus, the financial balance is zero.

Table 11. Cash flow plan

		Total for 5 years	2023	2024	2025	2026	2027	2028
Month of the project			1 - 8	9 - 20	21 - 32	33 - 44	45 - 56	57 - 60
Month from the project launch			1 - 4	5 - 16	17 - 28	29 - 40	41 - 52	53 - 56
Number of days in the period			245	366	365	365	365	121
Cash flow from INVESTING total	VAT	-195 400	-195 400	0	0	0	0	0
Acquisition of a license and security payment	0%	-180 000	-180 000	0	0	0	0	0
Payment for the Amazon server	0%	-13 000	-13 000	0	0	0	0	0
Purchase of office equipment, stationery	0%	-2 400	-2 400	0	0	0	0	0
OPERATING cash flow total		31 720 297	-632 000	1 281 597	4 893 260	8 685 260	12 477 260	5 014 920
Proceeds inpayment exd. VAT	VAT	63 848 333	400 000	5 048 333	10 800 000	16 560 000	22 320 000	8 720 000
Income from clients	0%	63 840 000	400 000	5 040 000	10 800 000	16 560 000	22 320 000	8 720 000
Expenses total	VAT	-32 128 036	-1 032 000	-3 766 736	-5 906 740	-7 874 740	-9 842 740	-3 705 080
Variable costs total		-21 500 000	-880 000	-3 160 000	-4 120 000	-5 080 000	-6 040 000	-2 220 000
Advertising costs	0%	-12 320 000	-880 000	-2 640 000	-2 640 000	-2 640 000	-2 640 000	-880 000
Additional staff costs	0%	-9 180 000	0	-520 000	-1 480 000	-2 440 000	-3 400 000	-1 340 000
Fixed costs total		-2 248 000	-152 000	-486 000	-486 000	-486 000	-486 000	-152 000
Salary		-1 568 000	-112 000	-336 000	-336 000	-336 000	-336 000	-112 000
Accounting (outsourcing)	0%	-168 000	-12 000	-36 000	-36 000	-36 000	-36 000	-12 000
Office equipment maintenance	0%	-140 000	-10 000	-30 000	-30 000	-30 000	-30 000	-10 000
Hosting	0%	-120 000	0	-30 000	-30 000	-30 000	-30 000	0
Office rent	0%	-84 000	-6 000	-18 000	-18 000	-18 000	-18 000	-6 000
Legal support	0%	-168 000	-12 000	-36 000	-36 000	-36 000	-36 000	-12 000
Taxes total	%	-8 380 036	0	-120 736	-1 300 740	-2 308 740	-3 316 740	-1 333 080
Profit tax	21%	-8 380 036	0	-120 736	-1 300 740	-2 308 740	-3 316 740	-1 333 080
Investing and Operations total		31 524 897	-827 400	1 281 597	4 893 260	8 685 260	12 477 260	5 014 920
Cash flow from Financial operations total		-1 899 505	827 400	-143 842	-1 712 641	-870 422	0	0
Co-investor's investment	100%	923 400	827 400	96 000	0	0	0	0
Refunds to co-investor		-2 822 905	0	-239 842	-1 712 641	-870 422	0	0
TOTAL CASH FLOW OF THE PROJECT		29 625 392	0	1 137 755	3 180 619	7 814 838	12 477 260	5 014 920
progressive total (cash balance)		29 625 392	0	1 137 755	4 318 374	12 133 212	24 610 472	29 625 392

Indicators of Profit and Loss Plan

The amount of proceeds for the project period will amount to 63 848,3 thousand euro. The total volume of direct costs will reach 21 500,0 thousand euro.

Thus, the gross profit is 42 348,3 thousand euro.

Fixed costs for the project period will be 2 248,0 thousand euro.

Profit before tax will be 39 904,9 thousand euro. The amount of income tax (at the current rate of 21,0% of the taxable base) will amount to 8 380,0 thousand euro.

The volume of net profit, taking into account the write-off of the entire amount of investment costs (through depreciation), will reach 31 524,9 thousand euro.

A detailed plan of profit and loss is below.

Table 12. Plan of profit and loss

		2023	2024	2025	2026	2027	2028
Month of the project	Total for 5 years	1 - 8	9 - 20	21 - 32	33 - 44	45 - 56	57 - 60
Month from the project launch		1 - 4	5 - 16	17 - 28	29 - 40	41 - 52	53 - 56
Number of days in the period		245	366	365	365	365	121
Proceeds in payment excl. VAT	63 848 333	400 000	5 048 333	10 800 000	16 560 000	22 320 000	8 720 000
Income from clients	63 840 000	400 000	5 040 000	10 800 000	16 560 000	22 320 000	8 720 000
Direct costs	21 500 000	880 000	3 160 000	4 120 000	5 080 000	6 040 000	2 220 000
Advertising costs	12 320 000	880 000	2 640 000	2 640 000	2 640 000	2 640 000	880 000
Additional staff costs	9 180 000	0	520 000	1 480 000	2 440 000	3 400 000	1 340 000
Gross profit (margin)	42 348 333	-480 000	1 888 333	6 680 000	11 480 000	16 280 000	6 500 000
gross (marginal) profitability	66,3%	-120,0%	37,4%	61,9%	69,3%	72,9%	74,5%
Fixed costs	2 248 000	152 000	486 000	486 000	486 000	486 000	152 000
Salary	1 568 000	112 000	336 000	336 000	336 000	336 000	112 000
Accounting (outsourcing)	168 000	12 000	36 000	36 000	36 000	36 000	12 000
Office equipment maintenance	140 000	10 000	30 000	30 000	30 000	30 000	10 000
Hosting	120 000	0	30 000	30 000	30 000	30 000	0
Office rent	84 000	6 000	18 000	18 000	18 000	18 000	6 000
Legal support	168 000	12 000	36 000	36 000	36 000	36 000	12 000
Earnings before Interest, Taxation, Depreciation & Amortisation (EBITDA)	40 100 333	-632 000	1 402 333	6 194 000	10 994 000	15 794 000	6 348 000
EBITDA profitability	62,8%	-158,0%	27,8%	57,4%	66,4%	70,8%	72,8%
Disposal of investment	195 400	195 400	0	0	0	0	0
Lump-sum costs	195 400	195 400	0	0	0	0	0
Earnings before interest and taxes (EBIT)	39 904 933	-827 400	1 402 333	6 194 000	10 994 000	15 794 000	6 348 000
EBIT profitability	62,5%	-206,9%	27,8%	57,4%	66,4%	70,8%	72,8%
Profit / loss before tax	39 904 933	-827 400	1 402 333	6 194 000	10 994 000	15 794 000	6 348 000
progressive total	39 904 933	-3 297 000	-5 529 467	42 465 200	147 993 200	311 121 200	149 927 733
Profit tax	8 380 036	0	120 736	1 300 740	2 308 740	3 316 740	1 333 080
Net profit	31 524 897	-827 400	1 281 597	4 893 260	8 685 260	12 477 260	5 014 920
net profitability	49,4%	-206,9%	25,4%	45,3%	52,4%	55,9%	57,5%
progressive total	31 524 897	-827 400	454 197	5 347 457	14 032 717	26 509 977	31 524 897

Financial Performance

The project calculation horizon is 60 months (5 years). The investment period of the project (until the launch of the project) is 4 months (0,3 years). The working period of the project (from the launch) is 56 months (4,7 years).

To calculate the financial indicators of the project, taking into account the nature of the project, a discount rate of was adopted.

In total, for the entire period of the project implementation, 63 848,3 thousand euro of sales proceeds will be received.

The total cost for the project period will amount to 32 323,4 thousand euro.

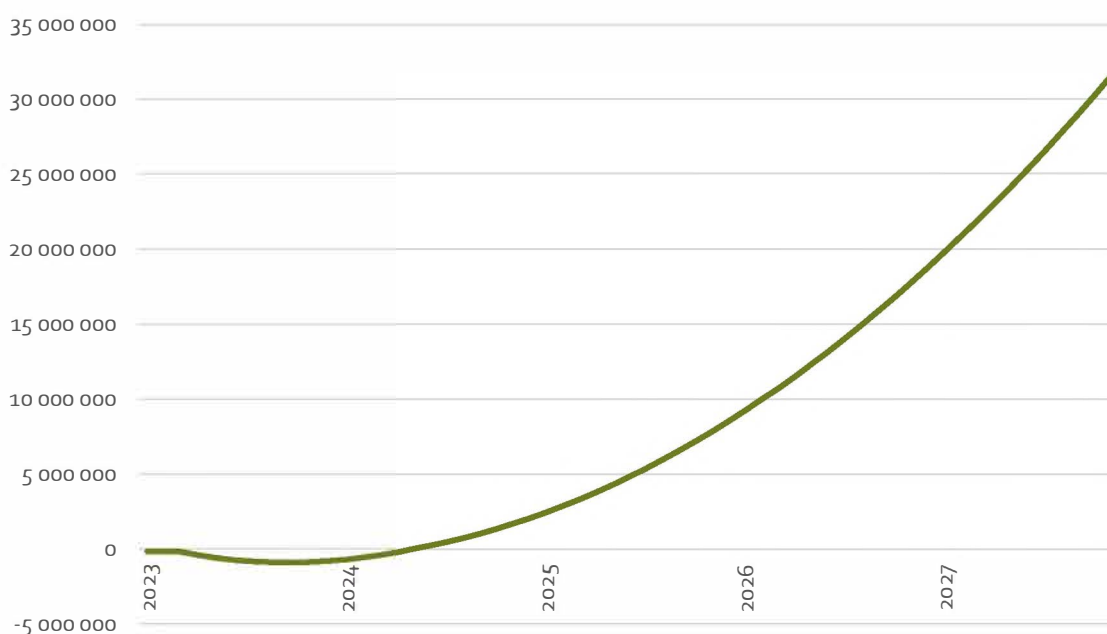
The average monthly net operating income will amount to 525,4 thousand euro. The average current balance of the cash account on the current account for the entire period of the project will amount to 7 640,6 thousand euro.

Net profit upon completion of the project will amount to 31 524,9 thousand euro.

Table 13. Financial and investment indicators of the project

No	Name of the index	Value of the index
1	Calculation period of the project, year	5,0
2	Calculation period of the project, month	60
3	Laid-down capital (LDC),	923 400
4	Sum of proceeds (SP), ind. VAT,	63 848 333
5	Sum of proceeds (SP), exd. VAT,	63 848 333
6	Net average operational receipts per month (NAOR),	525 415
7	Average demand balance per month (ADB),	7 640 637
8	Net profit for the project period,	31 524 897
9	Net value (cash balance (NV)),	29 625 392
10	Average profitability for the project period (net profit to proceeds	49,4%
11	Discounting rate (DR), %	19,2%
12	Net present value (NPV),	16 692 753
13	Net present value (NPV), ind. terminal value (DTV),	18 324 842
14	Average Rate of Return of investments (ARR)	682,8%
15	Return on investment (ROI)	3414,0%
16	Capitalization rate, %	687,0%
17	Profitability index (PI)	88,05
18	Internal rate of return (IRR)	323,5%
19	Modified internal rate of return (MIRR)	14,3%
20	Pay back period of the project in whole (PBP), ind. financing scheme	17 months
		1,4 years
21	Discounted payback period of the project in whole (DPBP), ind. financing scheme	18 months
		1,5 years

Diagram 15. Payback of the project, euro



6.5 PROJECT RISK ANALYSIS

In its most general form, risk is the likelihood of incurring losses or losses.

Investment risk characterizes the likelihood of unforeseen financial losses, its level in the assessment is determined as the deviation of the expected income from investment from the average or calculated value. Therefore, the assessment of investment risks is always associated with the assessment of expected income and their losses.

The purpose of risk analysis is to provide the necessary data for making decisions on the advisability of participating in the project and developing measures to protect against possible financial losses.

Factors affecting the company's activities

During the implementation of the project, as well as during the period of further operation, the enterprise may face various types of risks:

Quantitative risk analysis (sensitivity analysis)

Analysis parameters

A quantitative risk analysis was carried out using the sensitivity analysis method. The method involves the assessment of the maximum possible deviations of the main parameters of the project from the base case while maintaining the minimum positive value (close to zero) of the resulting indicator within the analyzed project horizon.

Critical deviations of key indicators in terms of net present value (the project does not pay off in 5 years) are: a decrease in revenue by more than 58,2%, an increase in investments by more than 2000,0%, an increase in variable costs by 158,5%, an increase in the size of fixed expenses by 1408,2%, an increase in the tax burden by 372,7%, an increase in the amount of accrued and paid interest by more than 2000,0% or an increase in the discount rate by more than 1370,3%.

Priority of factors:

- the most influencing factor - proceeds; the critical deviation reaches 58,2% of the calculated level (with this deviation and higher, the project does not pay off in 5 years);
- the least influencing factor - interest; the critical deviation reaches 2000,0% of the calculated level.

Conclusion

The assessment of possible deviations of the initial parameters allows us to conclude about the low degree of riskiness of the project, since a critical change in the most sensitive parameter (revenue) in relation to the base case, even by 58,2%, allows you to keep the payback within the calculation horizon (no more than 3 years), the project has a reliable margin of financial strength.

Diagram 16. Critical deviations of key project factors (in terms of NPV)

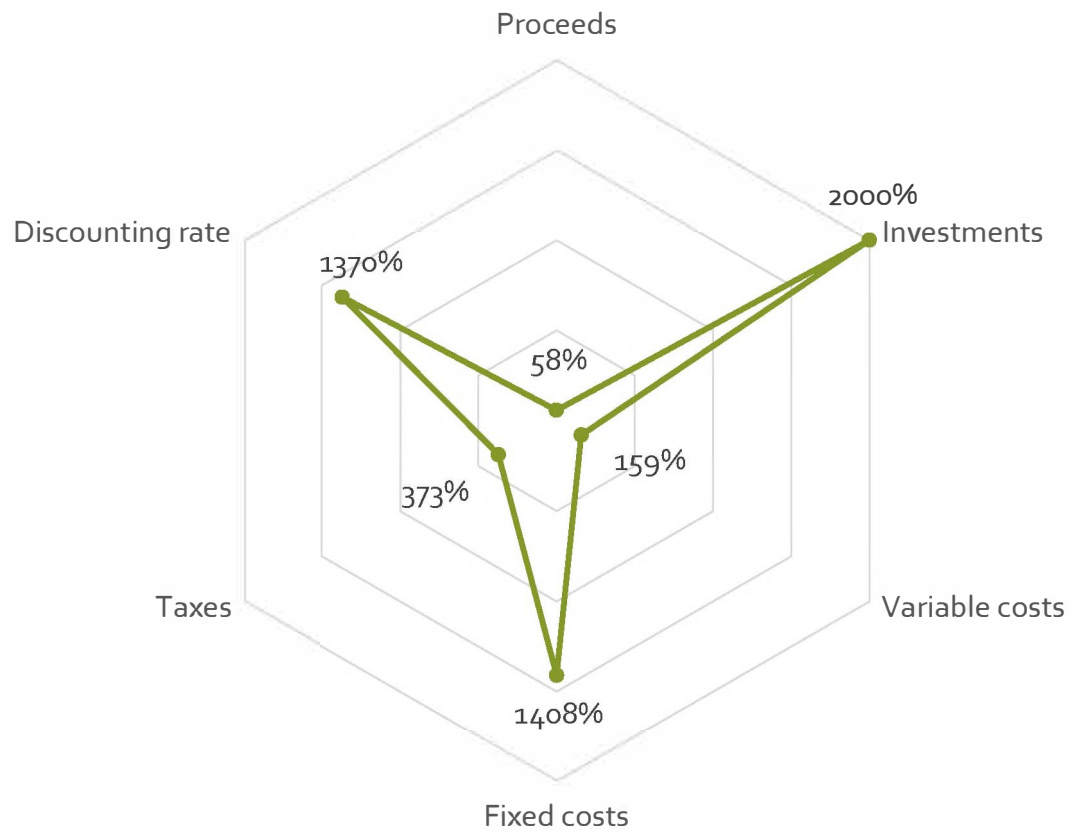


Table 14. Impact of changing individual parameters on project performance indicators

№	Changes	Change of a parameter, %	Net profit,	NPV,	IRR, %	Pay back period of the project in whole (PBP), ind. financing scheme	Discounted payback period of the project in whole (DPBP), ind. financing scheme	Profitability index (PI)	Average Rate of Return of investments (ARR)	Рентабельность вложенных инвестиций (ROI)
	Initial alternative of the project		31 524 897	16 692 753	323,5%	17 months	18 months	88,0465	682,8%	3414,0%
1	Change of proceeds	-10%	26 374 545	13 753 065	229,1%	20 months	21 months	43,4021	451,6%	2258,1%
2		+10%	36 462 582	19 408 247	333,4%	17 months	17 months	60,8376	748,7%	3743,6%
3	Change of investment	-10%	31 468 096	16 604 015	288,3%	18 months	19 months	57,8799	614,0%	3070,1%
4		+10%	31 363 816	16 560 042	271,5%	18 months	19 months	47,4148	575,0%	2874,8%
5	Change of variable costs	-10%	33 117 063	17 608 359	320,2%	17 months	17 months	55,2884	716,8%	3584,1%
6		+10%	29 720 063	15 553 608	244,5%	19 months	20 months	48,9534	489,6%	2448,1%
7	Change of fixed costs	-10%	31 596 155	16 696 211	285,3%	18 months	19 months	52,4761	610,4%	3052,2%
8		+10%	31 240 971	16 466 801	273,8%	18 months	19 months	51,7688	577,1%	2885,7%
9	Change of taxation	-10%	31 418 563	17 026 370	283,2%	18 months	19 months	53,4940	593,9%	2969,6%
10		+10%	31 418 563	16 136 643	275,7%	18 months	19 months	50,7509	593,9%	2969,6%
11	Change of discounting rate	-10%	31 418 563	17 581 587	279,5%	18 months	19 months	55,1198	593,9%	2969,6%
12		+10%	31 418 563	15 654 434	279,5%	18 months	19 months	49,3396	593,9%	2969,6%

Table 15. Sensitivity analysis of the project

№	Parameter (X)	Change of a parameter, %	NPV,	Change of NPV if the Parameter is changed,	Change of NPV if the Parameter is changed, %	NPV deviation to Parameter change $ \Delta \text{NPV}\% / \Delta X\% $	Breaking change of NPV		Breaking change of profit	
							NPV=0	Sensitivity ranking*	Profit=0	Sensitivity ranking*
1	Proceeds	-5%	15 167 560	-1 525 194	-9,1%	1,8	-58,2%	1	-62,3%	1
2	Investments	+5%	16 570 644	-122 110	-0,7%	0,1	+2000,0%	6	+1002,3%	3
3	Variable costs	+5%	16 067 715	-625 039	-3,7%	0,7	+158,5%	2	+185,0%	2
4	Fixed costs	+5%	16 524 154	-168 600	-1,0%	0,2	+1408,2%	5	+1769,1%	4
5	Taxes	+5%	16 359 075	-333 679	-2,0%	0,4	+372,7%	3	+2000,0%	5
6	Discounting rate	+5%	16 109 266	-583 487	-3,5%	0,7	+1370,3%	4		

*Sensitivity level: 1 - the largest sensitivity (even little change in % influences the project considerably)

7 ASSUMPTIONS AND PARAMETERS

7.1 ASSUMPTIONS

General assumptions

The calculation is made at constant prices. It is assumed that in the future, the growth of income and costs will be proportional and will have an equal impact on all market participants.

The residual value of the project's assets at the end of the billing period is not considered when analyzing the integral indicators of the project, since it is not expected to close the enterprise, exit participants and sell assets.

7.2 PROJECT PARAMETERS

Planning horizon and calculation step

A planning horizon of 60 months (5 years) was chosen, which makes it possible to analyze the payback of the project when changing the initial parameters (sensitivity analysis), and also reflects the period of recovery of all or most of the invested funds (investments).

At the same time, the investment period of the project (until the launch of the project) is 4 months (0,3 years). The working period of the project (from the date of launch) is 56 months (4,7 years).

8 TABLES AND DIAGRAMS

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