

BUSINESS PLAN
ROYAL ENTERTAINMENT B.V.

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1. EXECUTIVE OVERVIEW

The changing global gaming environment brings new challenges for companies looking for jurisdictions that incorporate both remote casino and betting services. Therefore, management of ROYAL ENTERTAINMENT B.V. (hereinafter referred to as “Company”) has started looking for prospective countries to make a home ground for offering a variety of online gaming services.

Curaçao has been chosen as it is well-known one of the oldest running online gambling regulators and it has friendly e-gaming regulations. Another point of key importance is favorable tax laws and relatively quick and inexpensive licensing procedure. Curaçao does not put-up massive barriers to entry for potential operators. Favorable licensing scheme with an option to obtain a sub-license which comes with all the benefits of a master license is a great advantage to new companies looking for the optimal way of entering the gambling market.

Curaçao is also attractive for the simplicity of its gambling laws. Only one license is needed for any type of gambling operation should it be a casino, a sportsbook, or a website offering online gambling services. The Curacao jurisdiction’s single license covers all forms of interactive eGaming including: Casinos, Sports betting, Exchanges, Lottery, Games of Skill and Chance. The customer base can be built from different countries and regions.

The process for getting a license in Curaçao is significantly easier in comparison to the jurisdictions of the countries in European Union. Given the aforementioned criteria, the choice of Curaçao among other jurisdictions is a clear front runner.

Combination of the abovementioned factors sealed the decision for establishing presence in Curaçao.

The main target regions of zz-poker.com encompass Rwanda, Kenya, Ghana, Tanzania, Botswana, Nigeria, South Africa, Equatorial Guinea, and any other African countries and other African countries where the company is permitted to operate under Curacao and their respective domicile licenses.

There are already established betting companies in Nigeria and South Africa, which retain a substantial amount of the market share. But analysis shows that many platforms are legacy software that offer inferior client experience. Management sees a solid opportunity to gain attraction and capture these markets share.

Taking into account the above-described factors the management has devised a strategy of establishing its brand name in the new markets by considering a strong marketing and advertising campaign to promote the Company’s products.

2. BUSINESS OVERVIEW

2.1. Business Background

Royal Entertainment B.V. is a start-up company specifically oriented towards customers with interest in sports betting and online casino games. Although Royal Entertainment B.V. is initially structured as a small company, it has a strong belief that with the right amount of financing, talented and experienced team and a good marketing strategy in place it can benefit from operational flexibility and adaptiveness to regional specifics. The Company plans to develop its key competitive advantages in exceptional betting offerings combined with fine-tuned wagering odds.

The company currently holds a sublicense from Curaçao eGaming (Cyberluck Curaçao N.V.) for its domain zz-poker.com, valid until July 31, 2024, under Agreement B2C-H8Z5ZAHH-1668JAZ, effective March 01, 2023. Presently, the domain is inactive as the company is in the process of integrating suitable payment methods that cater to diverse countries. This necessitates additional market research and technical adjustments, which are currently underway.

2.2. Operational Objectives

ROYAL ENTERTAINMENT B.V. is looking forward to applying for an online gambling license for the provision of e-gaming services pursuant the laws and regulations of respective authorities of Curaçao. The Company plans to set up a remote betting operation with services available to a wide range of citizens and legal residents located in the countries where the Curaçao license is legally allowed and can be used.

Curaçao was selected for unique combination of factors. With favorable regulations in online gambling and sports betting Curaçao is well known among bookmakers which creates a strong competition in the market. The legal requirements for obtaining a license present the best choice for start-up companies with a small budget. Nevertheless, the Company has an aim to establish itself in the regional markets and grow its market share with the help of strong marketing and advertising campaign.

To achieve this goal the Company intends to provide high level customer satisfaction by introducing such key aspects as quality, integrity and client support together with a comprehensive worldwide play coverage across the most popular sports. The Company intends to establish an important role in offering its services and aiming to be one of the preferred betting service providers in the global market.

2.3. Mission

Company's principal mission is to establish its company name and position of ROYAL ENTERTAINMENT B.V. among the leading online betting operators in Curaçao. Achieving this objective shall be based on brand's promotion techniques, cutting-edge betting offerings and selection of vital partners in providing excellent service to the clients and advertent support team of professionals focused on client retention. Management is confident that combined strength of efficient brand promotion, carefully planned positioning of the brand and product and effective partnership with service providers will allow the Company to penetrate the market and gain upper mid-range share of Curaçao remote betting market.

2.4. Betting Offerings

Clients will be able to place wagers on wide variety of events in the range of sports games, among others:

- American Football
- Australian Football
- Badminton
- Bandy
- Baseball
- Basketball
- Billiard
- Boxing
- Chess
- Cricket
- Cycling
- Curling
- Darts
- eSports
- Ice Hockey
- Football
- Futsal
- Golf
- Handball
- Mix Fights
- Moto Sport
- Netball
- Rugby
- Squash
- Table Tennis
- Tennis
- Volleyball
- Water Polo

3. REMOTE GAMBLING MARKET ANALYSIS

Curaçao, is one of the oldest and most politically stable providers of regulated eGaming services. E-Gaming operators and providers of services have been operating on the market since 1996.

Curaçao initially attracted businesses with low corporate tax rates of around 2%, with a number of sweeteners on top such as no sales tax and no VAT. Such conditions attracted a lot of gambling operators, qualifying the market as quite competitive field as it has become highly saturated particularly with numerous start-up companies applying for a license.

It has to be noted that Internet has changed people's daily habits in general. First and foremost, the younger generations but increasingly middle aged and even some of the elders are actively present on the Internet. People get more and more used to using online media for news, social networks for communication, online banking for handling finances, web facilities for payment of road tax, utility bills and so on and so forth.

The same transition is happening in the betting industry. Whilst for older generations of players experience of betting is intertwined with socializing; younger, more tech savvy population may prefer experience of betting of comfort of one's home or even mobile. Instead of relying on advice of "experienced bettor", new school of bettors opts to rely on odds comparison and tipster websites. This population segment also tends to be in the higher earning bracket, comfortable with allocating a greater portion of their discretionary income to this form of entertainment.

The actual location of a betting service provider in the global perspective becomes less relevant, the emphasis being switched to customer experience, friendly interface and easiness of making bets and receiving winnings.

4. COMPETITIVE ANALYSIS

4.1. Curaçao competitive landscape

The below-mentioned brands operating under Curaçao e-gaming license can be regarded as front runners in the Curaçao online betting segment- ComeOn Sportsbook, Bet365, and 32Red Sportsbook.

There are also companies which do retain a substantial number of players with physical betting in casinos. Most only offer slot machines, although a small number also feature poker rooms and table games.

According to marketing research observations, players tend to spend lengthy amounts of time in the betting shops. Apparently, betting as pastime has quite a high socializing factor for local audience as well as preferred place of watching sporting events. It must be noted that land based casino visitors tend to be older generation.

4.2. Competitive edge and positioning

The following competencies are expected to serve as key drivers of Company business helping to achieve distinct competitive advantage in attracting and retaining client base:

4.2.1. Betting Offerings

The Company shall offer a wider selection of markets for betting. According to research, eSports is regarded as one of key attractive markets for younger audience.

4.2.2. Software System

The company's software is sourced from a third-party provider, RYOPS d.o.o, which is duly incorporated under the laws of Serbia and has its registered office at Aleksandra Dubceka 4, Belgrade, Serbia.

4.2.3. Expertise in SEO and Internet Marketing

Initial marketing analysis shows that competing bookmakers have made very few inroads into SEO and web marketing. Part of the Company's marketing strategy is employing experienced SEO experts to position the Company's brand name and services in the top list of Google search engine returns.

4.2.4. Customer Service

The Company shall offer multilingual customer service via email. Client satisfaction is the key to success for the company; therefore, the company plans to further enhance customer service and address client issues in quick and effective manner.

5. MARKETING STRATEGY

5.1. Pricing Strategy

ROYAL ENTERTAINMENT B.V. intends to enter the market by offering medium level betting odds. Such position protects the Company from strong exposure in case of unexpected outcomes compared to more aggressive operators. At the same time, players should see sizeable payout value compared to conservative bookmakers.

5.2. Advertising and promotion plans

Management will later on assign the marketing to outsourced department. Although in possession of sophisticated marketing techniques, the Company has decided to use advertising agencies that have adequate expertise in global markets, thus adapting appropriate advertising techniques to specifics of different market segments. Service contracts will be signed with SEO/Internet marketing studios, promotional agencies with experience in target markets. Moreover, the Company will take proactive approach in seeking sponsorship opportunities with various sports teams or at popular sports events.

Below is a summary approach that the company intends to take. Marketing plan will be adapted to changing environment and to results returned by the initial marketing trials.

Advertising method	Description of method	Frequency	Target Audience
Internet marketing	Search Engine Optimization, Ad Placement at popular Websites.	Daily	Internet active population Age 18+
Social Network Marketing	Facebook Advertisement, Creations of Groups and followings, YouTube videos	Daily	Internet active population Age 18+

Sponsorship deals	Banners at local teams/sports events, such as football, futsal	Monthly/ duration of the event (i.e., championship)	Men aged 21-60
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6. OPERATIONS PLAN

6.1. Agencies

Besides outsourcing some of the functions, the Company shall seek to engage leading SEO/Marketing agencies with provable experience in promoting the Company's brand name globally.

6.2. Suppliers

As for provision of other services, the company has entered into an agreement about data center services based in Curacao where the hosting of the data shall be located.

We are currently into negotiations with companies offering global e-commerce and payment service provision to ensure smooth running of deposit and withdrawal process. We expect to finalize the selection of other partners and sign the respective agreements after obtaining the eGaming license in Curaçao.

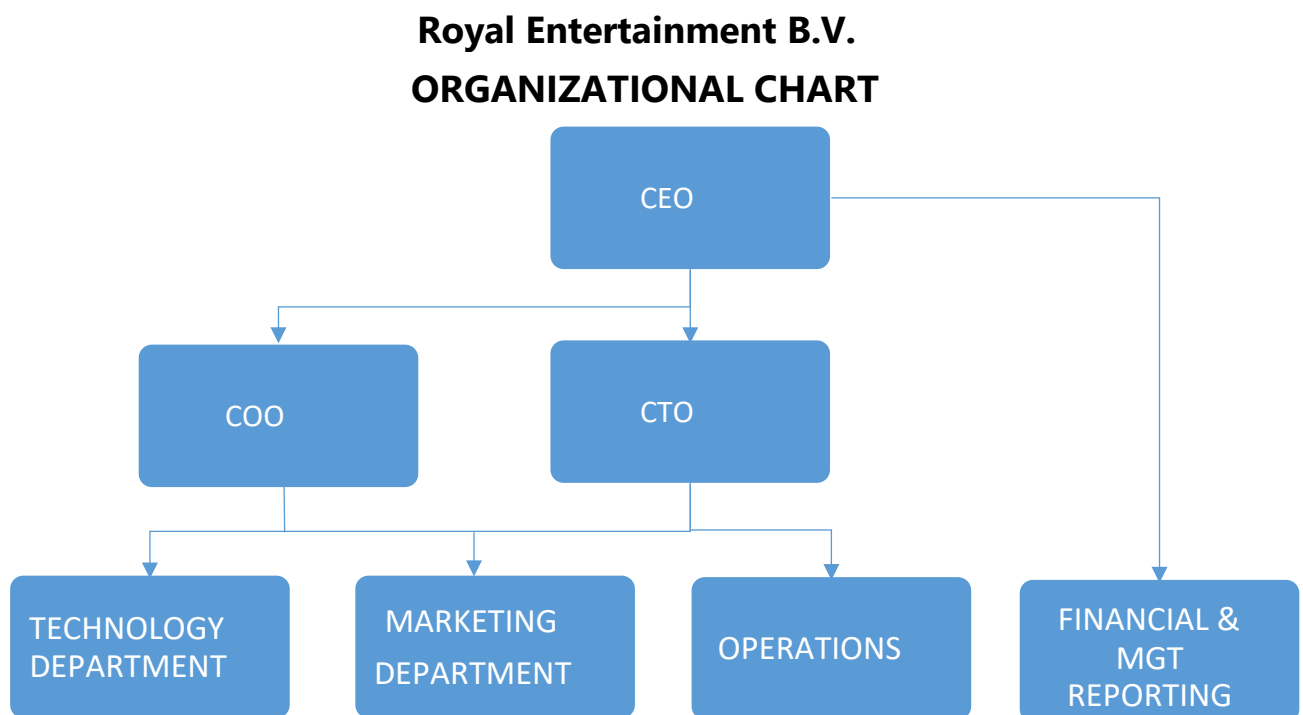
7. MANAGEMENT TEAM

7.1. Organigram

Below is the Organigram defining the functions and the organizational structure of the Company at the initial period. It is expected to employ at least 10 employees to fill the most critical positions within the first two years in operation.

The CEO currently holds the main three positions of COO, CTO, and CFO, ensuring streamlined decision-making and efficient resource allocation.

Remainder of functions shall be outsourced until a team of sufficiently skilled personnel is formed within the Company.



7.2. Chief Executive Officer (CEO)

The CEO of the Company ensures that the strategic, financial and overall control functions are in place. It is a direct responsibility of the CEO to provide that Company's strategic goals are reached and that top-level executives operate in line with the Company's long- and short-term strategy

and look after the management processes in the respective departments. CEO shall be also responsible for communicating with regulatory and supervisory government institutions of Curacao. In addition to this, the CEO shall be controlling the Company's financial position and take care of payment service arrangements.

7.3. Chief Operations Officer (COO)

COO shall be responsible for Company's daily operations, ensuring that effective operational and financial procedures are in place. It shall be the direct responsibility of COO to oversee Company's risk, support services as well as business development. The COO shall optimize marketing initiatives and implement better business practices.

7.4. Chief Technology Officer (CTO)

COO shall be responsible for developing Company's strategy for using technological resources, ensuring technologies are used efficiently and in line with the Company's business goals. One of the main aspects of CTO would be evaluating and implementing new technological infrastructure elements as well as supervise system infrastructure in general to ensure functionality and efficiency. Currently, this role is

8. RESPONSIBILITY OF ROYAL ENTERTAINMENT B.V.

Our aim is also to take our social responsibility seriously and we look forward to investing much of our time in devising ways to give back socially and to make sure our customers have access to a friendly and safe environment online.

We want to lead a corporate social responsibility and responsible gambling policy, both toward our employees and our clients. Our values underpin our every move and we have created unique training programs for our staff and pre-emptive measures for our players.

We are 100% committed to an efficient, secure, fair and socially responsible service. We want our customers to enjoy their Internet betting experience with us safely. Happy customers are repeat and ultimately loyal customers.

9. SWOT ASSESSMENT, RISKS AND MITIGATION ACTIONS

9.1. SWOT ASSESSMENT

Strengths

The Company has established a strong capital base to develop the brand of ROYAL ENTERTAINMENT B.V. The key essentials to attain the goal are the vast experience of the management team in the betting industry, placement of an innovative product and quality service to satisfy and develop a good relationship with clients. The target audience will be segmented and reached through various marketing and advertising channels.

Due to more advanced technological expertise, platform on which the Company will deploy website shall appear notably more up to date compared to most of the competition among other Curacao licensed operators.

Additional strength shall be in stronger command of SEO and Internet marketing and advertisement. Focused and aggressive marketing strategy concentrating on particular online betting promotion strategies is to be applied to enter the existent market and ensure steady pattern of growth. The Company will utilize this knowledge to pull ahead of competition.

Weaknesses

The Company is a start-up business and the brand name is unknown to the industry and the market. It also expects to have difficulties finding sufficient skilled labor with sports betting industry experience, specifically for remote segment. It may take the time to find and employ the specialists – some resources maybe completely unavailable or scarce on local workforce. This in turn will increase the cost, and the company might have to relocate some essential staff in order to streamline operations.

Opportunities

The gambling licenses in Curacao are all-inclusive licenses, which is considered the best feature of the Curacao licensing system. There is one type of license for all the online gambling products. In contrast with other jurisdictions, multiple licenses are not needed. Next, licenses differ between master licenses and sub-licenses. There are a number of master license holders in Curacao that offer packages to new entrants in the gambling market. They offer complete solutions including a sub-license, business license, hosting and other services for a fee that is often cheaper for new entrants than trying to do it all alone. Among other favorable features these sub-licenses are easy to obtain. Furthermore, Curacao offers favorable tax laws for sportsbooks and casinos, simple gambling laws and dedicated services for bookmakers.

Another opportunity is an option to have players from different countries outside Curacao jurisdiction, as there are only a few jurisdictions where the use of Curacao license is expressly forbidden.

According to most research, share of online Gross Gaming Revenue (GGR) continues to grow vs land based. The studies suggest that after 2020 online gambling should take circa 22% of the whole gaming market. This in turn translates to opportunities for improving growth and financial perspectives for the Company.

Threats

There are already established betting companies which retain a substantial amount of the market share. Company will face challenges in attracting new customers and switching customers from one brand to its own. This in turn will increase the cost of player acquisition and fiercer competition.

It is expected that Curaçao is going to reform its entire online gambling regime. Ministry of Finance has issued the announcement on the upcoming gaming law changes. It was expected that the new legal framework goes into force in the second quarter of 2022, but the final format of the changes is not yet clear. Thus, the actual costs of launching the project may exceed the calculated ones due to unforeseen circumstances, changes in the requirements for the operator, and a delay in launching the project.

9.2. CRITICAL RISKS AND MITIGATIONS

The Company will set up a Risks and Compliance Department to effectively and efficiently handle the issues in those areas. At early stage the company will outsource the function to more skilled professionals who have experience in general AML policies and Data Protection in the context of the sports betting industry.

However, as Company grows, full time professionals shall be hired to lead mission critical functions in the company. First and foremost, Company shall seek a skilled Money Laundering Reporting Officer in order to implement full compliance with AML/CFT Laws and Regulations. MLRO shall also work on improvement and necessary changes in the documents to stay abreast with regulations. To assist MLRO with lower level tasks, Company shall seek to hire one or more Compliance Officers as operating objectives dictate.

10. FINANCIAL FORECAST

Profit and Loss statement

	Year 1	Year 2	Year 3
PROFIT & LOSS	EUR	EUR	EUR
Revenue from sales operations	400,000	800,000	1,200,000
<u>Gross profit/net sales</u>	<u>400,000</u>	<u>800,000</u>	<u>1,200,000</u>
Expenses			
Salaries and Administrative fees:	-250,000	-300,000	-300,000
Server and IT infrastructure fees	-250,000	-250,000	-250,000
Bonuses to Clients	-25,700	-30,550	-40,550
Marketing & Business Dev	-70,000	-100,000	-150,000
<u>Total expenses</u>	<u>(595,700)</u>	<u>(680,550)</u>	<u>(740,550)</u>
Betting Tax	-	-	-
<u>Corporate Tax</u>	-	<u>(26,279)</u>	<u>(101,079)</u>
<u>NET PROFIT</u>	<u>(195,700)</u>	<u>(93,171)</u>	<u>358,371</u>

Balance Sheet

	Year 1	Year 2	Year 3
BALANCE SHEET	EUR	EUR	EUR
Assets			
<u>Current Assets</u>			
Cash in bank	250,000	180,000	200,000
Accounts receivable	365,700	404,808	166,237
Other current assets	101,000	105,000	110,000
<u>Total Current Assets</u>	<u>716,700</u>	<u>689,808</u>	<u>476,237</u>
<u>TOTAL Assets</u>	<u>716,700</u>	<u>689,808</u>	<u>476,237</u>
Liabilities and Equity			
<u>Current Liabilities</u>			
Accounts payable	-470,000	-500,000	-550,000
Corporate Tax	0	-26,279	-101,079
Other current liabilities	-50,000	-60,000	-80,000
<u>Total Current Liabilities</u>	<u>(520,000)</u>	<u>(586,279)</u>	<u>(731,079)</u>
<u>Total Liabilities</u>	<u>(520,000)</u>	<u>(586,279)</u>	<u>(731,079)</u>
<u>Equity</u>			
Initial Share Capital	-1,000	-1,000	-1,000
Capital Increase			
Retained earnings	195,700	102,529	255,842
<u>Total Equity</u>	<u>(196,700)</u>	<u>(103,529)</u>	<u>254,842</u>
<u>Total Liabilities & Equity</u>	<u>-716,700</u>	<u>-689,808</u>	<u>-476,237</u>