

C05 Group

Summary Business Plan

10-Oct-2018

Strictly Private & Confidential

1 Opportunity

Recent sports betting market developments exhibit evidence of reducing betting limits and customer account closures. This reflects an apparent increasing reluctance of bookmakers to take on large bets or bets from 'smart' business (or perceived smart business). Automated high frequency activity (robots) and institutional type customers are also subject to avoidance.

Retail bookmakers are generally most comfortable with and hence gravitate to operating in the relatively safe haven of an unsophisticated (i.e. consistently and predictably losing) customer base.

Even traditionally high volume, discount based market leaders such as Pinnacle and Asian-based books such as SBOBET are currently exhibiting a declining appetite to service 'smart' or high frequency activity.

A number of factors are driving this trend –

- Fear of a perceived or actual increasing sophistication amongst sports bettors as the field of data analytics evolves and data becomes more readily available ;
- The need to remove volatility from results to placate risk averse, predictable return-seeking shareholders (in particular with respect to publicly traded operators);
- A lack of software features (both in proprietary systems and licensed platforms) to undertake appropriate risk management to counteract and effectively manage such business.

As a result of the above, the supply of sufficient limits and hence market liquidity has diminished accordingly, leaving an increasingly underserved and unsatisfied – yet otherwise highly active – segment of the market.

3 Marketing & positioning

C05 will open Client or Player Accounts by invitation / referral only, thereby positioning its offering as an exclusive, professional and aspirational brand whilst benefiting from a cost-effective referral program.

A simple account gateway website will lead account holders to a clean, professional, investor-grade betting interface. With casino and other product cross-selling not part of the C05 business model, the user experience will be more akin to investing and share trading, unlike the majority of online gaming sites which rely on flashy, busy and colourful, marketing-driven user experiences supplemented by bonus and free play offerings.

The key C05 marketing messages are as follows and also represent the brand core values–

- We are the world's foremost experts in serious wagering on soccer;
- We take serious bets from serious people;
- You must be 25 or over to open an account with us;
- We don't close accounts;
- We don't mind winners;
- If you are looking for entertainment, you've come to the wrong place;
- Don't ask for bonuses, we don't offer them;
- We don't believe in anything other than offline, non-electronic storage of personal data. Your information is held securely and in confidence.

Traditional high street-type punters will generally be deterred by a number of standard operating procedures –

- Low value, traditional credit or debit card processing-based payment options will not be offered (bank and crypto wallet transfers only).
- A minimum deposit value of EUR 1,000 will be required to establish an account;
- Withdrawals processing weekly with prescribed minimums as opposed to the high street daily or on demand.

C05 will initially develop its Client (B2B) and Player (B2C) base by a combination of (in no particular order) –

- Outbound sales to an established leads book;
- Direct-to-client sales efforts;
- Existing account referrals;
- Promotion on and partnership with arbitrage / broker sites;
- Referral of new leads by the platform licensor;
- Affiliate relationships where a fixed finder's fee is paid for a qualifying, referral;
- Promotion and participation in target market / industry online forums;
- Industry word-of-mouth;
- Search engine optimisation.

4 Management

The founding management team of C05 comprises -

Michael Tomeny

- Leading expert in the field of online wagering and in the development of high availability, high transactional wagering systems;
- 25 years' experience establishing and managing bookmaking operations in the USA, Australia, Europe and Asia.

Roscoe Pridmore

- 15 years in the online gaming sector comprising senior finance executive roles for licensed operators in Gibraltar, Panama, the UK and Philippines;
- UK Gambling Commission Personal Management Licence 2011-2016;
- Canadian qualified Chartered Accountant;
- Ex- deals due diligence professional and auditor with PwC in Vancouver and London.

<i>Player transactions*</i>					
Year	Month	Deposits		Withdrawals	
		Tx No.	Amount EUR '000s	Tx No.	Amount EUR '000s
1	1	80	183	40	122
1	2	120	274	60	183
1	3	160	366	80	244
1	4	240	549	120	366
1	5	280	640	140	427
1	6	320	731	160	488
1	7	360	823	180	549
1	8	400	914	200	609
1	9	440	1,006	220	670
1	10	480	1,097	240	731
1	11	520	1,188	260	792
1	12	600	1,371	300	914
Total		4,000	9,142	2,000	6,095
Range		Min :	1.0		
		Max :	100.0		
		Average :	2.3		
Player Funds on Deposit		12	762		

Notes:

Above based on an assumed 400 active accounts in Year 1

All players subject to KYC verification prior to opening of account

No accounts under 25 years of age

Funds from and to same account in player's name only

No credit card or debit card deposits/withdrawal options

Some 'players' may be corporate entities (e.g. other bookmakers, brokers, professional traders etc.)

Will require settlement transactions with BTC exchanges to facilitate BTC-denominated players

**Depending on win/loss volatility and the require to fund losses or transfer profits, transaction values (or series' thereof) should be possible in the order of EUR 3m*