

ShadowBit

white paper



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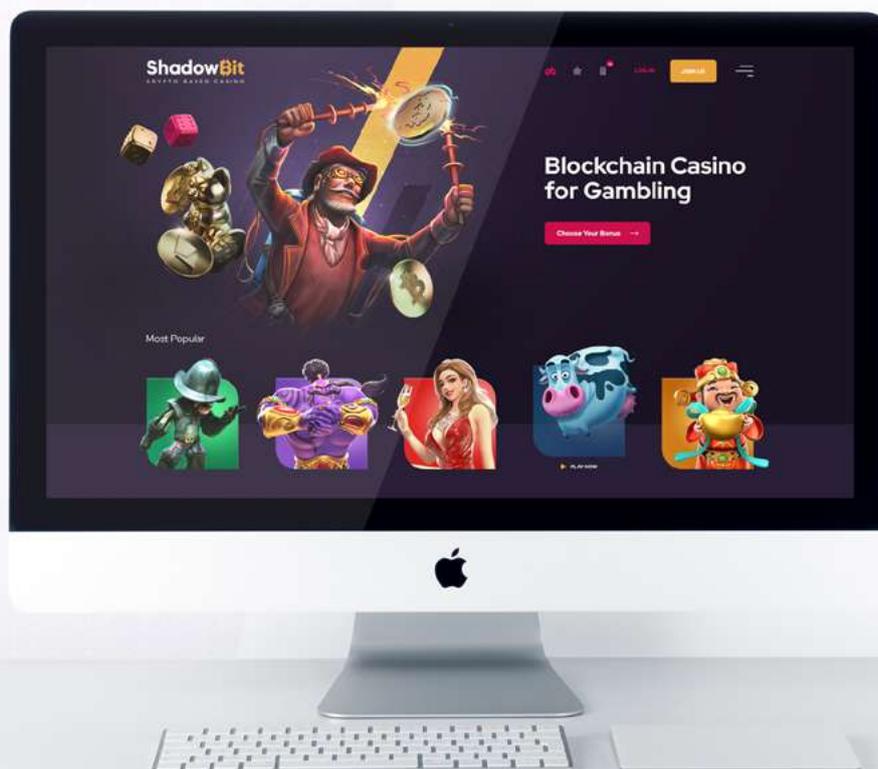


1. Executive intro

1.1. What is ShadowBit?

ShadowBit is a crypto casino operating under the gambling licence issued by the Curacao Gaming Control Board. **While based on the blockchain technology and cryptocurrencies**, the platform will also be available for clients with a preference for FIAT payments. An outstanding state-of-the-art and trustable technology provided by SoftSwiss (leading platform provider in the online gambling industry) make ShadowBit a product with a huge growth potential.

The project's leadership has scheduled the commercial launch of ShadowBit for Q3 of 2021 in order to start operation in a period characterised by a high growth of interest in the cryptomarket and the rapidly increasing share of cryptocurrencies in the gambling volumes.



1.2. Online casinos in crypto – the future of gambling entertainment

The rapid development of online gambling in recent years is a result of its having numerous advantages over land-based casino entertainment. This trend has been stimulated by the accessibility of mobile devices, global expansion of 4G technology, lower costs of internet connection and, last but not least, restrictions imposed by the Covid pandemic. The key advantages of online gambling include:

- available anytime and anywhere on a laptop and mobile devices
- low entry threshold for novices
- various promotions and bonuses
- more games to choose from
- tournaments with great prizes
- growing awareness of clients about the diversity of casino games
- protection of players through legal regulations
- simplicity and fairness of games
- high security standards

However, despite these substantial advantages, online casinos face a number of challenges, including:

- local regulation of gambling markets
- not all popular and trusted payment methods are available at gambling institutions
- local regulations may limit the availability of games in various places around the world
- limits and restrictions cause both the limitation of the offer from the customer's perspective and the limitations related to business development from the operator's perspective
- casino advertising in traditional media is practically impossible.

Crypto casino is a response to these challenges.

- Deposits are in crypto so they are flexible, fast and easily accessible
- cryptocurrencies are global, so no local institutions are associated with them
- no commission, no other restrictions related to banking, bureaucracy, etc.
- privacy of payment, withdrawals and use of casino services
- crypto ownership is growing globally, which converts to the numbers of players



2. Market environment

ShadowBit enters a market with high growth dynamics. It refers both to the crypto market in general and its gambling segment in particular.

From the geographical point of view, the highest concentration of crypto gamers is in the Asia-Pacific region with almost 23 million gamers. This distribution is very promising for ShadowBit given the overlap with the proclivity of Asian clients to gambling.

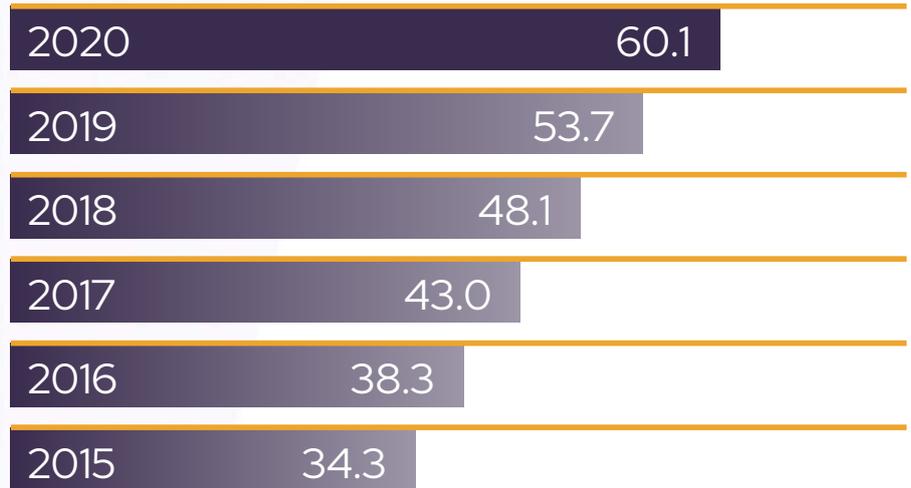
The dynamics of the crypto gambling industry can also be assessed on the basis of growth rates of the FIAT online gambling. Despite growing, restrictiveness online gambling is continuously on the rise, especially in Europe. Depending on the country, the share of online gambling in all gambling revenues (GGR) varies from single numbers up to 59% in the United Kingdom. Various sources estimate the size of the online gambling market in 2021 to be over \$60B. The expected annual growth is 12%. The dynamics was additionally accelerated by the pandemic, with more clients looking for entertainment on the internet.



2.1. Online gaming – market data

Online gambling revenue

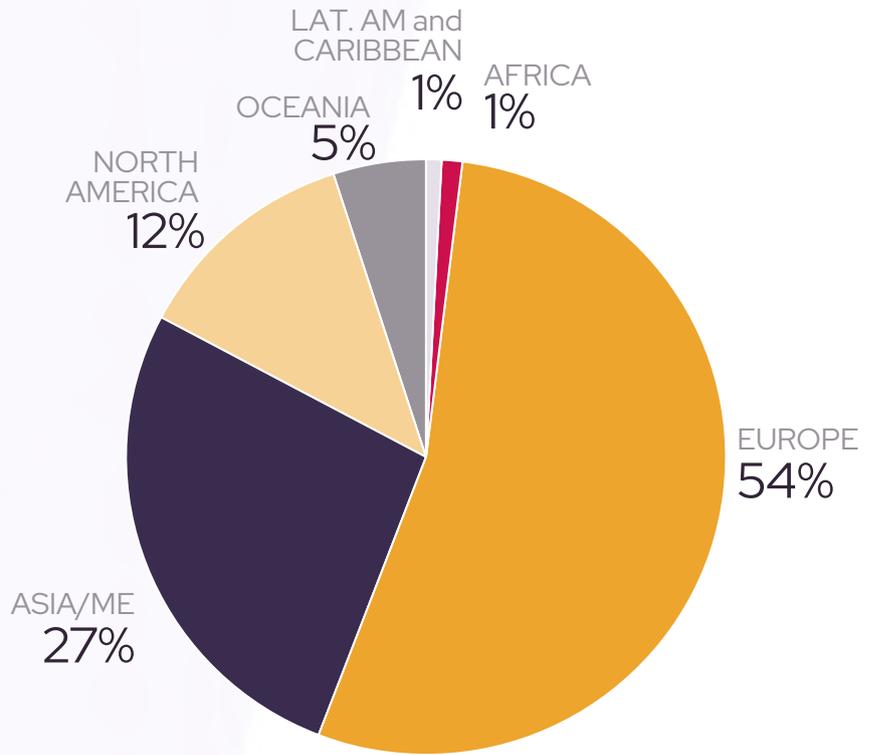
€60.1 bn



Source:H2GC.

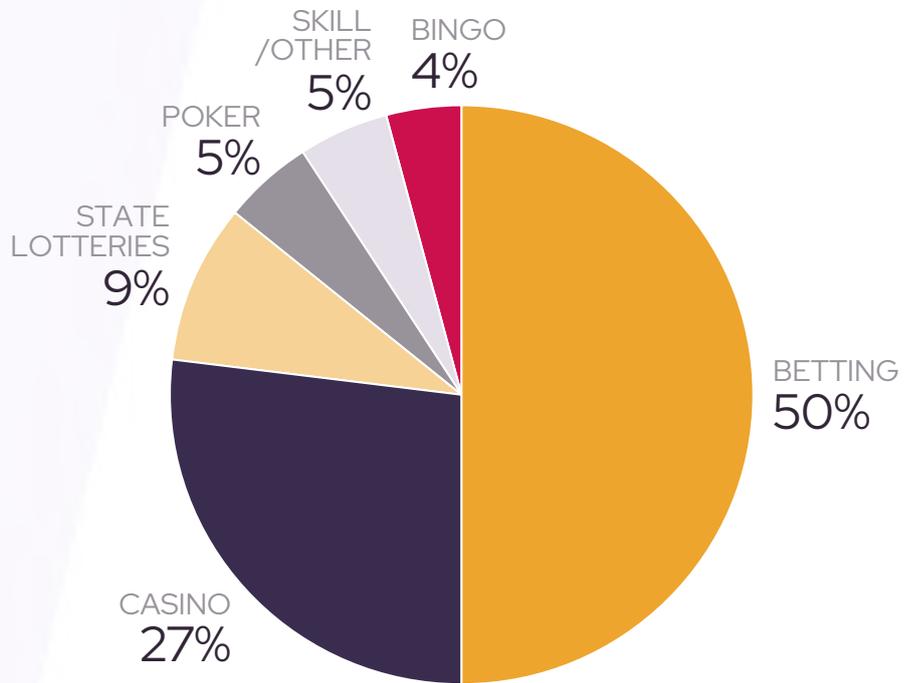


Online gambling by regions



Source: Playtech Annual Report 2019

Online gambling by vertical



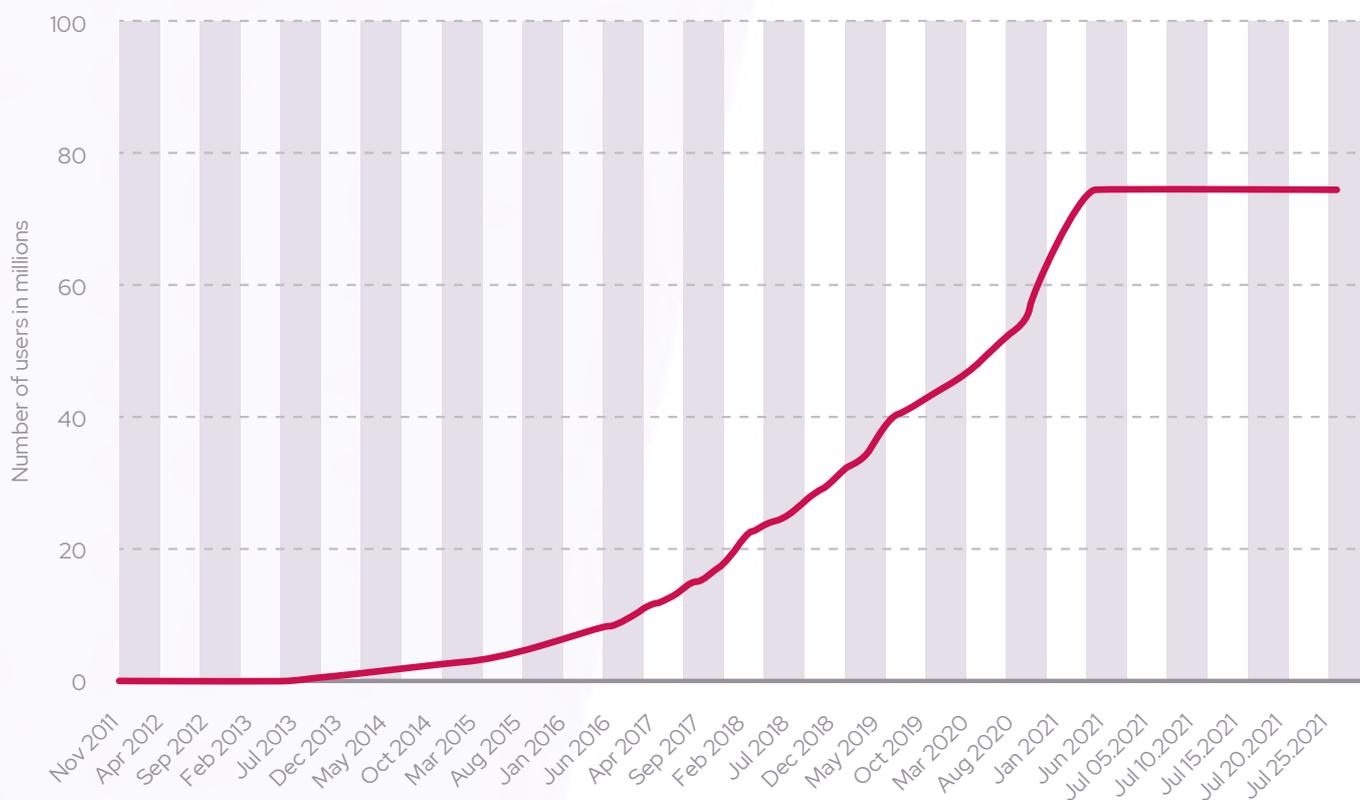
Source: Playtech Annual Report 2019



2.2. Crypto industry – market data

The number of blockchain wallets in 2021

The number of blockchain wallets has been growing very dynamically through 2020 and Q1 2021. It slowed down in the Q2 due to price tribulation of Bitcoin and other leading cryptocurrencies and increasing inefficiency of Ethereum chain. But since the beginning of August, Bitcoin, other main currencies, and the whole market cap bounced back, and the rate of opening new wallets accelerated again. This trend is very strong in regions like Asia, Africa and South America which are strategically important for ShadowBit as target markets for gambling services.



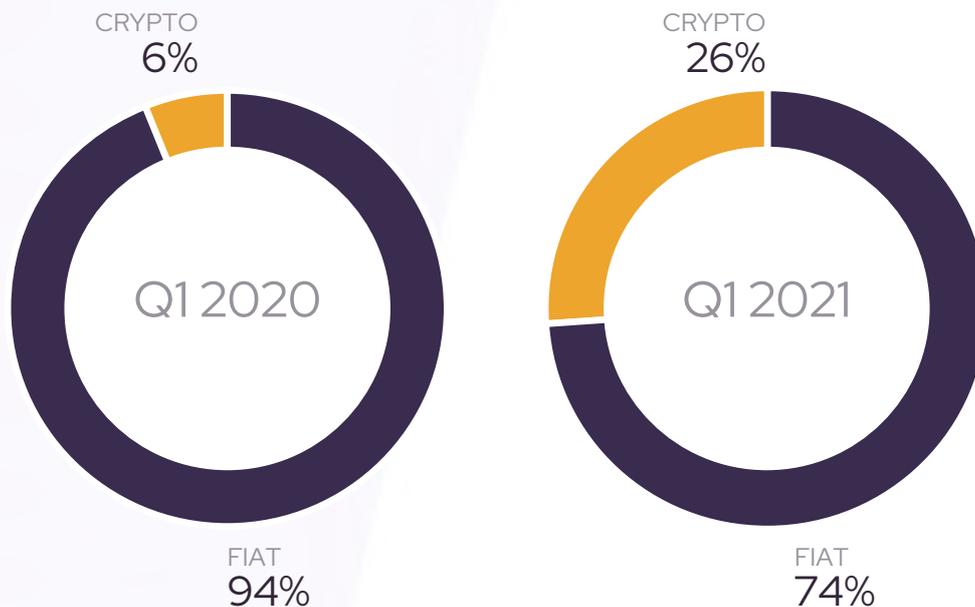
Source: Statista, July 2021



Crypto gambling volumes

The thorough report of the growth of the crypto market geographically (by Chainalysis) shows that the crypto gambling volumes reached \$3,6 Billion in 2020. This figure must be indexed with data for 2021 revealed by Softswiss in its report, which compares Q1 2020 with Q1 2021 in regards to the division between crypto and Fiat in the gambling industry. According to this report the share of crypto in the entire gambling volumes rose from 6% to 26%. Consequently, it can be assessed that gambling volumes in 2021 will be in excess of \$15 Billion. Therefore, from the business point of view the moment for entering the crypto gambling market is optimal.

Share of currencies in total online gambling volume



Source: SoftSwiss, quarterly report, May 2021



Crypto Ownership per country

The highest percentage of crypto ownership can be observed in countries where banking systems are inefficient, costly or untrustworthy. So it is for the same reason people in these countries engage in crypto operations as an alternative to traditional finance.

Country	Number of crypto owners	Percentage of the population
Ukraine	5,565,881	12.73%
Russia	17,379,175	11.91%
Venezuela	2,941,502	10.34%
Kenya	4,580,760	8.52%
USA	27,491,810	8.31%
South Africa	4,215,944	7.11%
Nigeria	13,016,341	6.31%
Colombia	3,122,449	6.14%
Vietnam	5,961,684	6.12%
India	100,740,320	7.30%
Thailand	3,629,713	5.20%
Brazil	10,373,187	4.88%
United Kingdom	3,360,591	4.95%
Pakistan	9,051,827	4.10%
Philippines	4,360,579	3.98%
South Korea	1,942,933	3.79%



2.3. Crypto gambling market – overview

The crypto gambling market rose as an alternative to the FIAT online version, and its growing limitations, restrictiveness, and deficiencies which all convert to obstacles to players. Hence many turn their attention to crypto gambling with openness, a no-hassle approach, and transparency. There are millions of players around the world who live in countries where gambling is prohibited (Turkey, Ukraine, Russia), restricted to a local monopoly (Poland, Malaysia), or have very gray and ambiguous systems like Germany, USA, or China where different forms of gambling have separate regulations in particular lands, states or regions, respectively. Additionally, even if potential players are located in a place where gambling is allowed – they may be excluded from playing by KYC (Know Your Client) procedures performed by both the casino and payment provider upon signing in. The next important administrative factor is that in many jurisdictions the government (central and/or regional) have identified gambling a major source of taxation income. The casino's growing fiscal costs are passed on to clients in various forms of fees or other burdens. All the above circumstances created an opening and opportunity for new casino ventures in crypto coinciding with booming interest in crypto as an investment and, as in this case, as a currency of payment.



2.4. Competition

In the process of developing the business strategy, selection of technology and game providers, Shadowbit analyzed crypto casinos operating on the basis of a similar model: licenced, offering a mix of crypto and FIAT deposits and access to a diversity of games. Our years of experience in the gambling industry allowed us to identify both the challenges and opportunities to bring to the market innovation, upgraded models of interaction with clients, an entirely new approach to technology, graphic design, and platform usability. Some of our competitors in this segment are only beginning to build their brand and position in crypto gambling, so our timing for entering the market, paired with the general growth in crypto payments is well strategized.



1. FortuneJack

The FortuneJack Bitcoin casino is one of the biggest players in the cryptocurrency gambling sector. FortuneJack was established in 2014 and has obtained a license in Curaçao. The platform is also friendly to altcoin fans since it accepts deposits in Litecoin, Dogecoin, Ethereum, Zcash, Dash, Bitcoin Cash, and Monero in addition to Bitcoin. FortuneJack features a large number of casino games, as well as a sports betting section. Many crypto enthusiasts will be impressed with the selection of provably fair games with a 1% house edge.



2. Bitstarz

Bitstarz has established itself as the most popular Bitcoin casino on the market today. Users can ensure there is no shady business from the casino affecting outcomes through provably fair games. Bitstarz is also well-suited for altcoiners, as it accepts Bitcoin, Ethereum, Litecoin, Bitcoin Cash, USDT, and Dogecoin as deposit options. Sports betting is not available.





3. CryptoGames

CryptoGames is a Bitcoin casino that accepts a wide selection of cryptocurrencies. Users can fund their accounts with BTC, ETH Litecoin, Dogecoin, Monero, Bitcoin Cash, Ethereum Classic, Dash. Players can choose from a diverse set of games, including dice, slots, blackjack, roulette, video poker, plinko, minesweeper, and lotto.



4. Cloudbet

The Cloudbet Bitcoin casino was established in 2013, obtaining licenses from E-Gambling Montenegro and Curaçao eGaming. Cloudbet features a strong selection of sports events for betting, ranging from darts to American football. Fans of casino games will also be satisfied, as Cloudbet offers plenty of traditional casino games. Cloudbet secures users' crypto deposits in cold storage and accepts both Bitcoin and Bitcoin Cash.



3. ShadowBit in the structure of the crypto gambling market

Generally, the crypto gambling market is divided into two segments: decentralized applications and regulated gambling platforms.

From the formal point of view, the main difference between them is the fact that the regulated casinos have gambling licenses regarding the entire operation. ShadowBit operates within Consequently, all the games offered on their platforms come from technology providers who are also licenced, in many cases in multiple jurisdictions. That means that their games, before they are added to a gambling platform, are audited in every jurisdiction where the producer is licenced. This gives the players a guarantee that the games do not have any embedded algorithms giving casinos a privileged position.



The other segment of the crypto gambling industry is dominated by decentralised gambling applications (dApps). Their founders and proponents use the term *Provably fair* which is meant to indicate that users can independently verify the rules of the games and that the casino does not have a privileged edge over them. The mere term, *provably fair*, is supposed to be a blockchain equivalent of the audits of the games performed by the regulators. In fact, the terms decentralized and transparent are often overused. Many users have detected that the dApps are based not on a truly random number generation, but on a pseudo random one. While true randomness is derived from physical phenomena, such as tossing a coin, pseudo random is simply deriving random results from a historical data set combined with a formula algorithm. The results of rolls of dice in a typical gambling dApp are only random if the algorithm and historical data set are unknown. Otherwise, as we have seen in the past, results can be predicted.

And last but not least, there are numerous industry-leading gambling with tens of millions of dollars in gaming daily revenue that lack even the most basic transparency and disclosures. An exit scam is a realistic option in these circumstances at any moment. Also, contrary to popular beliefs, the smart contracts of most dApp gambling games are not open-sourced. Oftentimes, without this knowledge, many players seem to have a preference for gambling dApps for alleged “fairness” and “transparency”. It is impossible to determine if a closed-source game is using a true random number algorithm.



In summary:

The reasons why clients choose gambling in a crypto casino:

- less hassle with opening an account
- avoiding complicated, strenuous personal verification procedures (KYC), which are obligatory in the FIAT based online casino
- allocation of a percentage of their wallet values for simple, personal entertainment
- transparency within the blockchain

The reasons why clients will choose ShadowBit over gambling dApps:

- safety guaranteed by the operator's compliance to the gambling license
- casino games provided by regulated technology developers
- ultra-modern and interactive design of games
- rules of the games are verified by regulators, not hidden behind closed-source smart contracts
- acceptance of Crypto
- acceptance of FIAT currencies, processed by regulated payment providers
- strong interaction with clients based on years of experience in client support



4. Our product - ShadowBit

4.1. ShadowBit gambling licence

Our casino will operate within the Curacao gambling licence. Since 2010, Curacao has been a country within the Kingdom of Netherlands. Curaçao possesses a high income economy, as defined by the World Bank.

4.2. Deposits in ShadowBit



Crypto

The accepted cryptocurrencies include BTC, BCH, ETH, LTC, DOG, USDT.



FIAT

While being primarily a blockchain project, in order to broaden the client base ShadowBit also accepts deposits in FIAT regulated payment providers. The client who will use this method will have to undergo the KYC procedure performed by regulated payment providers.

4.3. Design

The design of our casino is the result of the work of a group of experts in web design and User Experience. The design is customized on the basis of our interpretation of signals and comments we have received from our most loyal players over the past few years. Applying client's preferences in the design and game selection is a win-win solution. We select games that clients want to play.



4.4. Business model

There is a never-ending debate whether people engage in gambling for profit or entertainment. ShadowBit does not volunteer to decide the outcome (if there is one) of this debate. Instead, we position ourselves as a provider of a service that satisfies both these motivations. The games are fair, the rules are clearly laid out (to eliminate doubts and clear the players' minds), the games are fun, diverse, engaging, and their offer is expanding all the time. As the ShadowBit team is well versed in analyzing the gamers preferences, we have compiled a set of games that will guarantee enjoyment regardless of the varying risk level of which the gamers are made aware of before they start playing.

4.5. Team

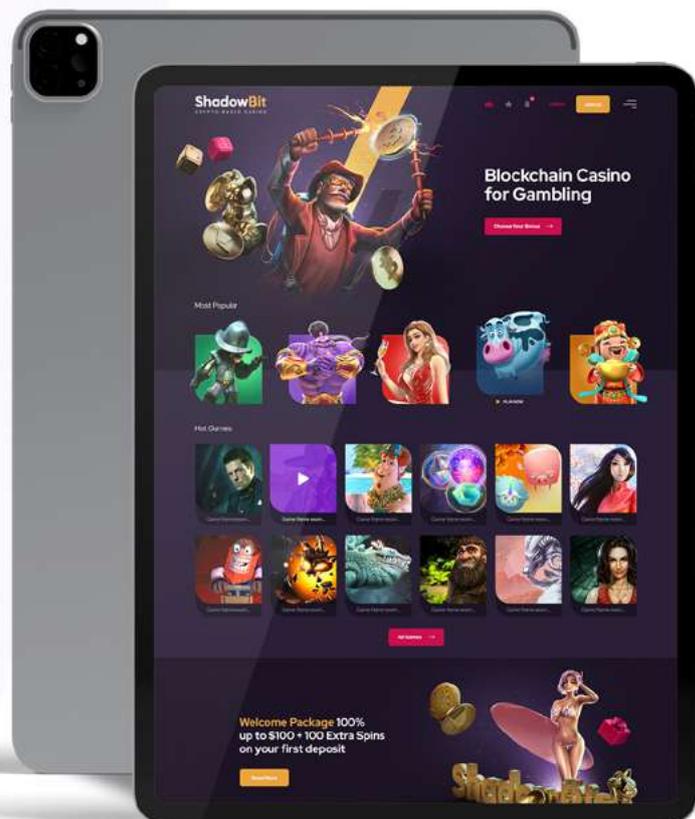
Our team is European. We have gambling and entertainment experts – also with over 10 years of experience and previously involved with online casinos, betting houses and other gaming companies. Our expertise comprises profound knowledge of the gambling markets, players' gambling preferences, and last but not least, years of working experience with dozens of affiliates which is key to the success of any casino. Over the years, using various marketing avenues, our key salespersons reached over 300 000 newly opened gaming accounts.



4.6. Technology

The gambling platform is provided by SoftSwiss, a leading platform provider in the online gambling industry. This cooperation places ShadowBit in a great position as a new venture – SoftSwiss not only provides software, but also guarantees compliance with relevant gaming regulations. It is a crucial step for ShadowBit to launch a diversified offer of gaming services.

Access to the SoftSwiss game aggregation allows Shadowbit to offer over 1000 games and later to expand it to up to 3000. The platform will feature games provided by such industry leaders as Endorphina, Microgaming, NetEnt, Yggdrasil, NYX, or Evolution Gaming. The technological and visual level of these fully justifies the claim that profit is as much a goal for our users as are entertainment and thrill.



5. Tokenomics



Sales

In Q2 2021, ShadowBit completed two sales of SBC token. In the first sale investors purchased 100 000 000 tokens for 0.01 USDT each. In the second tranche, the next 100 000 000 tokens were offered for 0.02 USDT each. Ownership of the SBC token gives investors access to the benefits of the casino's growth.



Burning

Taking into account the profitability of gambling operations, the founders declared that a part of profits will be regularly allocated to burning the tokens. The exact rules and timeline of burning will be announced in the upcoming months, also following adding SBC to listings at crypto exchanges.



Listing on exchanges

The first listing will start on Aug 31st 2021, simultaneously on UniSwap and Pancake Swap, the leading decentralized crypto exchanges. The next listings will be announced in Q3 2021.



SBC as a utility token

The project leadership will make the list public.



5.1. Token features

What makes our token so special? As time goes by, SBC will only get more valuable. Our hyper-deflationary token will decrease in circulation as its value increases.

How will we achieve this?



As part of our burning program a part of ShadowBit's profits will be utilised for the purpose of burning SBC



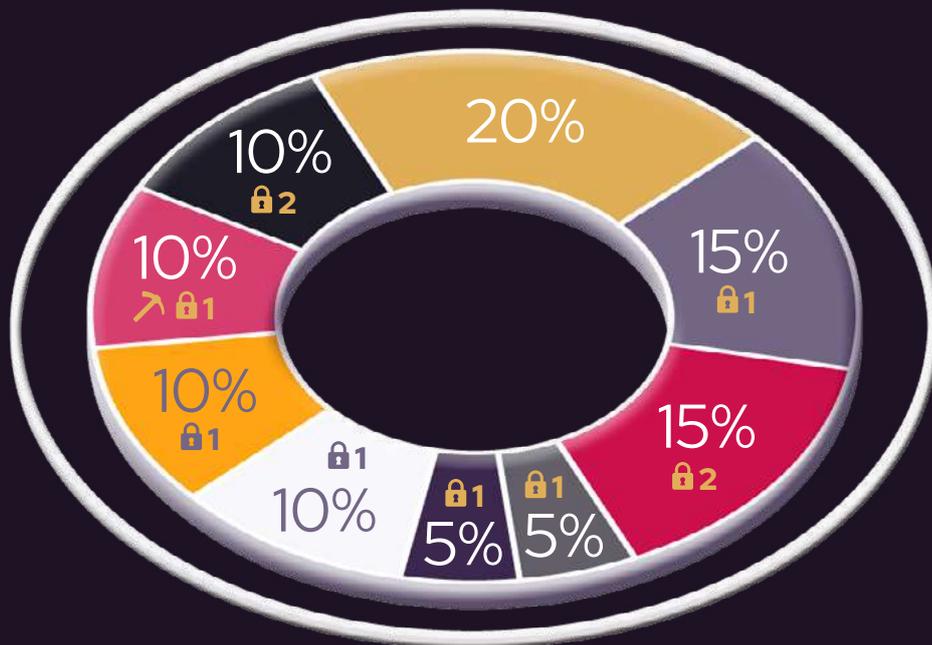
Through Liquidity Mining, SBC's liquid supply on exchanges will be limited, furthermore boosting its value



Anticipated NFT drop



5.2. Token distribution



● PRIVATE SALE	420 000 000	20%	
● LISTINGS	315 000 000	15%	🔒
● DEVELOPMENT VAULT	315 000 000	15%	🔒
● COMPANY RESERVES	105 000 000	5%	🔒
● COMMUNITY	105 000 000	5%	🔒
● ADVISORS & TEAM	210 000 000	10%	🔒
● FOUNDERS	210 000 000	10%	🔒
● LIQUIDITY MINING	210 000 000	10%	🔒 ⚒️
● STRATEGIC PARTNERSHIPS	210 000 000	10%	🔒
○ WHOLE SUPPLY	2 100 000 000	100%	



5.3. Tokenomics

The total supply will be 2.1 billion ShadowBit (SBC) tokens.

How will we distribute our tokens?



Initially 20% of the supply is scheduled for private sale at the price of \$0.01. The money raised from the private sale will help build the project and complete other required steps.



315 000 000 of SBC, which is 15% will go into CEX and DEX listings. This is needed to provide liquidity at the beginning on the exchanges. After one year of lockup tokens has been mined.



Next 15% is destined to be our business development vault. This is a crucial part from a business model perspective. All licenses needed, platform development and marketing are going to be financed from this pool. After the first year 50% of the lockup has been mined and the other 50% will be mined after the second year.



To gain the momentum in SBC value, we intend to give 5% into our social media marketing as an airdrops, giveaways and various tasks for rewards. But most of this 5% will be distributed as a bounty rewards. Those are the rewards that will be given after supporting our project in some bigger way. For example making a video about us or writing an article. This will help to build our community and attract first people into our project. Tokens has been mined after one year of lockup.



Another 10% is planned for our strategic partnership with a 2 year lockup. All affiliate and corporate deals will go into this section. This will give us a better start and improve our project from the back-side of it.





Of course we also need some company reserves. That's why 5% of the supply will be stored as an insurance vault. Tokens has been mined after one year of lockup.



We are also going to implement liquidity mining in our project. It will enable users to stake their tokens in stable single token pools. This will provide us with liquidity and users with a percentage return as staking rewards. We will have different staking programs with different rewards based on the variant chosen and the entry point. For this sake, we will distribute 210 000 000 tokens which are equal to 10% of the whole supply. After one year of lockup tokens has been mined.



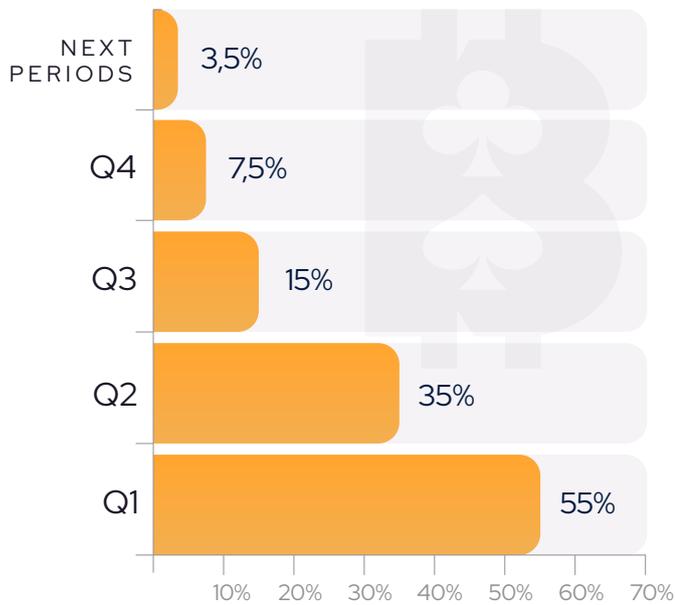
Advisors and the team will receive 10% of the supply. The last 10% is reserved for our founders, with the same one year lockup as for the team and advisors. After one year of both lockups tokens has been mined.



5.4. Liquidity mining

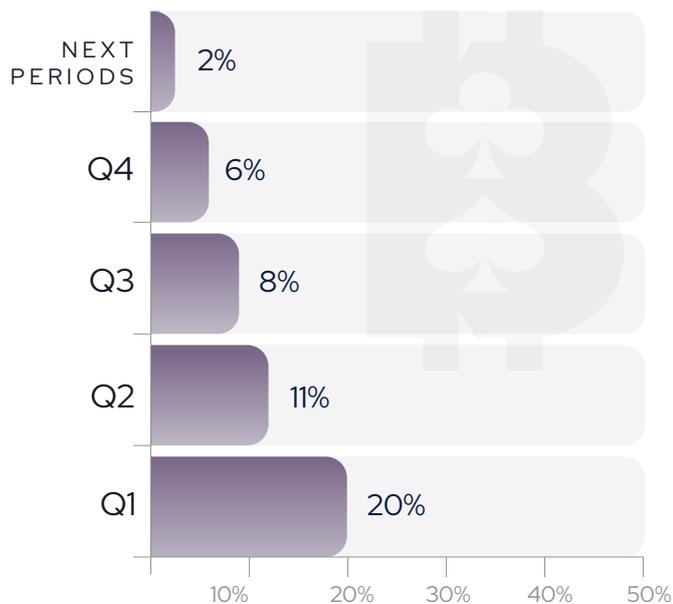
The staking option will be available to users in two variants, fixed or flexible.

FIXED STAKING POOL



The fixed staking pool will feature a 3–12 month lockup. The APR will depend on the time the lockup has been made. Starting from 55% in Q1 when the APR is the highest, and decreasing to 35% in Q2, 15% in Q3 and 7,5% in Q4. After one year, the APR will stabilize at 3.5%.

FLEX STAKING POOL



The flexible staking option will feature no lockup and thus no penalty for exiting, but it will have a lower APR.

Starting from 20% and decreasing quarterly to 11%, 8%, 6% and after a year stabilizing at 2%. This feature will remain, until all the destined supply for it ends up.



6. Road Map



April 2021

First sale of SBC tokens.



May 2021

Contract with SoftSwiss as technology and games provider.



August 2021

2 sale of SBC token.



August 2021

Listing on Uniswap and Pancek Swap.



September 2021

Commercial launch.



2022

First NFT collectibles sale.
More information coming soon.



ShadowBit

CRYPTO-BASED CASINO

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