

## SCRATCH LOCK BUSINESS MODEL

---

Scratch Lock will have a recurring revenue business model in which we will provide lotto retailers the solution as a subscription-based service. Clients will pay anywhere between \$69.99 - \$129.99 monthly in exchange to use the service on any terminal they'd like. They will also have the preferred option of purchasing the service together with our own ScratchLock terminal, a terminal that comes equipped with an integrated scanner that already has the application built in.

### ***Consider the following statistics with this business model in mind:***

- There are 13,000 lotto retailers in Florida, and a total of 216,000 in the United States.
- If we acquire a measly 3,000 retailers (1.38% of all lotto retailers) at the lowest subscription plan rate (\$69.99), we stand to roughly gross \$2,500,000 annually. This projection is based solely off subscriptions, and does not include any sales made from terminals.
- There is a large amount of room for growth in the industry, and in reality any projections made are made modestly. The possibility of spreading like wildfire throughout the country and capturing a large number of retailers as clients is very likely from a 5-year plan standpoint.

### Projections

---

Keep in mind that the following projections will once again be made using the lowest subscription rate (\$69.99) and **does not include** any sales from terminals or future credit card processing implementation, which will greatly increase earnings. The projection of 500 client subscriptions is an absolute worst-case scenario, with the second projection of 1,500 (what's required to give you a return on your initial investment in only one year) is realistically what we seek to achieve. Profit margins for subscription-based software companies average around 80%, and will be the standard I use in the following calculations.

## 12 MONTH PROJECTIONS

<b>Client Subscriptions (% of all Retailers)</b>	<b>Net Earnings Annually (Scratch Lock)</b>	<b>10% Dividend Payment (Profit Sharing)</b>
500 (0.2%)	\$335,952	\$33,595.20
1,500 (0.69%)	\$1,007,856	\$100,785.60

## 2<sup>ND</sup> YEAR & 3<sup>RD</sup> YEAR PROJECTIONS

<b>Client Subscriptions (% of all Retailers)</b>	<b>Net Earnings Annually (Scratch Lock)</b>	<b>10% Dividend Payment (Profit Sharing)</b>
3,000 (1.38%)	\$2,015,712	\$201,751.20
5,000 (2.31%)	\$3,359,520	\$335,952
10,000 (4.62%)	\$6,719,040	\$671,904
21,600 (10%)	\$14,513,126	\$1,451,312.60

It's important to also keep in mind that your 10% Profit Sharing will have and continue to gain capital appreciation over time.

If you have any further questions, please don't hesitate to email me back with any questions, call/text me.

Regards,

Adolfo Lopez  
Scratchlock Corp  
President, COO

772-203-1714