BUSINESS PLAN

bercode

INTERNATIONAL MARKET LAUNCH OF THE MOST COMPLEX MEMBERSHIP PLATFORM IN THE INDUSTRY

EXCLUSIVE CONTENT FOR INVESTORS

Benefit Barcode, Inc.

For the benefit of all people

Content

1. Summary

Problem

In today's digitalized, competitive commercial environment it became a priority for influencers/celebrities/companies to increase not only the number of loyal followers/fans/customers but also develop an emotional bond with them and build communities.

This need created many new challenges as well as new opportunities for brand owners such as:

CHALLENGES

- creation of communities, clubs
- collection of customers data,
- communicating to customers effectively and internally
- offering customers benefits, discounts - to increase loyalty
- offer them exclusive content upon specific memberships
- meisure the level of engagement with the customers

OPPORTUNITIES

- offering membership program - to create reoccuring payment and stable monthly revenue
- offering customers merchandising products – to create additional income stream
- building relationship with sponsors, partners who would provide further discount for the membership or for the owner of the community.

In order to be able to meet challenges and live up to the opportunities, influencers, sports celebrities, artists, community leaders and mid sized organizations increasingly need a platform to manage, controll and monetize the community, follower base, the most professional way and the most user friendly form.

Solution

Compared to traditional "advertising" solutions, the Bercode marketplace provides a cost-effective digital framework for:

1. influencers/celebrities

- ➢ to issue virtual based merchandise products with zero production and logistic costs, enabling emotional connection between issuer and fan (by placing own or a shared picture with a star) and immediate discount at premium merchants and

➢ collects donations, fees from followers on automatized way;

2. retailers that is suitable for measuring influencer-generated traffic as well as automated billing of commissions.

THE ABSOLUT MOST COMPLEX, UNIQUE, PREMIUM OFFER THAT SERVES THE MARKET, THE BEST POSSIBLE WAY ON A LOW COST AND FAST ENTRY:

There is no other platform currently available that serves community owners on such a premium level than Bercode Marketplace.

Benefits

Bercode owners - user (community member)
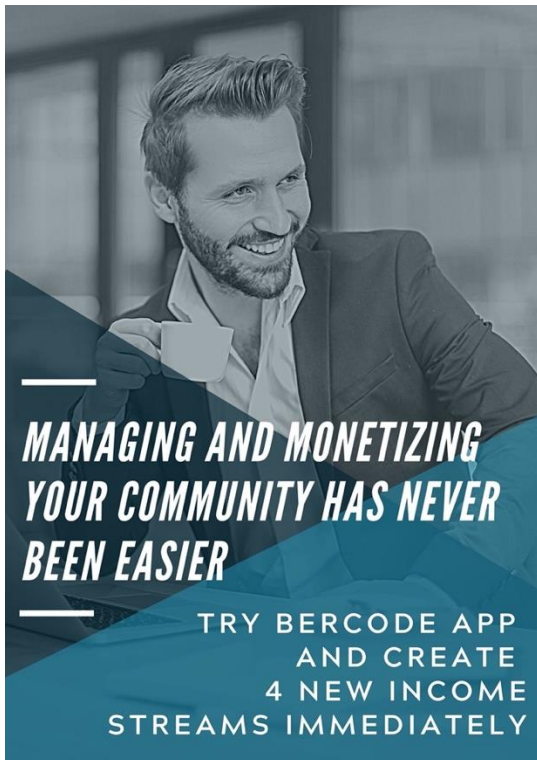
➢ immedaite discounts (rational approach) in retails,
➢ benefits (emotional approach) from influencers/celebrities (joint dinner, selfie etc.),
➢ purchase portfolio (the possibility of discounted purchase from retails involved in other communities too),
➢ reward program (cash prizes).

Bercode issuer - celebrity, influencer, NGO etc.

➢ revenue from virtual merchandise products selling,
➢ revenue from merchandise products using (commission),
➢ revenue from merchant acquisition (commission),
➢ increasing in the number of the social media followings,
➢ reward program (cash prizes)
➢ ROI measuring of influencer´s campaign.

Merchants - retailer

➢ cost-effective targeted advertising,
➢ turnover increase,
➢ more frequent purchases and
➢ reward program (cash prizes).

Target groups

1. Primary target groups:

Influencers/celebrities and their agencies are a key target group because the primary source of their revenue is the field of trade campaigns and business collaborations built on their followers.

The Bercode platform is a B2B project, so its solutions are tailored also to the needs and expectations of marketing and/or advertising agencies working with influencers.

2. Secondary target groups:

For- and nonprofit organizations, issuing member/customer/loyalty cards and collecting member/affiliate fees from their members. For a possible membership fee, members are able to save even more on their purchases than the amount of the membership fee itself is (added value for members).

Competitors

There are platforms (eg Patreon) that collect money from influencers´ fans/supporters/followers, but in return they do not provide a virtual card (or other proof) that reflects the image of the influencer, which can be used for discounted purchases in retails and other benefits can be obtained from influencers/celebrities, so no added value is represented.

Traction

We are currently in the process of migrating our existing partners' (200 issuers) physical bercode carriers (1+ million) to a virtual carrier. In addition, the aim is to integrate new bercode issuers and commission-paying acceptance points/premium merchants into the system, like Kulcspatikák pharmacy chain with 200 stores.

Investment demand

$ 1 826 953, based on financial plan.

Use of the investment

1. IT development of the platform from 75% ready state: *$ 551 340 (30,18% from total investment)*

2. Establishment and operation of international top management: *$ 895 813 (49,03% from total investment)*

3. Reward program: *$ 379 800 (20,79% from total investment)*

2. Bercode B2B Marketplace

Bercode **B2B marketplace** *= platform & app,* which provides:

- a *web and mobile tool* for a community initiator/owner/manager (influencer, sport club management, movie star etc.) to interact with the members of the community (customers, fans, supporters etc.) on a cost effective way (automatised billing, logistics, accounting)

- through a special 18 digits barcode, called *„bercode"* *(devoted from Benefit Barcode Inc.)*, which is *appeared on virtual (and materialized if required by customer) bercode carrier* (card, keyfob) and allows the initiator/owner/manager

- to provide the membership with various *external customer benefits & rewards* (such as, immediate discount in designated retail shops and special offers)

- to *generate an extra turnover* for its and external retail partners.

Sample of volunteer blood donor virtual card and ways of activating (printscreen from pdf file)

- Please scan the bercode on the card into the Bercode application (if the appropriate app is not already installed on your smartphone, you can do so using the QR codes below), or

- enter the 18-character bar code number on the www.bercode.com platform my bercode menu, and, if necessary, order the plastic version of the card by post, or

- print this page, cut around your card with a scissors, fold it backward, then laminate it or place it in a transparent pass case.

Immediate discount at bercode acceptance points (merchants) is enabled with the given voluntary blood donor card!

In case of influencer´s (virtual and materialised) bercode carrier/merchandise not only emotional connection is created between influencer and fan/follower but also immediate discount is enabled for bercode owner and other benefits through self commitments (dinner together, discounted concert tickets etc.) of that influencer, if relevant!

2.1 Why Bercode B2B Marketplace?

➢ 79% of Americans say they are more likely to join a rewards program that doesn't require them to carry a physical card. (Wilbur)

➢ 75% of consumers say they would engage more with loyalty programs they can easily access from a smartphone. (Code Broker)

➢ 62% of Gen-Z are highly influenced by loyalty programs. (Bond)[1]

2.2 Innovative solution

Bercode platform **combines a rational and emotional approach** compared to traditional merchandise products and loyalty/customer/member schemes. So it is not only the granting of the discount itself that is important, but also the emotional involvement/value. An idea can appear as an emotional value, such as volunteer blood donation, environmental protection, or membership in a (sports) fan camp, admiration for a movie star, or even influencer/star-following fans.

The Bercode platform can also represent added value to an existing loyalty customer system, as once a given community joins Bercode platform, its members can buy cheaper from several non-competing merchants, thus forming a purchasing portfolio for their customers.

The bercode created by the platform - providing a discount and benefits - and its carrier (merchants, card, keychain, etc.) is basically digital, so the production and logistics costs of the issue are zero, which thus allows issuers to find the most optimal, cost-effective solution. In the case of non-profit organizations, e.g. 450,000 of blood donors of the Hungarian National Blood Supply Service, costs of several hundred million forints can be avoided, which has so far been a deterrent for given and similar organizations to thank their members with a membership card that provides benefits. In order to make the service attractive not only for the younger age group (using the app), but also for the older age groups, the digital card can be ordered on a plastic basis also, but at its own expense, so the production and logistics

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[1] 50 Stats That Show The Importance Of Good Loyalty Programs, Even During A Crisis

costs are not borne by the organization, but that member. We also thought of members who are not adherents to modern solutions (app) and do not want to pay for a plastic card. In this case, they can also use their card on paper. Once they have received their virtual card via e-mail, they can print it out, cut out the card with scissors and use it. 3 possible ways of use that can result in maximum conversions among potential unlimited number of users/customers.

unmanageable

Efficient and automatic system with minimum human intervention.

- ➢ Automatic (member) fee collection, (member) card issuance (not only through app but also for older generation on plastic or paper basis with logistics), continuous settlement, etc.
- ➢ Possibility of electronic sharing and transfer of virtual bercode carriers, with optional physical version.
- ➢ Possibility for user to buy a joint virtual card with favourite star.

After further moduls development the followings will be available:

- ➢ Possibility to buy an immediate selfie with favourite star.
- ➢ Possibility to purchase a virtual mug, T-shirt, other merchandises (with the option of ordering physically - even afterwards).
- ➢ E-voucher system (for big shopping centers etc.).

2.3 Bercode application

The main, guiding activities of our everyday lives (entertainment, shopping, administration etc.) have been transferred to the virtual world, thanks to the proliferation of smartphones. This trend will only intensify in the future, so Bercode platform also keeps in mind the legitimate expectation of our customers to have access to our service almost anywhere,

anytime - even from their pockets. The Bercode application is also available on Android and iOS smartphones, thus making it easier to use and increasing its efficiency.

For merchant accepting points there is no need for any barcode scanner, just a smartphone that can read the presented bercode on a physical or even virtual medium/carrier with the help of the installed application. Of course, retail outlets with a larger customer base and a higher frequency of purchases can also opt for API sharing/connection.

How does the platform work?

3 participants are required to operate the platform:

1. **bercode owner**, that is, user/customer – eligible for immediate discounts & benefits

2. **bercode issuer**, that is a community/organization/person with membership/fans – connects membership with issuer & merchants based on emotional and rational approach

3. **bercode premium merchant** (point of acceptance), that is, the retailer who provides the immediate discount and commission

How to join?

Connecting to the platform is quick and easy, by FREE registering at www.bercode.com or Bercode app.

2.4 Competitive advantage

In terms of functionality, we can offer additional solutions in the following 3 areas compared to competing companies, with outstanding added value.

1. **Merchandise** - influencers, stars, athletes, sports clubs etc. can provide a discount with virtual or material merhandise products at their own and/or community retailers to their fans, followers, members etc.
2. **Loyalty program, membership management** for for- and nonprofit organizations. A fee collection, member management and clearing platform for communities and their retail partners.
3. **Donating** - any community (newspaper, associations, animal welfare, etc.) that seeks/demands support from sponsors, users, members etc.

Functionality	Bercode platform added value			
Merchandise	Theoretically, anything can be a merchandise product with bercode (virtual, material).	In the case of a virtual / plastic card, a photo of the fan can also be uploaded to the other side of the card, or even in the form of a joint selfie. Or on other media too.	Measurable, personally identifiable (influencer, athlete, etc.) increase in turnover at retailers.	Extra income from Bercode business model.
Loyalty program, membership management	Suitable for cross marketing (in non-competing segments).	It also works on a virtual, plastic and paper basis, resulting in higher conversions at different age groups.	Reaching new customers through newly joined communities at no extra cost.	Extra income from Bercode business model.
Donating	Providing benefits through the retailers of the community.	Virtual / material bercode carrier - prooving donation - providing benefits*.	Community members can also reach discount retailers in other communities.	Extra income from Bercode business model.

* any kind of advantage or immediate discount.

3. Market

In the retailer's marketing toolkit, loyalty programs have proven themselves as one of the most effective tactics for increasing revenue and inspiring customer loyalty. As many as **84% of consumers** say they're more apt to stick with a brand that offers a loyalty program. And **66% of customers** say the ability to earn rewards actually changes their spending behavior.

3.1 Market trends

Market trends support the viability of the system.

➢ The market of loyalty/customer programs is growing dynamically worldwide.

➢ Demand for immedaite discount providing systems is accelerating.

➢ Operators who introduce a loyalty/customer program (merchants) generally achieve a 4-7% profit increase.

➢ Market operators develop online systems to support loyalty/customer programs.

Loyalty program use by country or territory
Percentage of consumers who make purchases that earn rewards/benefits at least several times a week
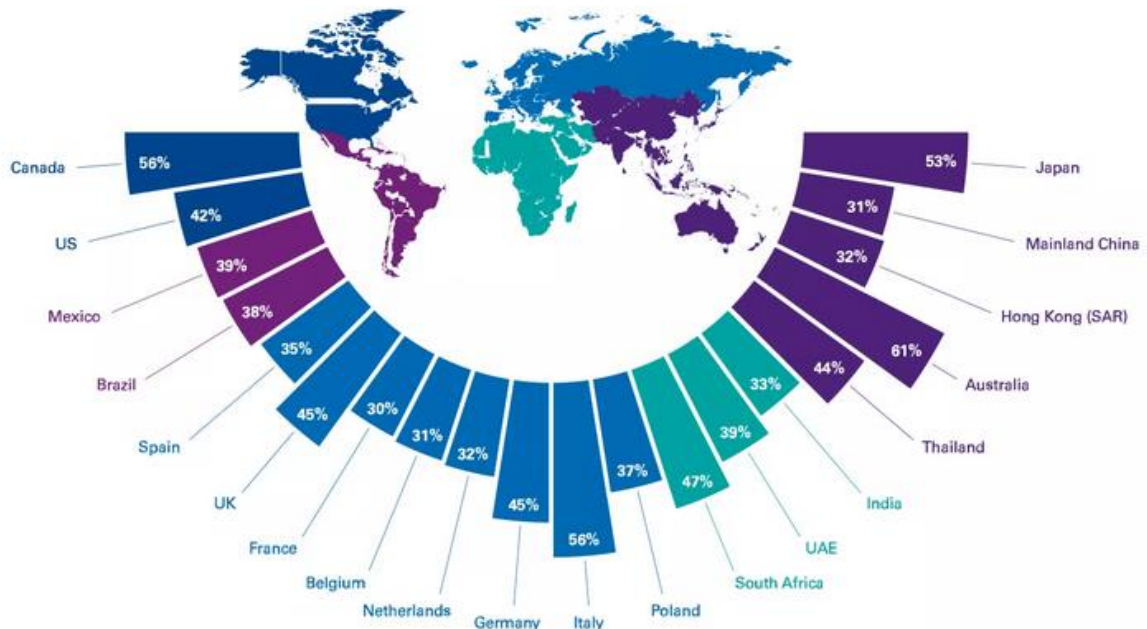
Source: The truth about customer loyalty, KPMG International, 2019

If you're trying to build brand loyalty today, an emotional connection is no longer a nice-to-have, it's a need-to-have.

René Vader
Global Sector Leader, Consumer & Retail
KPMG International

What keeps consumers loyal to their favorite product brands

3: Product consistency (size, taste, quality, etc.) — 65%

4: Customer service — 56%

5: Easy shopping experience (shopping, check out, returns) — 55%

2: Value for money — 66%

6: Selection/ product assortment — 55%

1: Product quality — 74%

7: Pricing — 54%
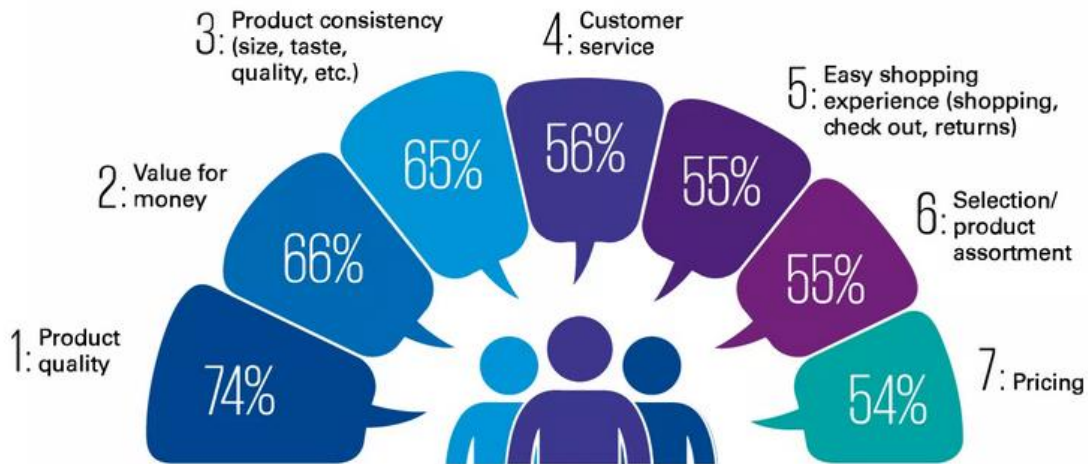
Respondents who said these factors were very or extremely important in earning and keeping their loyalty to a brand

Source: The truth about customer loyalty, KPMG International, 2019

Source: The truth about customer loyalty, KPMG International 2019

Among the factors mentioned above, the Bercode platform can represent an added value for „Value for money" thanks to emotional approach ensuring. From the aspect of:

1. customers: it can be reached by building/strengthening the emotional relationship alongside the rational benefits (discount). In addition to immediate discounts (rational factor) influencers' commitments (emotional factor) in form of further benefits (dinner together, discounted concert tickets etc.) to their followers, and the possibility of centralized cash prizes (daily, weekly, monthly, yearly grand) from Benefit Barcode, Inc.

2. bercode issuer and merchants: further strengthen of brands/influencers´ merchandise with bercodes in form of social media followings increasing and significant additional income from additional sales. For bercode issuers also additional income from acquisition commission (1/3 or even 2/3 of the total amount of acquisition commission).

3.2 SWOT analysis

Strengths	Weaknesses
➢ Organic growth model ➢ 20 years of market experience in Hungary ➢ Existing user, issuer and merchant network in Hungary ➢ Unique and patented business model (only for Hungary)	➢ The multilingual support platform is still under development ➢ No international experience

➢ Based on emotional approach ➢ All actors benefiting from cooperation (win-win situation)	
Opportunities	**Threats**
➢ The growing popularity of loyalty programs ➢ Lack of similar complex platforms ➢ Emotional demand between celebrities and their fans strengthening relationships, becoming more personal ➢ Flexibility, proper IT (B2B) support, customers easily available	➢ Business model that can be copied in a few years ➢ Comply to changing, restrictive legal environments ➢ Emergence of innovative competitors ➢ Timing of reaching critical company size (HR)

3.3 Results achieved so far

The Bercode platform is available in a web/mobile application that allows an unlimited number of communities (bercode issuers) to keep in touch with their members/supporters/customers/fans (bercode holders), collect fees and keep records of them, while users can enjoy various benefits (mainly discounts) with their bercode carriers (such as cards) in shops, service providers (bercode merchants' points of acceptance) from the bercode issuers' contacts. The platform, which already works (minimum viable product) in Hungarian, Slovak and English, solves the settlement of paid fees and automatically records the balances. It allows partners to design individual cards (available in both virtual and physical formats), whether a user can place his/her own photo or a photo shared with a star, for example, with a few clicks. It also allows continuous and automatic payment.

In Hungary, more than 200 issuers have previously issued 1+ million materialized bercode cards, on a plastic basis. For the year 2021 the plan is 1,5 million - already digital - cards only in Hungary. We would like to achieve this by migrating existing partners to virtual carriers and gaining new partners issuing virtual carriers.

Just for imagination possible types of bercoded virtual cards:

➢ fan card

➢ subscriber card

➢ loyalty card

➢ district/municipality card

➢ festival card

➢ occassion card (birthday, wedding,…)

➢ club card

➢ employee card

➢ member card

➢ support card

➢ customer card…

3.4 The (global) vision

Hundreds of millions of users have several virtual bercode carriers that connect them to their influencers/celebrities/communities and retailers through benefits on their purchases from hundreds of thousands of retailers and local service providers around the world. All they need is a smartphone, but they can also enjoy the benefits with „bercoded" material items (merchandise products).

Users will use their bercode products on a daily basis not only for purchasing products for cheaper price, but also to keep their friends proud of them, as they have a loved one, a favorite (movie) star, an athlete, or a supported person/animal (foundation) on their virtual/materialized bercode carriers.

Bercode platform also enables us to serve a market segment/niche "neglected" by many market participants, namely the non-profit sector of hundreds of thousands/million organizations worldwide, which appear as card issuers in the system, thus ensuring a set of immediate discounts for their members.

In addition, we must not forget *our commitments within the framework of our social responsibility*, which we can provide to our partners through our system:

➢ For-profit or non-profit organizations have always had trouble developing and operating a similar system that does not have a fraction of the Bercode platform, as they have neither the money, the time, nor the expertise to do so. Another major financial burden was the cost of manufacturing and logistics of plastic-based cards. Thanks to virtual bercode carriers this is no longer an obstacle, as they can even be issued free of charge to their members. This will allow us to dramatically increase the size of our users database, which will have a positive impact on our company's future market performance.

➢ By connecting a retailer (bercode accepting places), *bercode issuers can even earn revenue*, so it is not that our partners pay us for the use of our platform, but that we contribute with a commission to their operations and further developments.

➢ Bercode platform also allows for the *automatic management of donations on a daily basis*, with minimal human resources involved. Bercode platform ensures that *donations reach the right place in the right amount and at the right time*.

3.5 Our goal - users & territories

The goal is to make Bercode platform & app available for 257 million users through bercode issuers (influencers, MRKT agencies, NGOs etc.) mainly in US (92 millions), Europe (42 millions) and Asia (123 millions) continents in English, as well as in any of the other major languages within 3 years.

3.6 Competition analysis

Given the functionality of the Bercode platform (described under point 2.4), competition is expected from the following sectors: fundraising, merchandise manufacturing and plastic card manufacturers.

Since the production of merchandise products and plastic cards is geographically localised to minimise logistics costs (or very large quantities are needed to reduce logistics costs, unit prices), it is very difficult to single out 1-2 manufacturers that have a global impact on the market, thus representing significant competition. In fact, as our products will be primarily displayed on virtual media/carrier and will only be produced/materialized at the explicit request of the user, they can be more likely an additional supply chain partner to our marketplace, thus strengthening our market presence. For example, for sports clubs that distribute yearly a large volumes of merchandise to theirs´ fans, may already have existing manufacturing/supplier partners. In these cases, the primary task will be to coordinate the marketplace and merchandise supplier software to ensure that orders (for materialized bercoded merchandise products) are processed as efficiently and seamlessly as possible.

In field of donating, there are already competitors. In this case there is no physical product in the process, so it can be unlimited/borderless, as it is mostly just a flow of money. Such platforms already exist, mostly with a social purpose (one party donating to another, usually in need). Celebrities have also appeared in this area, raising money for people in need or for social partners through various donating campaigns.

Some of the online donation platforms:

- Patreon
- PayPal Donations
- Facebook Fundraisers
- Google
- Fundly
- Qgiv
- 99Pledges
- iATS Payments

➢ Double the donation etc.

These specialised platforms, which operate on the principle of rationality, are able to provide a high level of service to their clientele. From analytical services, to the "donate" button on the partner's website, social media connectivity, and connectivity to various CRM systems, all for a few percent or a one-off annual fee.

The uniqueness and added value of the Bercode platform lies in the creation of emotional value/connection between the entity collecting the donation and the donor. As a result of the donation, the donor receives not only a thank-you letter at the end of the process, but also a virtual bercode carrier (card, shirt, scarf, etc.), which allows him/her to receive immediate discounts on purchases at certain merchants and additional benefits in case the issuer makes extra commitments (concert tickets for free, joint selfie etc.).

4. Business model

We know that it costs a lot less to sell to existing customers than acquire new ones—that's why brands invest in loyalty and rewards programs.

Over the last decade, loyalty and customer rewards programs have proven they're an effective way to drive customer retention, boost customer lifetime value, and inspire loyalty. While the low-key punch card has its place for some businesses, a truly innovative approach to customer loyalty programs can create huge value for retailers.

4.1 Market acquisition strategy

In the case of launching a new service/platform (marketplace), the first step in communication is to build awareness and image building. At this stage, the main objective is to highlight the key features, added value and characteristics of the novelty.

Building awareness with today's technology it's much easier on the one hand because there are so many opportunities to build awareness, even for free, compared to say 10 years ago, and on the other hand there are more challenges because there's a lot of advertising noise and a much higher threshold of stimuli to break through. Today, it's not enough to have one big campaign a year, it is a must to keep communicating with market to keep them engaged.

The marketing budget was determined on the basis of the above. 2 main items of expenditure are included. One is aimed at influencers/celebrities, who can promote their own bercoded merchandise through paid PR videos, which also offer an immediate discount for bercode owner, so that they can reach inside of the community the potential bercode

owners and also the places where they can be accepted (merchants/accepting points). Within the community, a discount offering system is built that can be used by community members (micro level), which can also provide portability to other influencer communities based on community leader decision, enabling or not (macro level).

Influencers/celebrities are also known to copy each other, as they don't want to lag behind their competitors and always try to offer more added value to their followers than other influencers (through self commitments to fans/followers). After a certain period of time, we will reach a critical level where there will be an explosion of celebrities joining and using our platform, which will allow them to release (virtual, material) merchandise products enabling discounted purchases for bercoded merchandise product owners.

The second expenditure item is devoted to social media channels: Facebook, Instagram and TikTok where awareness raising videos, PR articles (from cash prize winners) etc. will be posted to potential audience (celebrities, influencers, merchants etc.). This could mean 365*3=1095 PR articles/short videos per year.

2 different strategies/approaches are possible or a combination of them:

1. TOP-DOWN

When expanding to a foreign country, we focus our sources primarily on community leaders/influencers (bercode issuers) that have a LARGE membership (bercode owner), as our experiences show that up to 1-3% of membership can have their own retail unit (bercode merchant/accepting point). Benefit Barcode, Inc. addresses these community leaders and even provides them with the Bercode platform so that they can connect members/fans/followers of the community quickly, efficiently with commercial units in the community, thus providing an advantage/benefit to members of this community. So a community can choose to give its members an advantage only within its own community, but it can also be connected to other/each community.

Advantage: rapid expansion/market penetration. Multiple bercode merchants can join at the same time.

Disadvantage: there are no such close human relationships, which makes it more difficult or uninteresting for the bercode issuer to connect the bercode merchants.

2. BOTTOM-UP

By addressing smaller communities (villages, schools, foundations etc.). It is true that we can connect a smaller customer community, but because the members of the community know each other better, the members & accepting sites (10-20 / community) connect with greater efficiency/conversion. Smaller communities joined in this way can become a part of a large community with all its benefits thanks to the platform.

Advantage: closer human relationships, making bercode merchants more inclined to join.

Disadvantage: slower expansion/gaining market share. Fewer bercode merchants can join at once.

To achieve maximum conversion, we will use a combination of the two strategies.

4.1.1 Distribution channels

10 to 15 years ago, personal meetings and „cold" phone calls were still in place to motivate retailers to join different discount offering platforms. In today's world, as in the case of mass advertising, people have closed themselves off and are only willing to open up to new opportunities on personal recommendation. Therefore, and recognising this, our company does not plan to build a sales team to connect retail outlets to our platform, but rather to motivate our bercode issuing partners (influencers, celebrities etc.) to connect retailers in their circle of contacts to our platform. This celebrity „invitation - call to action" will be primarily emotional, and the discount itself, which is the rationale, will be secondary, so its effectiveness will be significantly higher.

In order to reach as many „small" bercode issuers and merchants/acceptance points, we will use the 3 most effective social media channels: Facebook, Instagram and TikTok. MediaKix reveals a 3.2 million – 37.8 million estimation for the total number of influencers on Instagram, YouTube, and TikTok[2].

Rapid growth can be maximised through the involvement of marketing agencies & major sport clubs also.

4.1.2 International expansion

One of the pressing issues to be addressed in international expansion is the time zone mismatch. Therefore, it is necessary to adapt our daily activities to the markets necessary for growth, such as America, Asia, Europe continents, so it is necessary to establish at least

[2] https://mediakix.com/blog/how-many-influencers-are-there/

Customer Service Access Points (CSAP)/offices providing support in these time zones in particular. Active presence in key cities, metropols through CSAPs/offices is necessary. In order of importance: Los Angeles, Delhi, Budapest. In order to achieve rapid growth, additional CSAPs/offices should also be considered in financial hubs such as New York, Mumbai and Kolkata. In these centres and their catchment areas, our staff will primarily target celebrities, celebrity marketing agencies and social action organisations (e.g. blood donors) to rapidly increase the number of users.

Making the best use of our own internal resources, and thanks to media appearances generated by our social activity partners and influencers, joining our network on different communication channels will provide organic growth for our company.

Other factors strengthening organic growth:

➢ Through the revenue model of the Bercode platform, all celebrities are interested in involving new partners.

➢ It is worthwhile for bercode issuers to acquire new bercode merchants.

➢ The growing number of merchants also encourages new bercode issuers/holders to join.

4.1.3 Activities scheduling for expansion

Activities in short-term, in 1 year:

➢ Ongoing daily activities on Hungarian market.

➢ Developing further moduls (e-voucher, selfie, marketing, reward program etc.).

➢ New platform webpage, catch pages (celebrities, NGOs etc.).

➢ Other major languages to be launched on platform (spanish, hindi, french etc.).

➢ Customer Service Access Points (CSAP)/offices establishment in USA (Los Angeles) and India (Delhi).

➢ Celebrities, as bercode issuers – emotional aspect of the system.

Activities in mid-term, in 1-3 years:

➢ Increase the number of celebrities and other nonprofit and for-profit organizations, as bercode issuers & merchants.

➢ Intense expansion of the number of users (through bercode issuers and reward program).

➢ Further Customer Service Access Points (CSAP)/offices establishment in USA (New York) and India (Mumbai and Kalkutta) - if necessary.

➢ Constantly growing international presence.

4.2 Target groups

When defining the target groups (bercode-issuers), the usability and application of the platform for them was a primary consideration.

Primary target groups:

➢ celebrities (influencers, movie starts, athletes etc.) and sport clubs who already sell a significant number of merchandise to their followers & fans;

➢ marketing agencies (connected with retail shops and influencers, athletes etc.) through them we can cooperate with several influencers at the same time.

Secondary target groups:

➢ chambers, nonprofit organizations etc., collecting affiliation/member fees from their members, resulting in user database and aqcuistion commission increasing.

Bercode platform & app is an EFFECTIVE TOOL for…

1. influencers, movie stars, athletes, sports clubs etc.: emotional approach to followers/fans through MERCHANDISE[3]

Fact:

➢ Loyalty program members spend 27% more when the brand establishes a positive emotional connection. (Bond)

➢ 57% of consumers spend more on brands to which they are loyal. (Accenture)

Explanation:

The Global Licensed Merchandise Market had a market value of 105 Billion USD in 2017 and it is estimated to grow to 396.5 Billion USD by 2023 with a CAGR of 24.79% between 2017

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3 50 Stats That Show The Importance Of Good Loyalty Programs, Even During A Crisis

and 2023. North America has the largest market for Licensed Merchandise Market followed by Europe and Asia-Pacific.

The Bercode platform allows the virtual creation & display of merchandise products with bercodes, thus their unlimited use in time and space (it is not necessary to keep / wear the physical medium permanently).

2. MRKT agencies: for MEASURING influencer campaigns ROI[4]

Fact:

➢ For 76% of marketers, calculating return on investment is the most difficult task in influencer campaigns.

Explanation: How has it worked before?
The restaurant commissioned an influencer marketing agency to promote its restaurant through campaigns. As a result, people went to that particular resturant. When the guest had to pay and wanted to enforce the relevant discount promoted by the influencer(s), the guest had to whisper some code or password to the waiter. It was inconvenient for both the paying guest and the waiter. And unfortunately it also happened that the waiter knew nothing about that particular discount so it resulted in an unpleasant situation for all involved.

Bercode platform handles all this automatically. System settings do not allow errors resulting in unpleasant situations, all administrative and financial processes can be managed/monitored automatically.

3. micro SME, chamber, NGO and public sector: loyalty/member/customer programs MANAGEMENT & CLEARING TOOL[5]

Fact:

➢ Adding a loyalty program to an e-commerce platform can increase average order quantity by 319%. (Incentive Solutions).

➢ 39% of loyal customers will spend more on a product, even if there are other less-expensive options available. (Yotpo)

➢ 45% of consumers made one to three purchases because of incentives in the past year. (Wirecard)

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4 Influencer Marketing Benchmark Report 2020

5 50 Stats That Show The Importance Of Good Loyalty Programs, Even During A Crisis

➢ Loyalty leaders grow revenues roughly 2.5x as fast as other companies in their industries. (HBR)

➢ 50% of consumers say their primary reason for joining a loyalty program is to earn rewards on everyday purchases. (PDI)

Explanation:

The bercode created by the platform - providing a discount - and its carrier (merchants, card, keychain, etc.) is basically digital, so the production and logistics costs of the issue are zero, which thus allows issuers to find the most optimal, cost-effective solution.

4.3 Revenue model

There are 3 significant revenue sources for Benefit Barcode, Inc.:

1. Revenues from bercode issuers:

a) when for-profit bercode issuers selling their virtual bercode carriers (merchandise, cards etc.) to fans/followers through platform webshop

b) when non-profit bercode issuers purchase a bercode credit from which virtual bercode carriers (cards, key fobs) are created and usually donated (free of charge) to community members!

2. Revenues from premium merchants when an acquisition commission is paid after a purchase transaction, **see chart below** (1/3 of which remains with Benefit Barcode, Inc.)

3. Revenues from providing marketing services for merchants – sending customized offers for users. Several international companies built their revenue strategy only on this model. This revenue is not calculated in financial plan, business conditions are under planning.

Chart: REVENUE MODEL
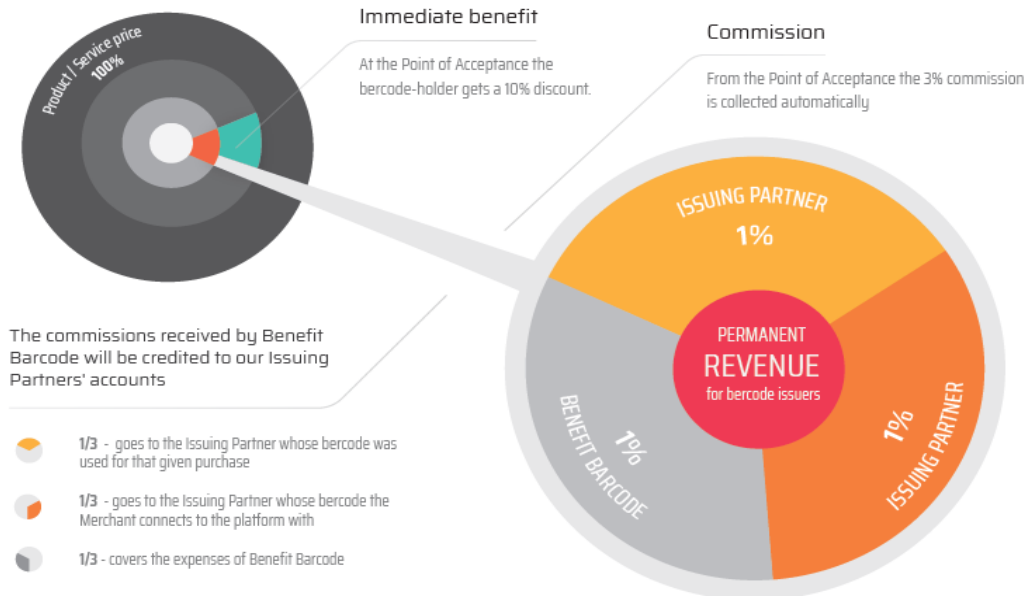
Chart explanation:

In addition to the immediate discount provided to customers, the premium merchants will provide acquisition commissions paid to bercode issuers and Benefit Barcode, Inc. on the basis of a discounted purchase amount (min. 3% or 6%, 9%,… must be divisible by 3).

➢ **1/3 of this commission** is given to the bercode issuer who issued the bercode which was used for purchase. This steady revenue encourages issuers to advertise the benefits to their users and increase usage.

➢ **1/3 of the commission** is received by the bercode issuer with whose bercode the premium merchant is connected to the platform. This provides an incentive for issuers to seek to increase the number of premium merchants.

➢ **1/3 of the commission** left to Benefit Barcode, Inc. It provides the settlement background and operation of the platform.

A merchant can motivate influencers to send their followers to his/her retail unit to buy goods/services by paying the highest commission on the sales. In exchange for higher commissions, influencers will promote more frequently those retailers to their followers who pay the highest commissions on purchases.

Chart: PRODUCT, MONEY AND COMMISSION FLOW
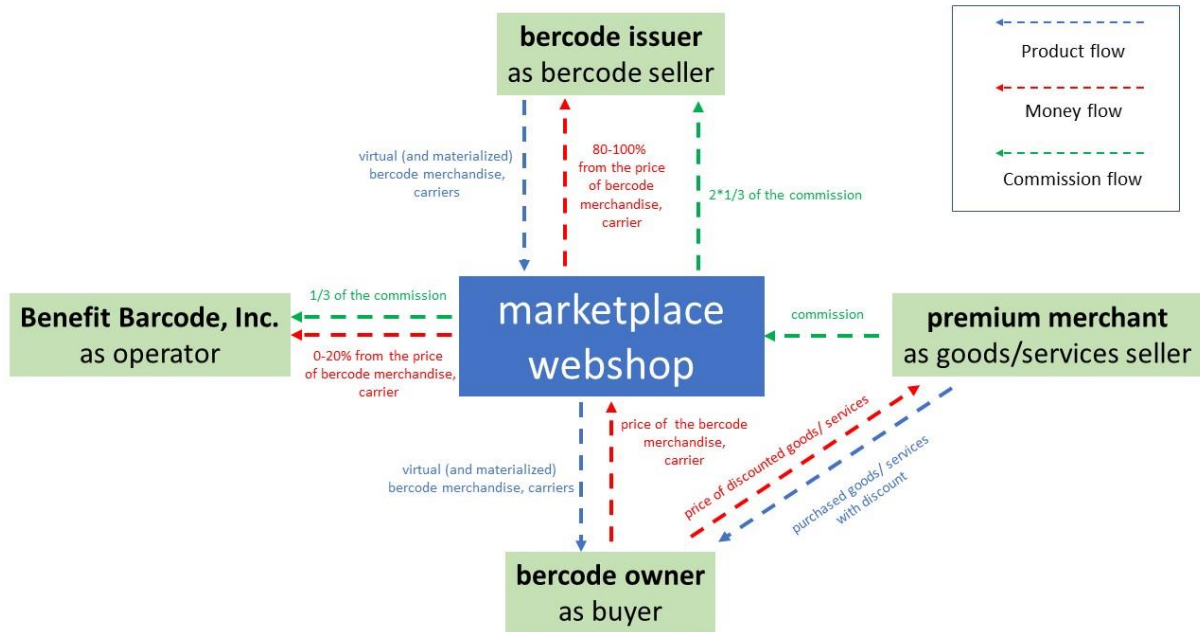
The buyer (bercode owner) buys a virtual carrier (cards, merchandise etc.) from influencer's (bercode issuer) webshop on Bercode platform. During the purchase process, the buyer pays the price for the bercode carrier/merchandise, which is distributed between bercode issuer and platform operator.

The virtual and material bercode carrier/merchandise enables the buyer (bercode owner) for immediate discount in selected premium merchants. After each purchase a premium merchant pays an aquisition commission from the already discounted amount, which is distributed between bercode issuer(s) and platform operator.

Forecasted revenues from merchandise products and merchants´ acquisition comission

	Unit	Year 1	Year 2	Year 3
Revenue from bercode issuers from which	**USD**	**1 197 115**	**28 918 145**	**89 256 237**
Europe	USD	596 174	5 233 267	12 515 562
America	USD	548 441	15 001 247	40 421 906
Asia	USD	52 500	8 683 631	36 318 769
Acquisition commission from which	**USD**	**1 281 462**	**51 519 948**	**142 158 549**
Europe	USD	199 831	3 193 172	8 553 125
America	USD	1 047 972	41 147 134	99 806 237
Asia	USD	33 660	7 179 642	33 799 187
Total revenues	**USD**	**2 478 577**	**80 438 092**	**231 414 787**

5. Corporate social responsibility

In the day-to-day work and operation of Benefit Barcode, Inc. great emphasis is placed on corporate social responsibility. We are trying to transfer/convert economic, ecological, and social goals of the company to positive impacts in daily life. The company is fully devoted to „Triple bottom line" approach: "People, planet and profit". "People" refers to fair labour practices, the community, and the region where the business operates. "Planet" refers to sustainable environmental practices. Profit is the economic value created by the organization after deducting the cost of all inputs, including the cost of the capital.

Also a key document is coming from United Nations, Transforming our world: the 2030 Agenda for Sustainable Development. we are fully in line with the following goals:

➢ Goal 5. Achieve gender equality and empower all women and girls
➢ Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
➢ Goal 10. Reduce inequality within and among countries
➢ Goal 12. Ensure sustainable consumption and production patterns
➢ Goal 13. Take urgent action to combat climate change and its impacts

Already implemented measures in daily activities by Benefit Barcode, Inc.:

1. Use of electric cars/scooters and public transport in urban environments.

2. Work from home (avoiding traffic jams/stress, reducing exhaust fumes/pollution, pandemic situation).

3. Casual working hours (to manage family or personal administration).

4. Virtual workflow with fewer paper-based workflows.

5. The service of our platform is a virtual, minimal burden on natural resources.

6. Our employees attend professional courses and meetings enabling professional growth.

7. We enable our users to make significant financial savings which can be regrouped to other important household fields.

8. Our platform as an effective marketing tool can save significant resources (HR, money, time) and increase efficiency for our partners (MRKT agencies, influencers etc.).

9. By using our platform free of charge, we also provide equal opportunities for the representatives of the micro, SME and nonprofit sector, who do not have sufficient resources to create a similar platform.

10. Our platform connects organizations/influencers with their membership/fans and can even increase their number (eg blood donors), thus forming a stronger/more cohesive social community/cohesion, generating a number of positive social impacts.

6. Investment demand

$ 1 826 953, based on financial plan.

The amount invested and the ownership interest will be registered in accordance with the expectations of the investor and Benefit Barcode, Inc. and in accordance with applicable legal requirements.

In addition, as an option for the easiest administration of the investment is the purchasing of bercode credit (based on invoice), which through the investor can get 4in1 (4 benefits for one purchase/investment).

With the investment demand indicated above, we would like to further develop existing/operating Bercode platform by developing additional modules which would also allow influencers, celebrities and their large communities to be involved through „bercoded" virtual/materialized merchants issuing, as well as making services more user-friendly. It is also needed to create additional language mutations of the platform (back office, support, catch pages). Active presence at selected regions can be managed through staff at Customer Service Access Points/offices. Incentives through reward program can be used to encourage issuers, merchants and users, thereby increasing the number of them and frequency of their purchases.

Use of the investment

1. IT development of the platform from 75% ready state: *$ 551 340 (30,18% from total investment)*

 ➢ Marketing modul

 ➢ Task modul

 ➢ E-voucher modul

 ➢ Reward modul

 ➢ App development (enabling immediate selfie)

 ➢ New language & support moduls – 10 new languages (speaking the language)

Spanish: 399 million

Hindi: 260 million

Portuguese: 203 million

Bengali: 189 million

Russian: 166 million

Japanese: 128 million

German: 78,1 million

Korean: 77,2 million

French: 75,9 million

Italian: 63,8 million

Source: https://eduline.hu/nyelvtanulas/Tudtad_hogy_ezeket_a_nyelveket_beszeli_a_vi_0I78HT

2. Establishment and operation of international top management: *$ 895 813 (49,03% from total investment)*

The opening of Customer Service Access Points/offices in major markets and daily business activities (America continent: USA - Los Angeles; Asia continent: India - Delhi)

3. Reward program: *$ 379 800 (20,79% from total investment)*

Daily, weekly and monthly cash prizes for bercode owners/users, bercode issuers and bercode premium merchants. So the Bercode platform will not only reward customers for their purchase, but also the bercode issuer whose bercode the customer used to make the purchase and the premium merchant where the purchase was made.

The terms and conditions of the programme are still being developed, but should contribute to accelerating the uptake of our service in all ways (e.g. increasing the number of app downloads, registering purchases on the platform, incentivising higher commission payments, purchase of paid bercodes etc.).

„Customers don't just hope for rewards; they expect incentives to be a key part of their relationships with brands. For over half of respondents, rewards rated as "extremely" or "very" important for both big-ticket and small, habitual purchases. Less than 8% of consumers claimed rewards were not at all important to their purchasing decisions. For many customers, the offer of a reward was enough to draw them away from brands they felt loyal to."[6]
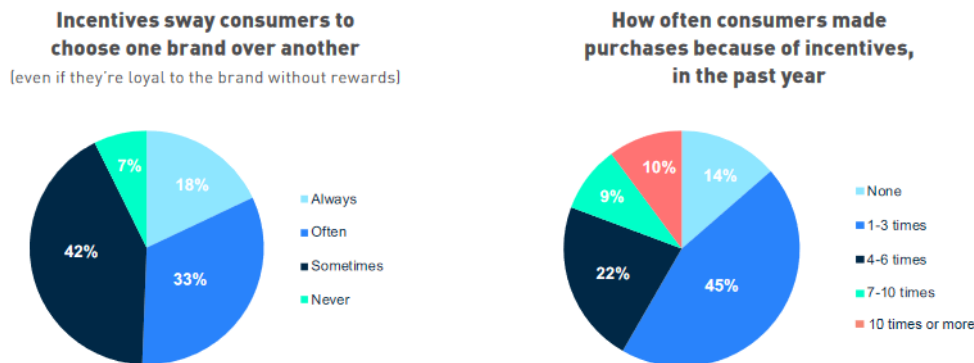
Source: wirecard Consumer Incentives 2019: The Digital Transformation of Rewards, Rebates, and Loyalty

„For many customers, receiving incentives isn't a passive experience; it drives further action. When researching future purchases, most customers said they were "extremely" or "very" likely to start with a brand from which they'd received a reward or rebate, or of which they were a loyalty program member. Along with other positive actions, **75% of customers said they were likely to make another purchase after receiving an incentive.**"[7]

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[6] https://nmgprod.s3.amazonaws.com/media/files/97/e3/97e3466268a5f6a39748b0acf861188d/asset_file.pdf
[7] https://nmgprod.s3.amazonaws.com/media/files/97/e3/97e3466268a5f6a39748b0acf861188d/asset_file.pdf

After receiving a reward, consumers are likely to perform the following actions:

Source: wirecard Consumer Incentives 2019: The Digital Transformation of Rewards, Rebates, and Loyalty

„Desirable consumer behaviors go beyond future purchases, and incentives do more than inspire customers to buy again. Almost all respondents said that after a positive rewards experience, they were more willing to receive offers and notifications from that brand. Moreover, positive rewards experiences supported omnichannel marketing by driving behaviors like following the company on social media (benefit for influencers etc) or visiting their retail location (benefit for merchants/retailers)."[8]

Positive rewards experiences drive omnichannel engagement

How consumers engage with brands after a positive rewards experience
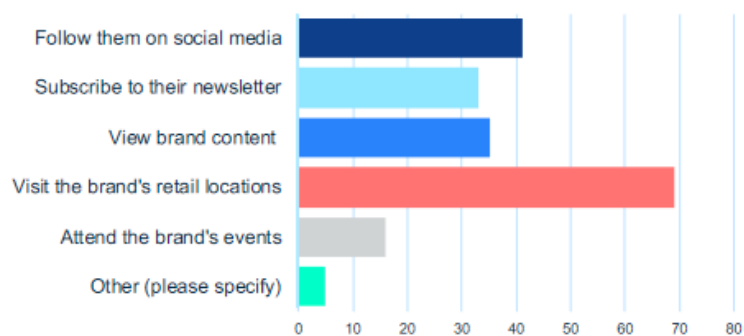
Source: wirecard Consumer Incentives 2019: The Digital Transformation of Rewards, Rebates, and Loyalty

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[8] https://nmgprod.s3.amazonaws.com/media/files/97/e3/97e3466268a5f6a39748b0acf861188d/asset_file.pdf

In addition to immediate discounts (rational factor) and influencers' commitments (emotional factor) in form of further benefits (dinner together, discounted concert tickets etc.) to their followers, the possibility of centralized cash prizes (daily, weekly, monthly, yearly grand) from Benefit Barcode, Inc. would only further strengthen brands/influencers´ merchandise with bercodes in form of social media followings increasing and significant additional income from additional sales.

The platform is not yet able to generate the amount of prizes, so it is necessary to dedicate some of the investment to this. In the case of the annual grand prize, the amount will be (probably) 1% of the Benefit Barcode, Inc. company's acquisition commission revenue for relevant year.

Other costs incurred (daily operation etc.) will be financed from the company's revenues.

6.1 Risk of the project

With the help of the funds provided by 280+ small investors who joined the first round of capital raising, as a result of three years of software development, the platform has already been launched and operating. **89%** of startups are unsuccessful because of 2 main reasons:

1. _**Missing market validation**_ - there is no need for developed product/service. In our case the previous 20 years have shown the existing/increasing demand for our service(s). Our strength lies not only in serving for-profit companies, but also in serving the „market niche/gap" represented by nonprofit organizations (municipalities, NGOs, clubs…) & celebrities/influencers, millions of which exist worldwide.

2. _**No existing system/platform, only demo version**_. We already have a working multilingual platform.

As mentioned above, the project is less risky as it has already been launched, has an existing network of partners and the additional investment is for further IT development and market acquisition/growth.

Risk management

Risk	Impact	Probability	Solution
1. delay in platform (moduls) further	a delay in development could	low	on time development of missing modules

development	result in loss of revenue and slower market take-up		
2. no international experience	wrong decisions during market opening, which can lead to loss of revenue	medium	- experienced staff, - use of professionals, - knowledge of the market/legal environment
3. complying to changing, restrictive legal environments	possible fines	low	use of professionals
4. emergence of innovative competitors	market acquisition/power struggle	medium	continuous monitoring and analysis of potential competition
5. low interest from target groups	loss of revenue, small market share	low	- already existing partner network, - strong marketing through celebrities, - organic growth through social partners - reward program

6.2 Financial plan - Profit and Loss

	Unit	Year 1	Year 2	Year 3
Revenue from bercode issuers	USD	1 197 115	28 918 145	89 256 237
Acquisition commission	USD	1 281 462	51 519 948	142 158 549
Total revenues	**USD**	**2 478 577**	**80 438 092**	**231 414 787**
Acquisition commissions paid to bercode issuers / bercode usage	USD	427 154	17 173 316	47 386 183
Acquisition commissions paid to bercode issuers / merchant	USD	427 154	17 173 316	47 386 183
Acquisition commissions paid	**USD**	**854 308**	**34 346 632**	**94 772 366**
Salaries	USD	171 692	557 791	584 547
Wage contributions	USD	17 169	55 779	58 455
Personnel expenses	**USD**	**188 861**	**613 570**	**643 001**
Office and admin costs	USD	79 030	202 521	225 735
Marketing and business development	USD	1 368 600	1 975 800	1 375 800
Other operating costs	USD	23 000	60 000	72 000
Contingency (3%)	USD	62 990	567 389	1 466 338
Material expenses	**USD**	**1 533 620**	**2 805 710**	**3 139 873**
Platform development (new moduls, translations)	USD	1 180 000	0	0
Accounting/bookkeeping	USD	6 000	6 000	6 000
Legal advisory	USD	12 000	12 000	12 000
External staff for Europe continent	USD	487 541	609 400	648 938
External services	**USD**	**1 685 541**	**627 400**	**666 938**
Cost of new equipment	**USD**	**24 000**	**18 000**	**0**
Other expenses	**USD**	**0**	**0**	**0**
Operating profit	**USD**	**- 1 807 753**	**42 026 781**	**132 192 608**
Financial profit	USD	0	0	0

Profit before tax	**USD**	**- 1 807 753**	**42 026 781**	**132 192 608**
Tax	USD	0	14 709 373	46 267 413
Profit after tax	**USD**	**- 1 807 753**	**27 317 407**	**85 925 195**

Source: financial plan

Conclusions:

1. The table above shows that on the revenue side, revenues from bercode issuers and acquisition commission are almost identical in first year. In the following years, the acquisition commission amounts are 59-82% higher than the revenues from bercode issuance. This is due to the fact that as the number of bercodes issued increases, the number of purchases increases too which are the base for commission. Therefore, the ability of the platform to generate profit depends largely on the number of acceptance points/merchants and the level of commission they willing to pay (min. 3%, must be divisible by 3).

2. As regards expenditure, the most important and significant items of expenditure are:

➢ Marketing and business development

➢ Personnel expences

➢ Platform development (new moduls, new language versions).

6.3 Financial plan - Valuation

	Unit	Starting point	Year 1	Year 2	Year 3	Terminal value
FCFF		2022.01.01	2022.12.31	2023.12.31	2024.12.30	2024.12.30
Profit before tax	USD		- 1 807 753	42 026 781	132 192 608	
Tax payable	USD		0	14 709 373	46 267 413	
NOPLAT	**USD**		**- 1 807 753**	**27 317 407**	**85 925 195**	
Amortization	USD		4 800	8 400	8 400	
Investments	USD		- 24 000	- 18 000	0	
FCFF	**USD**	**0**	**- 1 826 953**	**27 307 807**	**85 933 595**	**726 593 864**

Parameters

Venture capital	USD	1 826 953				
Discount rate	%	35,00%				
Perpetual growth rate	%	3,00%				
EV/EBITDA multiple		8,9				

Terminal value

EV/EBITDA multiple	USD	1 176 588 969
Perpetual growth rate	USD	276 598 759
Average	*USD*	726 593 864

Company value at the end of Year 3	USD	344 158 635
Investor's share on company value	%	0,53%

Source: financial plan

7. Return on Investment (ROI)

Return on investment (ROI) is a performance measure used to evaluate the efficiency or profitability of an investment or compare the efficiency of a number of different investments.

Today, the international market is pricing billions of dollars for emerging service providers, which, although have many tens of millions of users, but their revenue is still close to zero. In our case, we expect exponential growth in goodwill, not only for the sake of possible outstanding revenues, but also due to the value of the multimillion user database.

ROI calculation under conditions:

- ➢ investment size: $ 1 826 953
- ➢ proposed ownership: **5%** (Based on the founder/majority owner proposal!)

	Unit	Year 1	Year 2	Year 3
Profit before tax	USD	-1 807 753	42 026 781	132 192 608
Tax payable	USD	0	14 709 373	46 267 413
NOPLAT	USD	-1 807 753	27 317 407	85 925 195
Amortization	USD	4 800	8 400	8 400
Investments	USD	-24 000	-18 000	0
FCFF	USD	-1 826 953	27 307 807	85 933 595
Venture capital	USD	1 826 953		
Shares to investor		5,00%		
ROI from FCFF		**135,18%**		
Yield	**USD**	**2 469 727**		
Company value at the end of Year 3	USD	344 158 635		
ROI from company value		**841,89%**		
Yield	**USD**	**15 380 979**		

8. Management of the company

➢ Mr. László Jáger - *founder* - 20 years of experience in building and operating discount systems

The founder and majority owner has more than 20 years of professional experience in Hungary. In two decades, even operating his system called Euro Discount Club, he has collected opinions, insights and development suggestions from hundreds of partners about EDC´s services. In addition, over time, the IT sector has also provided the opportunity to build a system that (also) manages virtual cards. The experience of the last 20 years, the expectations of the partners and the opportunities provided by the IT sector are the manifestations of this complex platform.

➢ Mr. Zsolt Török - CEO - 15 years of experience in EU funded project management

Participation as a manager in more than 40 development projects. Its primary responsibilities were project planning, implementation, financial accounting and follow-up (achievement of defined indicators and milestones). Communication and relationship building between partners and suppliers was also a key focus.

➢ Mr. Zsolt Dobrosi - CTO - 20 years of experience in program design and coding (in several programming languages)

10 years of experience in developing discount card and commission clearing systems. Additional experience in web server operations, specification of complex systems and processes, version management, application development and managing development teams.

9. Contact

For further information or in case of any question please contact:

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www.bercode.com

In case of demand a video presentation (while the borders are closed) can be held for You/ your partners live in English/Slovak or in Hungarian by the presence of the Founder.

DISCLAIMER

There is no guarantee that the above plan will be realized to the extent and at the time indicated. Although our platform and application can already be tested by you. You have to judge the reality of the vision we have outlined above, after your own market knowledge and possible internet orientation/survey!