scratch

Investment Brief

November 2018

dealbox

OVERVIEW

Since Bitcoin appeared in 2009, thousands of cryptocurrencies have been introduced. They all share the underlying blockchain technology which promises benefits of increased security, verification, lower costs and improved efficiencies, in addition to reward mechanism, but they typically live on isolated transaction networks.

Conceived as a media of exchange for daily payments with the massive potential to disrupt the way consumers and institutions transact, demand for cryptocurrencies to this point has been driven primarily by speculation and by initial coin offering (ICO) issuers on the promise of quicker, and more access to capital.

According to CryptoCoinCharts, there are more than 4,600 cryptocoins with a 24-hour volume of $3.33 billion and $224.1 billion in market capitalization.[1] Bitcoin dominates the market (50+% of the capitalization) but its leading position is challenged both by technical concerns and technology advances in other cryptocurrencies.

Early growth in the blockchain and cryptocurrency market is being driven by evolving and increasingly "regulatory friendly" frameworks, less anonymity creating more orderly markets, increasing digitization of financial services, an increasing trend to decentralization and expected demand-side growth for services.

Blockchain Wallets Worldwide

Source: Statistica
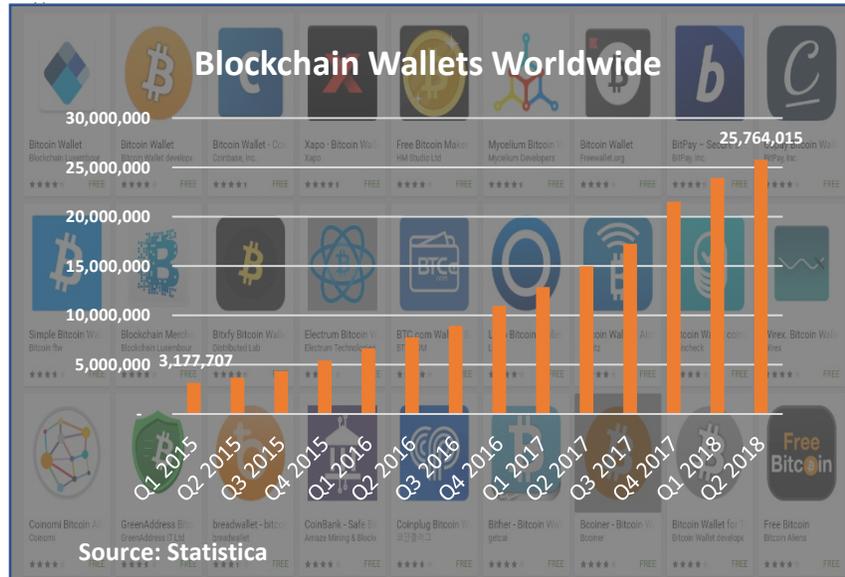
Despite impressive growth, the market is nascent, characterized primarily by tech enthusiasts, early adopters and speculators. While businesses and merchants don't yet know what to think about it. A recent study showed that 92% of Americans (~275 million) have not purchased cryptocurrency and only 8% (~ 26 million) plan on investing in cryptocurrency in the future.[2]

Challenges to Mass Adoption[3] of Cryptocurrencies

1) Disinterested or feel there is no need (~40%)
2) Too risky (35%)
3) It's a bubble (33%)
4) Too complicated (27%)
5) Too difficult to use (11%)
6) It's a scam (18%)
7) Too many fees (6%)

Until these challenges are more effectively resolved consumers will be slow to demand for and adopt cryptocurrencies as part of their daily transactional behavior and merchants will be slow to adopt systems and frameworks to accommodate.

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[1] Last accessed September 28, 2018.

[2] "Why haven't we all bought cryptocurrency yet?" March 2018. Finder.com.

[3] Ibid.

Scratch is developing an all-in-one, turnkey platform designed to encourage broader adoption by addressing and resolving these challenges, making blockchain-based transactions using cryptocurrency as well as fiat currency more practical to more stakeholders throughout the financial services and payments value chain.

Investment

We are raising up to $5,000,000 through a "Pre-Sale" of Scratch security tokens at a price of $0.25 per token ("Offered Tokens"). The Offering is being made pursuant to an exemption from registration under Rule 506(c) of Regulation D of Section 402(a)(2) of the Securities Act. Upon closing of the Offered Tokens, we intend to commence the raise of up to an additional $15,000,000 million of Scratch security tokens in a follow-on offering. We believe the total $20,000,000 will be sufficient to enable us to develop and commercially launch the Scratch platform and sustain enterprise grade operations.

"Pre-Sale" Tokenomics

Each security token will provide token holder with a pro-rata share of gross 25% of the Company's revenues (the "Royalty" payment).

Tokens

Series A ("Pre-Sale")	20,000,000	46.1%
Follow-On STO Offering[4]	15,000,000	34.6%
Pool	8,350,000	19.3%
Total	43,350,000	100.0%

Key Offering Data _ Series A		Max	Use of Proceeds		
Corporate Structure		Nevada Corp.	Working Capital	$	2,146,500
Shares Out		60,000	Sales & Marketing		369,000
Warrants/Options Out		15,000	Engineering & Dev.		2,484,500
Offering - Series A	$	5,000,000	**Gross Proceeds**		**$ 5,000,000**
Offering Price - Token	$	0.25	Offering Expense'		50,000
Offered Tokens		20,000,000	Net Proceeds		**$ 4,950,000**
Post Offering Shares Out (FD)		75,000			
Post Offering Tokens Out		20,000,000			

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[4] Planned Follow-On Offering

THE SCRATCH PLATFORM

The table below describes the current contemplated functionality and features of the Scratch platform. Not all features are expected to be included in the initial release, and, if developed, will be added in subsequent releases.

	Scratch Platform Features	
1.	Easy User Experience & On-Boarding	Onboarding in minutes vs. days, with immediate access to the Scratch ecosystem to make / accept payments or engage in trading.
2.	Identity Management	Use only one password for all services. Scratch will generate a new password for each service while the user will only need to remember one password to access the Scratch platform. All passwords used through the Scratch platform will be retrievable both on-and-off chain if needed by the user. Best of blend approach across biometrics, digital identity, secure element and tokenization, geo-location, interoperable cryptographic keys.
3.	Platform-wide Security*	Advanced cyber security tactics with latest technologies (RPA, AI/ML) to fight fraud and data breaches across all services: Payments, Wallet & Exchange promoting ongoing customer trust.
4.	Hybrid Platform Approach	Scratch leads with a decentralized approach infusing centralized concepts to mitigate if not totally eliminate the respective drawbacks of the two approaches. Scratch will support crypto-to-crypto, fiat-to-crypto and fiat-to-fiat transactions.
5.	KYC/AML Compliance	Know-Your-Customer/Anti-Money Laundering (KYC/AML) processing, transaction fraud and sanctions screening to assist with regulatory compliance, and full regulatory reporting.
6.	Taxable Reporting	Customer reporting including jurisdictionally specific tax reporting, account analysis and other reports.
7.	Best-in-Class Customer Support	White glove, 24/7/365 live chat and email ticketing platform with multiple tiers which can escalate to live, person-to-person support.

	Scratch Product & Service Features	
8.	Secure Hot and Cold Wallet Integrations	User controlled, integrated Hot and cold wallet functionality for managing funds, trading, receiving or paying (e.g. subscriptions) across cryptocurrency and fiat. Superior mobile capabilities to execute a variety of transactions on the fly in a decentralized construct.
9.	Wallet Denominations	We intend to launch the Scratch Wallet with support for Bitcoin (BTC), Litecoin (LTC), Ether (ETH) and Ripple (XRP) with plans to add additional approved digital currencies based on limitations determined by regulators and jurisdictions, as well as the digital currency's reputation and liquidity over time.
10.	Wallet recurring Payments and Billing	Pay for subscription-based services in multiple currencies including fiat and cryptocurrency. Simple on/off switches for all recurring payments; easy and intuitive management of recurring bills.
11.	Digital Merchant Payments	Built on the blockchain to drive Instant approvals, no chargebacks at the best pricing in the market without compromising on functionality, user experience and security.
12.	Flex Merchant Payments	Multiple currencies including fiat and cryptocurrency is supported. Simple on/off switches for business needs; easy and intuitive management backed by world class customer support.

13.	Low Exchange Fees	APIs to multiple-crypto currency exchange providers allowing buyers and sellers low exchange fees via algorithms providing analytics to best exchange rate or trade at that point in time.
14.	Decentralized, Fast and Secure Trading	Decentralized enterprise grade, redundant, and secure high velocity transaction processing systems capable of executing a minimum of 3,000 transactions per second and payment confirmation time of 2 seconds with low latency, near instant liquidity and secure execution.
15.	Intuitive Traders Dashboard	Scratch' Traders Dashboard is an easy to use and customizable user interface and dashboard, where users can perform complex trades and install specialized digital asset trading (charting, AI tools, trade bots, etc.), information and asset management DAPPs written by Scratch, third-parties or individual traders.
16.	Advanced AI Trading Features	Automated, algorithmic trading with artificial intelligence. Standard market, stop losses, margin trading, and peer-to-peer lending of digital currencies.
17.	Market Tracking Tools	A suite of smart market tracking tools allowing users to create customized alerts based on market pricing or changes within the marketplace coupled with a virtual Scratch assistant.

Built on Stellar

We are building the Scratch integrated platform on the Stellar network, which we believe provides several key advantages:

	Stellar	Ethereum
Median confirmation time	5 seconds	3.5 minutes
Price	Negligible transaction fee (.00001 XLM~ = $0.0000002). 10XLM / offer deposit (refunded when offer filled or canceled). No gas fee for computations.	Depends on complexity of computation, speed of transaction and fiat value of ether. The median cost of a transfer is $0.094.
Security	Decentralized network: anyone can run a Stellar Core node and validate transactions. Can choose your validators for increased security.	Decentralized network: anyone can run a node and validate transactions. No built-in feature for choosing approved validators.
	Atomic transactions comprised of simple, declarative operations lead to more auditable code and fewer security pitfalls.	Turing complete programming capabilities produces less auditable code and greater risk of exploitable vulnerabilities.

The Scratch Payment Gateway

Traditional payment systems are convenient for online merchants selling goods and services to a local or regional customer, but they aren't well suited for businesses operating solely in the digital space.

- Consumer electronics goods and services, music, videos and games are often victims of chargeback fraud
- Where trust systems are in place, it takes time and resources to get a rating that shows a merchant is reliable and the ratings aren't transferable to other marketplaces
- Current payment processes are often expensive, slow and complicated
- And many traditional payment gateways often make it difficult to accept mobile payments

Blockchain allows for the creation of a shared and distributed ledger that records transactional information. By making information immutable, blockchain provides a high level of confidence on the Network, eliminates the need for a central authority in peer-to-peer communications of any kind.

Interest in cryptocurrency amongst consumers and merchants has been growing steadily. Despite this fact, adoption remains nascent amongst merchants, who continue to evaluate whether to adopt the technology and if so, how. The benefits for adoption include the promise of reduced transaction fees, faster payment / less friction at the terminal and improved customer access

But even when merchants decide to jump in, they are still confronted with a complex process. We believe there is a tremendous opportunity to develop and commercialize a simple, intuitive, plug-and-play option for merchants to accept and facilitate cryptocurrency transactions.

Scratch is developing a best-in-class payment gateway solution that will be optimized not only to integrate cryptocurrency transactions, but which also supports fiat-based transactions. The Scratch payment gateway will enable merchants to maintain their business-as-usual while they weigh timing on migration to facilitation of cryptocurrency to their business which will be an important feature and value proposition.

Scratch Digital Wallet

Desktop wallets are limiting. Web wallets are vulnerable to hacking. Hardware wallets are not agile. And storing tokens on exchanges is risky. One of the most significant market challenges is the necessity of trust and, therefore, exposure, users must place in centralized financial services in an otherwise decentralized environment. Third party custody risks impact ecosystem sustainability and add vulnerability to manipulation, hacking and regulatory actions.

The Scratch Wallet will solve these challenges described above offering a custody-free platform, allowing users to send, receive and store digital assets and a fully functional decentralized app browser to interact with any decentralized app inside the Scratch application. Private keys are stored on the customer side and are not transferred to the server. Transaction is created on the customer side, with the client application handling all necessary cryptography and transmitting it to the node. And it facilitates adoption by providing users with secure, user-friendly token-management and decentralized app browsing.

The Scratch Wallet will be designed and built to intuitively interact with within the Scratch platform and fintech ecosystem in a decentralized manner. It will allow Scratch users to securely store, send and receive digital assets. It will include features such as notifications of incoming and outgoing transactions, and a streamlined management system, simplifying interaction, portfolio asset management and increasing adoption.

Key to our approach is our focus on simplifying the process for users, focusing on the user experience, providing a friendly way to transfer tokens, coins and fiat currencies. This includes seamless payments in the commerce and in-app sectors that would be convenient for consumers and businesses.

Scratch will facilitate both hot (used for everyday spending of cryptocurrencies) and cold wallet (long-term secure storage) capabilities.

Scratch Cold Wallet	Scratch Hot Wallet
• Offline secure storage for multiple cryptocurrencies	• Linked to 3rd party exchanges
• No fee on deposits or withdrawals	• Enables recurring / subscription-based payments
	• Integrated into Scratch exchange
	• Free peer-to-peer transactions
	• Instant transactions

With the Scratch Wallet, order execution is processed peer-to-peer and blockchain based. No third-party is every involved in the transaction processing. The transaction is custody and possible-intervention-free.

The Scratch Exchange Platform – A Hybrid Approach

The Scratch Exchange Platform will be a state-of-the-art cryptocurrency trading exchange with immediate settlement and liquidity, including advanced trading features. We intend to develop a trading platform that is capable of trading tokens or coins that are determined to be securities for purposes of U.S. securities laws. We are in the preliminary stages of development of this platform.

Key to our value proposition and business strategy is that we are building the Scratch platform taking a hybrid approach that offers the best of centralized exchanges and decentralized exchanges and aims to mitigate, if not totally eliminate the respective drawbacks of the two approaches.

Centralized Exchange	Typical Decentralized Exchange	The Scratch Exchange
Exchange controls funds	User controls funds	User controls funds
Not anonymous	Anonymous	Anonymous
Hacks & server downtime	No hacks & server downtime	No hacks & server downtime
Third-party setups	No third-party setups	No third-party setups
Susceptible to government shutdown	No government can shut it down	No government can shut it down
Controlled by a single or group of companies	Not controlled by a single or group of companies	Not controlled by a single or group of companies
Numerous registrations KYC verifications	Doesn't ask for numerous registrations and KYC verifications	Doesn't ask for numerous registrations and KYC verifications
Higher transaction fees	Lower transaction fees	Lower transaction fees
Easy-to-use	Not easy-to-use	Easy-to-use
Liquidity	Low liquidity	Liquidity
Central authority and support system	No central authority and support system	24x7x365 multi-level support

Exchange Offerings – Securities Token Offerings

The Scratch exchange intends to be a leader in Securities Token Offerings, initially to our core target market (see "Our Market" below). So far, security token offerings make up only a relatively small percentage of ICOs. We expect that to change with Security Token Offerings attracting significant amounts of Wall Street money next year. Security tokens combine the characteristics of utility tokens and venture capital.

	Traditional VC	Utility Tokens	Security Tokens
Issuer-Investor Alignment	X		X
Investor Liquidity		X	X
Access to Expert Networks	X		X
Community Development		X	X
KYC / AML Compliance	X		X
Regulatory Oversight	X		X

Security tokens act as a natural bridge between traditional finance like venture capital and Blockchain and benefit both equally. Historically, utility tokens, akin to loyalty rewards points given by credit cards, have dominated ICOs. However, in some cases, owners cannot use the tokens beyond the issuer's platform. As for venture capital, most private assets are relatively illiquid, which means investors face a difficult and costly time trying to convert them into cash. Security tokens solve both fundamental problems.

Security tokens digitally represent ownership in any asset, such as a piece of a tech startup or a venture capital fund and can provide investors with various rights to that company or fund. Furthermore, Security tokens provide liquidity to investors, access to compliance features to issuers, and a framework for oversight to regulators.
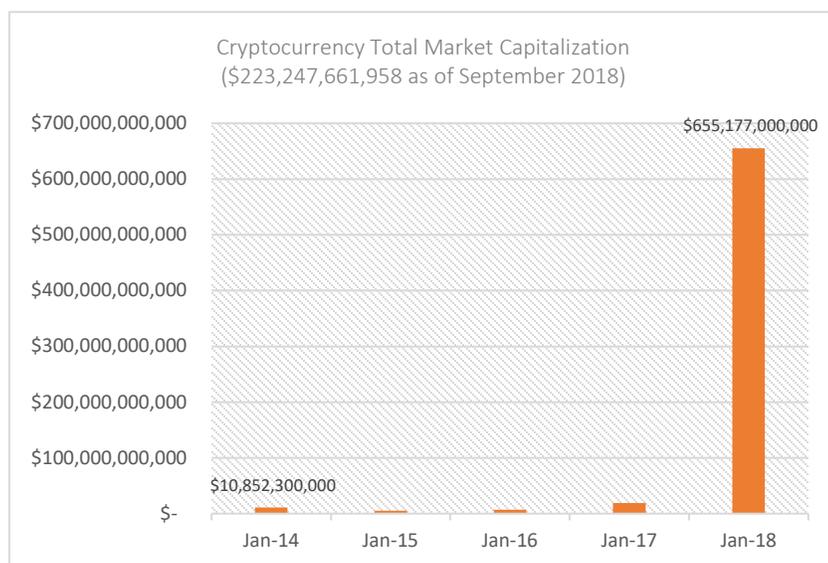
An aspect of security tokens that captivates the imagination of advocates of security token offerings is that they enable any asset to be tokenized and traded on an exchange. The tokenization of real-world assets has the potential to attract investors by reducing transaction fees, improving transparency with respect to ownership rights and ensuring greater liquidity and ease of transferability.

Tokenization Process

1) Take asset you want to be tokenized
2) Place it in a "Smart Trust" which appoints beneficial ownership of the asset to a smart contract on the blockchain
3) Distribute the Smart Trust tokens which correspond to beneficial ownership of the asset

The overall market capitalization of cryptocurrencies from $10.8 billion in January 2014 to $655.1 billion in January 2018 makes a compelling case for the potential value of this asset class.

Although the interest in cryptocurrencies continues to increase, their proliferation into the U.S. and global economy has been modest. In addition to challenges of mass adoption listed above, another key reason for the limited acceptance of cryptocurrencies as a direct means of payment can be attributed to the lack of existing technological infrastructure and regulations in most jurisdictions globally. Realizing the value of cryptocurrencies requires the owners to convert them to fiat currencies in exchanges or in p2p transactions – which entails exchange fees, withdrawal fees and capital gain taxes that slow the process, make it costly and cost-ineffective.

Cryptocurrency Total Market Capitalization ($223,247,661,958 as of September 2018)

$700,000,000,000	$655,177,000,000
$600,000,000,000	
$500,000,000,000	
$400,000,000,000	
$300,000,000,000	
$200,000,000,000	
$100,000,000,000	
$- $10,852,300,000	
Jan-14 Jan-15 Jan-16 Jan-17 Jan-18	

Source: Blockchain.com

Timeline

The table below outlines the timeline and targets the Company intends to achieve for and relative to the Scratch exchange platform. The timeline and targets are based on information the Company currently possesses and are subject to change at the Company's sole discretion.

2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
• "Pre-Sale" Securities Token Offering • Beta Development Scratch Platform Base Capabilities; Mobile Capabilities	• Regulatory approval and licensing processes initiated • Extensive testing • Phase 1 MVP Scratch Platform architecture, UI/Mobile workflow and build	• Phase 2 MVP Scratch Platform architecture, UI/Mobile workflow and build	• Scratch Platform MVP Market Launch!	• Follow-On STO • International Expansion • Fintech Acquisitions and Licensing

Our target customers for listing on the Scratch exchange are issuers that operated in the consumer electronics ecosystem that are undertaking a Securities Token Offering.

MARKET OVERVIEW

Consumer Electronics Market

We are initially targeting consumers and merchants operating in the $377 billion U.S. consumer electronics industry, which encompasses game consoles, computers, laptops, tablets, cell phones, smartphones, MP3 and other music players, TVs, recording devices, navigation devices, cameras, video games etc. and related entertainment services offered across these technologies. [5]

Key Trends Driving the Consumer Electronic Markets

1. IoT, AI and VR are playing an increasingly important role day-to-day human life. Smart TVs, smart homes, smartphones, Internet of Things (IoT), artificial intelligence (AI) connected cars and devices are permeating every aspect of human life. Manufacturers and retailers are constantly looking for technologies, innovations and products that capture imagination, are affordable and relevant to solving day-to-day problems.
2. E-Commerce and Omnichannel retail bring in new customers. Merchants in the consumer electronics industry must have a strong online presence. The growing influence of smartphones and deep penetration of internet connectivity is resulting in more online merchants which are all looking for ways to improve sales, brand recognition and customer loyalty.
3. Consumer demand for premium flagship smartphone models. 2019 will mark the introduction of the first smartphones with 5G connectivity on the market.
4. Increased consumer demand and expenditures for streaming services. Consumer expenditures on subscription music (e.g., Spotify, Pandora, Apple Music) are projected to reach $6.3 billion in 2018 and video streaming services (e.g., Netflix, Hulu and Sling TV) are projected to reach $19.7 billion in 2018 (38% increase over 2017). [6]

Our target customers for Scratch Wallet and Payment Gateway solutions include merchants operating in the consumer electronic space and consumers, primarily millennials that purchase these products and services.
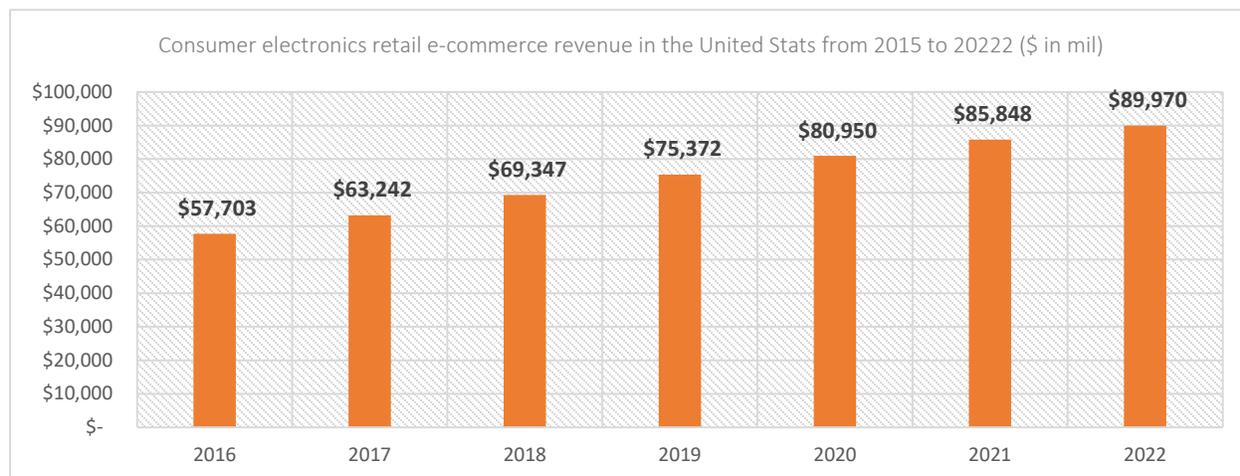
Merchants	Consumers (Targeting Millennials)
As Digital Consumer behaviors rapidly evolve anchored on user experience, speed, security, new tech will lead the way and merchants will have to adopt to stay relevant.	Millennials spend more freely than other generations. 76% spend on the latest electronic gadget, 69% spend on clothes they don't necessarily need and 73% spend on going to see live music, sports, or other entertainment events.
Monetary transactions Systems are evolving to keep pace with the digital economy – blockchain and cryptocurrency are at the forefront. Merchants are actively evaluating payment solutions to stay relevant to the millennial base given their purchasing power for decades to come.	More likely to regularly monitor their financial accounts and more knowledgeable about the fees they pay.

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[5] Consumer Technology Association. July 31, 2018.
[6] Consumer Technology Association. July 31, 2018.

Retail e-commerce revenue from U.S. consumer electronics sales is expected to increase to $90 billion by 2022.

Consumer electronics retail e-commerce revenue in the United Stats from 2015 to 20222 ($ in mil)

- 2016: $57,703
- 2017: $63,242
- 2018: $69,347
- 2019: $75,372
- 2020: $80,950
- 2021: $85,848
- 2022: $89,970

Source: Statistica

Despite current payment processing options, online merchants still face several challenges:

- Trust and transparency
- Expensive, slow and complicated payment processing
- The process of transaction settlement (can take up to 16 steps, regardless of whether it is for an in-store purchase, e-commerce or m-commerce)
- High fees
- Long transaction times
- Mobile payments are not universally integrated

Competitive Landscape

Initial coin offerings have, by some accounts, recently surpassed traditional early stage venture capital funding and, as a result, have drawn a substantial amount of attention, including from U.S. regulators intensely focused on the securities law compliance of such offerings. There is a deep market need for legitimate venues to support security token offerings.

While Scratch seeks to be a leader in this space and believes it is well-positioned to develop a decentralized exchange, the size of the market opportunity will continue to attract potential competitors seeking to provide trading services for securities tokens. As we pursue the development of our proposed decentralized exchange, we expect to face significant competition from both emerging financial technology companies and established market participants.

Regulatory

The regulatory environment with respect to cryptocurrencies and cryptocurrency exchanges is still very formative and the risk of regulatory intervention remains high until clear rules are established and implemented across markets and jurisdictions. The Company intends to work closely with regulatory advisors in jurisdictions around the world to establish working relationships with local regulators and define and operational framework that the Company believes is fully aligned with developing regulatory rules and requirements.

PRO FORMA FINANCIAL STATEMENTS[7]

	2018	2019	2020	2021	2022
Total Revenue	$ -	$ 1,720,000	$ 22,100,000	$ 39,730,000	$ 59,300,000
Total Direct Costs	-	200,000	2,540,000	4,690,000	7,300,000
Gross Margin	-	1,530,000	19,570,000	35,040,000	52,010,000
Total Operating Expenses	1,370,000	4,990,000	18,330,000	17,440,000	23,690,000
Operating Income (Loss)	(1,370,000)	(3,470,000)	1,240,000	17,610,000	28,320,000
Total Other Income	10,000	20,000	110,000	190,000	350,000
Income Taxes	-	-	50,000	4,190,000	4,950,000
Net Income (Loss)	(1,370,000)	(3,450,000)	1,300,000	13,610,000	23,720,000
EBITDA (Loss)	$ (1,370,000)	$ (3,470,000)	$ 1,240,000	$ 17,610,000	$ 28,320,000
%		-202%	6%	44%	48%
Total Current Assets	$ 3,740,000	$ 690,000	$ 17,120,000	$ 30,920,000	$ 54,870,000
Fixed Assets, Net	-	-	-	-	-
Total Other Assets	-	-	-	-	-
Total Assets	3,740,000	690,000	17,120,000	30,920,000	54,870,000
Total Current Liabilities	100,000	510,000	640,000	830,000	1,070,000
Total Long-Term Liabilities	-	-	-	-	-
Total Equity	3,640,000	190,000	16,480,000	30,090,000	54,870,000
Total Liabilities and Equity	$ 3,740,000	$ 690,000	$ 17,120,000	$ 30,920,000	$ 54,870,000
Total Cash From (For) Operating Activities	$ (1,270,000)	$ (3,910,000)	$ 440,000	$ 12,340,000	$ 22,320,000
Total Cash From (For) Investing Activities	-	-	-	-	-
Total Cash From (For) Financing Activities	5,000,000	-	15,000,000	-	-
Net Increase (Decrease) In Cash	3,740,000	(3,910,000)	15,440,000	12,340,000	22,320,000
Cash and Cash Equivalents-End	$ 3,740,000	$ (170,000)	$ 15,270,000	$ 27,610,000	$ 49,930,000

PRO FORMA REVENUE AND EARNINGS GROWTH

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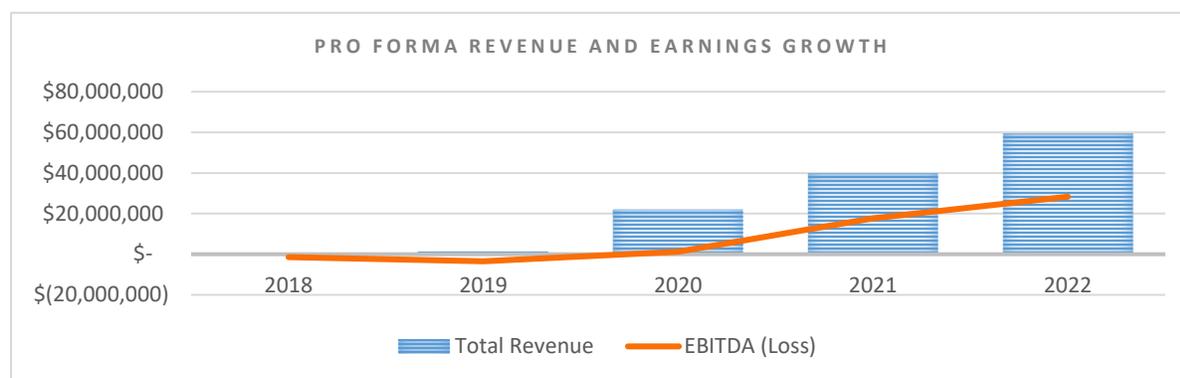
[7] The pro forma forecast herein assumes, amongst other things that the Company successfully completes the maximum offerings contemplated herein ("Pre-Sale" and Follow-On securities token rounds). Failure to do so, or failure to do so on a timely basis will result in a material adverse impact to the Company's operating results.

DISCLAIMER

This is Not an Offer to Purchase or Sell Securities. This overview is for informational purposes and is not an offer to sell or a solicitation of an offer to buy any securities in the Company and may not be relied upon in connection with the purchase or sale of any security. Securities of the Company if offered, will only be available to parties who are "accredited investors" (as defined in Rule 501 promulgated pursuant to the Securities Act of 1933, as amended) and who are interested in investing in the Company on their own behalf. Any offering or solicitation will be made only to qualified prospective investors pursuant to a confidential offering memorandum, and the subscription documents, all of which should be read in their entirety.

To obtain further information, you must complete our investor questionnaire and meet the suitability standards required by law.

Cautionary Note Regarding Forward-Looking Statements/Pursuant to the U.S. Private Securities Litigation Reform Act of 1995

This investment brief contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding launch of products, sales, markets, marketing strategies, our estimates on future financial performance, revenue growth and earnings, anticipated levels of capital expenditures and our belief that offering proceeds will provide sufficient liquidity to fund our business operations over the next 36 months.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

Risks Related to the Company's Business

- *The Company has limited operating history, which makes it hard to evaluate its ability to generate revenue through operations.*
- *There is no assurance that the Company will be able to continue as a going concern.*
- *The Company's business is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, technology, data protection and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the Company's business practices, increased cost of operations or otherwise harm the Company's business.*
- *The Company is, and the Scratch platform, if developed and the blockchain technology to be utilized by such Scratch platform will be, subject to cyberattacks, security risks and risks of security breaches.*
- *The Company faces substantial competition.*

Risks Related to the Development of the Decentralized Exchange

- *Regulatory authorities may never permit the decentralized exchange to become operational.*
- *The Company may not successfully develop, market and launch any decentralized exchange.*
- *The decentralized exchange may not be widely adopted and may have limited users.*
- *Alternative networks may be established that compete with or are more widely used than the decentralized exchange.*
- *The decentralized exchange and any blockchain on which the Company's products and/or securities may rely may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of tokens that may trade on the decentralized exchange. If such attacks occur or security is compromised, this could expose us to liability and reputational harm.*

Risks Related to Blockchain Technology

- *The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have a material adverse effect on the successful development and adoption of the Scratch platform.*
- *The prices of digital assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect the Company's business.*

Risks Related to the Offering

- *There are no assurances that the Company will successfully raise the funds required to successfully develop and launch the Scratch platform operate its business.*
- *The Company's management will have broad discretion over the use of the net proceeds from this Offering.*
- *The Company may be faced with challenges in complying with Delaware law with respect to stock ledger requirements.*
- *Purchasers may lack information for monitoring their investment.*

For more information:

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