Royalty Fee Program Methodology

Supporting Trauma and Resiliency Resources, Inc. (TRR)

1. Purpose and Overview

This document provides transparency into the royalty fee program developed by Trauma and Resiliency Resources, Inc. (TRR) and ScerIS, Inc. to compensate TRR for the use of its intellectual property (IP).

Under this program, ScerIS pays royalty fees to TRR based on revenue generated from ETCETERA® platform software licenses, subscriptions, and SaaS agreements. The amount paid, net of any discounts or premiums applied to the software related line-level detail of the customer's purchase, serves as the basis for royalty fee calculations. Royalty fees are determined from this net revenue basis after applying deductions for application development costs and eligible third-party expenses.

2. Establishing the Royalty Fee Basis

Royalty fees are calculated using a percentage of the software portion of each sale. The baseline allocation reflects the portion of the customer's purchase price attributable solely to ETCETERA® software. It excludes white-labeled or third-party software, hardware, and services such as software maintenance, hosting, and support.

These allocations serve as the basis for royalty fee calculations:

Engagement Type	**Software Allocation (Basis for Royalty)**
License Sales	100%
Software Subscriptions[1]	56%
SaaS Services[2]	28%

3. Permissible Deductions from Royalty Fee Basis

To ensure financial sustainability while honoring its royalty obligations to TRR, ScerIS may deduct the following costs from the software basis before calculating the final royalty fee:

- Application Development: A 30% reduction is applied to the software portion of the sale to account for application development.
- Third-Party Costs: Lead generation and other third-party costs, including customer financing expenses or reserves imposed by financing providers, may be deducted from the royalty basis after the application development allocation is applied.
- No deduction is taken for volunteer-generated leads (e.g., from TRR supporters or referring organizations), however, other applicable third-party costs may still reduce the royalty basis.

4. Royalty Fee Calculation Examples

Engagement Type	Initial Software Basis	After Development Allocation
License Sales	100%	70%
Subscription Fees	56%	40%
SaaS Services	28%	20%

In achieving full disclosure to every participating business, in every proposal linked to this initiative, ScerIS discloses the royalty fee obligation it has with TRR and the timing and method of payment.

*Note: The final royalty fee is equal to the net sale amount attributable to the ETCETERA® platform in the initial sale, less an application development allocation and less third-party costs, if any *

Footnote 1: Basis for Software Subscription Royalty Allocation (56%)
The annual subscription fee for ETCETERA® is 46% of the platform's license list price. Of this, 20% corresponds to software maintenance, leaving 26% attributed to the amortization of the software license. When measured as a proportion of the total subscription fee (26% ÷ 46%), this yields a royalty basis of 56%. This 56% reflects the value of the software component embedded in the subscription and is used as the basis for calculating royalty fees prior to deductions for application development (30%) and third-party costs, if applicable.

Footnote 2: Basis for SaaS Services Royalty Allocation (28%)
ETCETERA® SaaS pricing includes software, software maintenance, and hosted infrastructure with cloud-based support services. Of the total SaaS price, 50% is attributed to the combined value of the software and software maintenance components. Within this half, the proportion attributable solely to the software is based on the established subscription allocation of 26% out of 46%. Applied to the total SaaS price (26% ÷ 46% × 50%), this yields a royalty basis of approximately 28%, which is used to calculate royalty fees prior to application development and third-party cost deductions.

If there are any questions about this program, please contact John Rainone at jrainone@sceris.com