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10 April 2025

US BNPL Market Entry Plan

Ovanti Limited (ASX: OVT) (**"Ovanti"**) refers to the announcement titled "Response to Further ASX Query" released on 8 April 2025 ("Announcement").

As referenced in the Announcement, the Company advises of the release of the US BNPL Market Entry Plan. The US BNPL Market Entry Plan is attached to this announcement.

The release of this announcement was authorised by Josh Quinn, Non-Executive Director and Company Secretary.

ENDS

About Ovanti Limited (ASX:OVT):
Ovanti Limited (ASX:OVT) provides fintech and digital commerce software solutions and services that enable its institutional customers to securely authenticate end-user customers and process banking, purchase and payment transactions.
The Company's core technology platform enables large customer communities to connect to end user customers using any mobile device and integrate mobile technology throughout their existing business and customer product offerings. The Company's business divisions consist of Mobile Banking and Digital Payments which service leading banks in Malaysia and large telcos and corporates in Malaysia & Indonesia. Ovanti also works with telecommunication network providers to provided mobile OTT (over-the-top) services that leverage their subscriber base to build active communities. In addition to the Malaysian operations, the Company is expanding operations for buy now, pay later services (BNPL) into the United States of America (USA). The Company's technology solutions and expertise across fintech and digital commerce solutions and services, including years of servicing numerous large banking clients, give it distinct advantages as it enters the USA market.

OVANTI

US BNPL Market Entry Plan

January 2025

1. Introduction & Purpose

Ovanti Limited announced to the ASX on 17 October that it intended to launch a new BNPL service. This announcement included appointing a new CEO and the commitment to having a market entry plan in place by the end of January 2025.

This paper is Ovanti's US Market Entry Plan, which seeks board approval for the strategy and associated execution plan. It outlines the path to market launch and the resources required to execute it.

With the approval of this paper, the financial projection will form the budget for the remainder of the calendar year 2025.

2. Executive Summary

2.1. Market Entry Plan

Ovanti will enter the US consumer financing market, focusing on short-term consumer lending for individuals with lower credit scores. The proposed approach targets a segment predominantly serviced by Buy Now Pay Later (BNPL) and subprime credit cards. The opportunity in this segment is immense and underserved by traditional credit providers.

Key Highlights:

- 47%, or 120 million US adults, are considered subprime, and Ovanti will actively target 40 million of them.
- The US BNPL market is forecast to grow to USD 206BN by 2030
- Deliver a familiar yet differentiated product to the US market by October 2025
- Targeting to process $1BN Total Transaction Volume by 2028 at 70%+ growth rate
- Targeting profitability by March 2027, with a total 48M AUD investment required over the next 3 years to reach cash flow break even.

The US market is large and complex, but with the right investment in scale, it provides a great opportunity for growth.

Empower spending. Simplify finances.

By October 2025, Ovanti will introduce a new consumer lending product that evolves and combines the best of BNPL and credit cards:

- Universal acceptance - shop anywhere with up to $2,000 credit limits, powered by Mastercard network
- Weekly spend bundling - aggregate weekly purchases into a single manageable repayment due in two weeks
- Flexible repayments - 'snooze' repayments for an extra two weeks for a small 1% fee
- Affordable access - one simple $10 monthly subscription fee

Our mission in the US is to provide 18 to 45 year old Americans with the freedom to manage their repayments on their own terms without the burden of high interest rates and complex fee structures.

We will win by

Delivering this proposition through:

- scaling through direct-to-consumer channels, initially focusing on Southern States where they over-index in subprime;
- leveraging merchant reach for customer acquisition, targeting SMEs and Mid Market, leading with 'lower cost' as a point of differentiation;
- building a multi-functional executive team based in the US to lead delivery;
- establishing a hybrid operating model with a scalable but small internal team with a focus on the integration of a number of specialist technology and service platform partners (speed to market via services and platform partnering);
- building our consumer-facing App and data warehouse to enable our unique product functionality;
- developing credit policies and loan T&Cs to provide a regulated and compliant loan service offering;
- securing relevant state-based licences and leveraging our banking partners' licenses for core loan provision (sub-license bank credit license through a well-recognized bank partnership model) and consumer card issuing (partnering with an issuing sponsor bank to issue virtual credit cards);
- creating a loan book debt funding vehicle by December 2025 to fund expected growth and
- establishing collections management and customer service teams to support customers and business growth.

Investment and Returns

To deliver on our ambitions, the following progressive investments are required:

- Funding to launch (October 2025): 18M AUD funding requirements to get to launch (including 5M AUD capital support for loan book funding); and
- Funding for cash flow break-even (March 2027): 30M AUD additional funding to achieve cash flow break-even (including 7M AUD capital support for loan book funding).
- Aside from additional growth opportunities from March 2027 onwards, we will self-fund our remaining growth.

Our projected returns in FY28 are:

- Growing Total Transaction Volume to $1.1BN, with over 270k customers
- Revenue of 98M AUD, with a 58% gross margin
- Net Profit Before Tax of 22M AUD
- 10x current enterprise value by the end of FY28

Projected 3-year financials:

$M AUD	FY25	FY26	FY27	FY28
TTV	0.00	88.47	536.79	1,122.37
Customers ('000)[1.]	0.00	50.81	154.65	270.33
Loans ('000)[1.]	0.00	141.03	448.05	792.22
Revenue	0.00	7.16	46.17	98.10
Costs Of Sales	0.00	(5.89)	(24.16)	41.48
Gross Profit	0.00	1.27	22.00	56.62
OPEX	(6.18)	(23.16)	(28.23)	(34.13)
NPBT	(6.18)	(21.89)	(6.22)	22.50

The FY28 growth profile is forecast to provide an exit velocity of 76% pa growth rate in TTV, which will flow through in FY29 and onwards. This growth profile will also provide further economies of scale in FY29 and beyond.

Current market multiples of EV/TTV of 0.7 to 1.0 and EV/Revenue of 7.2 to 8.0 suggest that this will deliver 10x plus the current enterprise value at the end of FY28.

This plan provides a pathway to delivering and exceeding current market TTV expectations from previously released KPIs.

2.2. Approval Sought

The following approval is sought from the Ovanti Limited Board to execute this market entry plan:

1. **Approval of the market entry plan for execution by OVT Management with a target date of launch in October 2025**

2. **Approval of the following budget to execute the plan by OVT Limited CEO for 2H FY25 and 1H FY26**

Category	2H FY25 AUD M	1H FY26 AUD M	Total AUD M
People and On Costs	3.18	5.55	8.73
Professional Services	1.15	1.26	2.41
Technology	0.95	1.63	2.57
Marketing	0.11	1.25	1.36
Other Expenses	0.81	1.14	1.95
Cost of Sales	0.00	1.07	1.07
Total	**6.18**	**11.90**	**18.08**

Note: Cost of Sales includes Bad Debts, Interest, Data and Payment Costs.

3. **The following equity funding arrangements are considered part of Ovanti Limited's capital management plan**

   a. 18M AUD funding requirements to get to launch

      i. 13M AUD build costs to get to market

      ii. 5M AUD capital support for loan book funding

   b. 30M AUD additional funding to achieve cash flow break-even (including 7M AUD capital support for loan book funding)

      i. 23M AUD run costs to achieve break-even

      ii. 7M AUD additional capital support funding growth for the loan book

3. US Market Overview

3.1. US Consumer Credit Market

The US consumer credit market is a significant component of the overall economy, encompassing various types of credit, such as credit cards, auto loans, student loans, and mortgages. The current key characteristics of the market are:

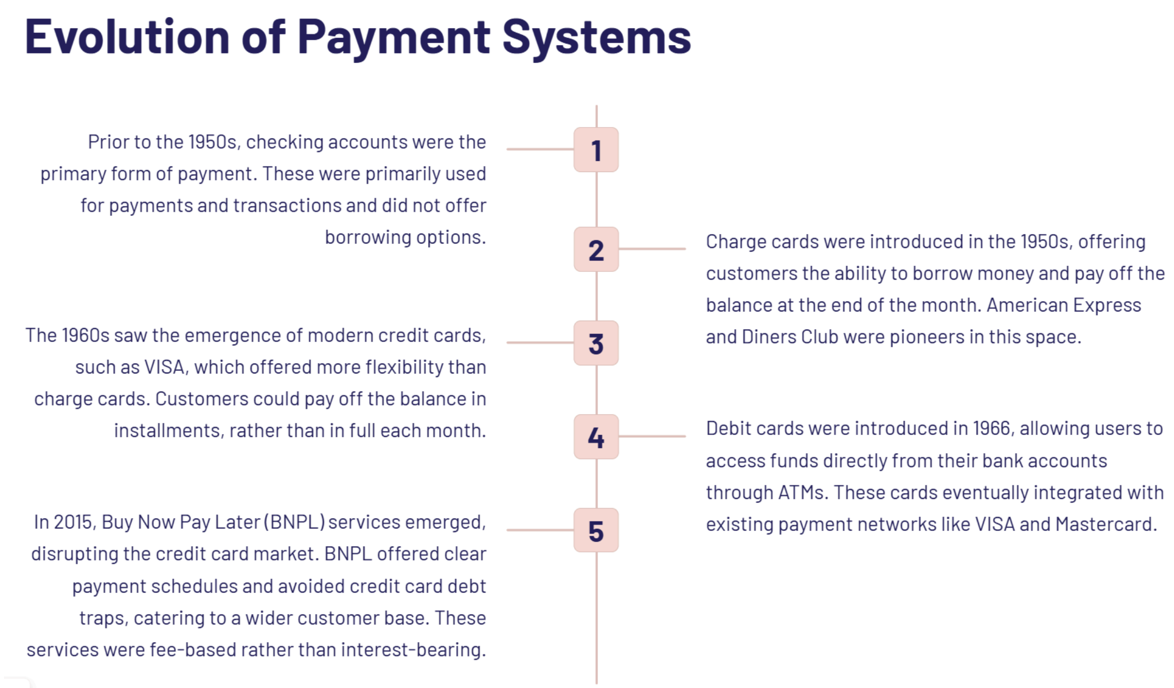
- **Total Household Debt of 17.9 Trillion USD:** The majority of this debt is in mortgages 12.59T, credit cards 1.17T, 1.64T Auto loans 1.61B student loans
- **Majority Total Consumer Credit**: As of October 2024, total consumer credit in the US increased by 19.2B, marking an annual growth rate of 4.5%.
- **Revolving Credit**: This includes credit card debt, and BNPL saw a notable increase of 13.9% in October 2024, the largest since February 2024.
- **Non-Revolving Credit**: This category includes auto and student loans, which grew by 1.1% in October 2024.
- **Interest Rates**: Interest rates for various types of consumer credit, such as new car loans and credit card plans, have fluctuated. For example, the interest rate for 60-month new car loans was around 8.40%
- **Number of Banks and Savings and loan associations:** As of the 2nd quarter of 2024, there were 3,985 commercial banks and 554 savings and loan associations
- **Access to credit remains difficult for some people**. In 2024, 40% of consumers applied for credit, slightly lower than the 42% who applied for credit in 2023. Of the consumers who applied for credit, 39% were turned down or did not get as much credit as they applied for. Meanwhile, 27% of all consumers decided not to apply because they worried they would be turned down.
- **Credit Bureau scores**: With a positive credit reporting environment, Bureau scores, including FICO, are evident and known by most consumers. One in three consumers is considered subprime credit. 11% of Americans have a "thin or stale" score file, so it's impossible to generate a current, valid FICO credit score for them. Another 11% are considered "credit invisible," meaning they don't have a credit file with any of the three major credit bureaus.

Source: Federal Reserve, Tradingeconomics.com, CFPB

The implications for Ovanti are that this is a large, complex, and competitive market. However, despite its size and complexity, access to credit is still an issue for some consumers (particularly for the near and subprime markets). The substantial increase in revolving consumer credit, including BNPL, creates an opportunity to launch an innovative and evolved BNPL product to the US market.

3.2. US BNPL Market

In 2014, BNPL represented the next phase of consumer payment evolution. BNPL has grown exponentially over the past decade, representing a meaningful option for consumers, particularly in the near prime and subprime segments. This is best described by the timeline below:



3.2.1. Size of market

Capital One has estimated the US BNPL market to be 106B USD worth of transactions in 2023. Based on expected growth, this is estimated at 132.7B USD in 2024 and is forecasted to rise to 206B USD by 2030.

By comparison, in 2023, total credit card transaction volumes (business and consumer) were 5.6T. With expected growth, BNPL's share of credit transactions represents less than 5% of the US consumer market. At the end of 2024, outstanding balances on all consumer cards represented over 1.17T USD.

3.2.2. Product Structures

Common product structures in BNPL include:

- Short-term Installments;
- Long term Installments;
- Account-based models and
- BNPL for Businesses.

A summary of each of these structures is provided below:

Short-Term Installments: Less than 3 months - typically have pay in 2-8 structures with initial payment upfront and subsequent payments split into equal instalments. Instalments are usually bi-weekly (Fortnightly). Revenue model a combination of:

- **Customer Fees**: Either individual transaction fees (Sezzle/Zip), late fees (all) or subscription fees (Sezzle)

- **Merchant Fees**: Percentage fee paid by each merchant on the transaction. In the US, we typically work on a merchant discount rate (MDR) where net proceeds are remitted to merchants T+1 on transactions. Typically, this is between 2-7% of transactions depending on merchants' vertical, size and volume. Merchant fees have been under considerable pressure over the last 2 years, highlighting margin compression amongst BNPLs. Historically, merchants have been offered substantial marketing incentives (marketing funds or revenue share) that reduce net income. Marketing rebates and revenue share are often reported as operational expenses and are excluded from the reported net revenue.

- **Interchange Fees**: For open loop or card-based transactions. The BNPL company receives interchange from issuing banks/payment providers similar to credit cards. Typically, this is <2.5% net of each transaction.

- **Affiliate Revenue**: BNPL companies receive advertising and referral revenue from customers activating shopping offers or referrals. Klarna is the leading BNPL player, positioning itself as a shopping app with a BNPL service.

- **Credit Pulls & Bureau Reporting:** Shorter-term products tend to be constructed as closed-end loans, with the lender/marketing partner conducting a soft credit pull that is not reported to the credit bureaus. Near and subprime consumers highly prefer soft pull products, as multiple hard credit pulls can adversely impact an applicant's credit ratings.

Long-Term Installments: Longer-term traditional consumer finance from 6 to 36 months for larger purchases. Unlike short-term instalments, many are interest rather than fee-based. Affirm is the leading player in the US market and has key relationships with Amazon and Peloton. Other BNPLs are either white label (from non-bank financiers like Bread or Synchrony) or do not offer longer-term instalments

- **Customer Interest**: Commonly - particularly for larger merchants, customers are not charged interest or fees, and the merchants absorb the cost. Where a consumer is charged, it is typically through an interest rate expressed as an Annual Percentage Rate (APR). Interest rates currently range between 5% and 35.99%

- **Merchant fees** are the percentage fee paid by each merchant on the transaction. In the US, we typically work on a Merchant Discount Rate (MDR) where net proceeds are remitted to merchants T+1 on transactions. Typically, this is between 10% and 15% of transactions, depending on the merchant's vertical, size, and volume.

- **Affiliate revenue**: BNPL companies typically receive advertising and referral revenue from customers activating shopping offers or referrals. Klarna is the leading BNPL player, positioning itself as a shopping app with a BNPL service.

Account-based models: Account-based models replicate many features of credit cards, including minimum monthly payments and ongoing fees (but no interest). No major BNPL players in the US use account-based models.

BNPL for businesses: There are several smaller BNPL B2B players in the US market, including Resolve and Flexbase Pay. They have struggled to gain traction in the market due to the increased complexity of underwriting SMEs and the competition of small business term loans and lines of credit already dominated by online business lenders such as OnDeck, Kabbage, Bluevine, FundBox, and Funding Circle.

3.2.3. Distribution Relationships

Distribution relationships with BNPL are commonly associated into 5 groups:

1. **Retail Merchants**: Originally, the foundation of BNPL was closed-loop networks (direct merchant agreements and payment relationships between merchant and BNPL provider) with a heavy focus on shopping online. In the US, most large retail merchants have a relationship with at least one BNPL provider. These relationships are categorized by:

    a. Merchant fees: (as outlined in 3.2.2 Product Structures)

    b. Website and checkout integration: Customers can open up a BNPL account via the widget on the merchant website or in the checkout flow

    c. Marketing Contributions: Contractual payments made to merchants by BNPL companies to drive customer acquisition, secure relationships and return the cost of transactions to merchants

    d. Relatively short term: Merchant agreements typically have a term of 1 or 2-year terms

    e. In-store promotion and merchandising: Merchants agreed to display and promote BNPL brands in-store

2. **Aggregators:** There are two styles of BNPL aggregators in the US market. Firstly, from players like Cushion, who aggregate all BNPL transactions across multiple providers for their customers. This gives their customers a consolidated view and increased control of their borrowings. Secondly, businesses with waterfall approaches to credit where customers fall outside the credit criteria will substitute a third-party product to capture value at the point of application (for example, Pagaya). Other aggregation models, like broker-based platforms, have not gained transactions due to the relatively low average credit exposures and associated commercials of Customer Acquisition Costs (CAC).

3. **Payment Platform Integrations**: Most payment platform partners (e.g., Adyen, Worldpay, Stripe, PPRO) enable BNPL companies to access their platforms for easy merchant integration. Platform partners then effectively act as resellers of merchant agreements to their customers on behalf of BNPL providers, usually via a standard rate card. Platform integrators are focused on growing acquiring volume and require any BNPL to use their integration to flow volume their way.

4. **White label:** White labelling does exist in BNPL. The most extensive white label offering is ShopPay (Shopify white labelling Affirm short-term instalment product). Most of the largest BNPLs have attempted white labelling without the required scale. Jifiti and Amount have focused on providing BNPL models to banks as a key platform where banks take both funding and credit exposure. However, the sales cycles have been prohibitively long and slow in gaining traction in the market.

5. **E-commerce Platforms:** The key e-commerce platforms (Shopify, BigCommerce, WooCommerce, Adobe Commerce / Magento, Wix) offer various BNPL options. The relationship is generally still directly between the BNPL provider and retailer. Still, integration is made significantly easier through e-commerce plugins, alleviating one of the retailers' most significant barriers to entry.

3.2.4. Debt Funding Sources

BNPL companies access capital in several ways to fund their origination flow and outstanding loan book. The approach for each BNPL provider depends on their size, length of time originating BNPL, their product offering and whether BNPL is a "core" product offering of the business. An overview of the funding approaches can be seen below:

1. **Warehouse Market:** Most BNPL players have structured standalone debt financing facilities so new loan originations can be funded daily (referred to as "revolving" facilities).

As new loans are funded, collections against the existing loan book reduce the loan balance, creating a situation where the total outstanding loan balance is continually financed. The funding is generally effected through a subsidiary of the BNPL provider but structured as “bankruptcy remote” or “SPV”, with the 3rd party debt provider funding a senior portion and the BNPL funding a junior portion (known as “first loss”). The reference to “bankruptcy remote” reflects that the loans within the SPV are ring-fenced against any claim a creditor might have against the BNPL provider. These structures are funded mainly by large commercial banks (JP Morgan, Citibank or Goldman Sachs) or specialised credit funds/lenders (Victory Park Capital, Liberis or Sixth Street).

2. **Public Securitisations or Public ABS**: Public ABS are often used as a follow-on to warehouse funding when the BNPL is well-established and there is a sizeable “core” outstanding loan book over a multi-year cycle. A similar SPV structure is used to that of a warehouse structure, but the 3rd party funding is provided through tradeable and publicly rated notes. Since notes are rated, a warehouse has more infrastructure complexities, but the principles are the same. Given that the structures are also designed to be consistently fully drawn, they are more suitable for BNPL providers that offer longer-term instalment products with an average loan term of over 6 months. They are also often used in conjunction with warehouse funding that accommodates the seasonal/fluctuating element of the outstanding loan book. Investment banks typically arrange and place the ABS notes with external investors. Affirm uses Public ABS in the US and Zip in Australia as they offer a more credit card style product offering.

3. **Licensing Banks:** For BNPL providers who leverage credit licenses of banking facilities, there is typically a short-term debt facility before any assignments to their warehouse or Securitisation facilities. This funding is established so that the Licensor can be the true lender of record in providing these loans to customers. This funding is separate from a debt facility provider and funds the loans before the sale of the loans to the SPV used under a warehouse or ABS financing.

4. **Shareholders equity**: Shareholders equity typically exists in all debt facilities, such that BNPL companies take a first-loss position. The level of equity is determined by the facilities' subordination or advance rates. For new portfolios with no track record, subordination could start as high as 50% of loans and go as low as 5% for well-established, low-risk, and credit-stable programs.

5. Alternative Funding Strategies: These include:

    a. Whole Loan Sales: Where the BNPL provider sells their loan book to a 3rd party. This removes much of the BNPL provider’s upside or “excess spread”, and they simply receive a servicing fee. These are generally used by those whose BNPL is “non-core” to their other main business. PayPal is a good example and, to some extent, AfterPay.

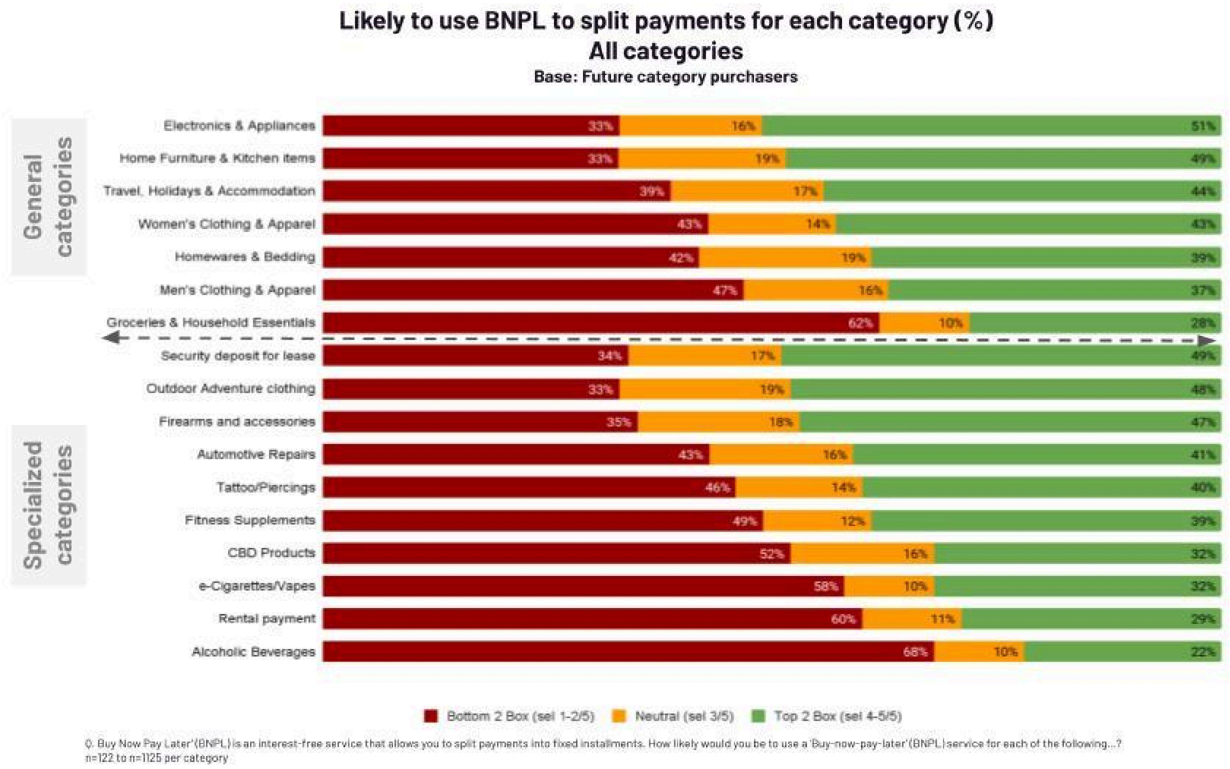
    b. Deposit-taking institutions: If the BNPL provider is also a deposit-taking institution, BNPL loans may be funded by deposits held by the BNPL provider. Klarna is a good example of a registered bank in Sweden that uses its deposits to fund its global loan book.

Ovanti expects to access funding through shareholders' equity in the first few months and then through the Warehouse Market.

3.3. Customer Insights

Our recent customer research highlighted the following:

- 45% of Americans have used BNPL in the last 12 months, or 91M Americans
- BNPL usage skews Under 45s, mixed gender, African American & Hispanics, Those employed full/part-time, Small business owners, Gig workers, and Early tech adopters
- The likelihood to use BNPL also varied significantly by expenditure category, as can be seen in the chart below:



Further detailed insights can be seen in Appendix A.

3.4. Competitors

Several product options are available to consumers to purchase goods and services on credit, and these will be core competitors to Ovanti in the US market. The following sections outline the competition.

3.4.1. Credit Cards

The US Credit Card market continues to dominate everyday spending and the majority of personal lending, with $17 trillion USD being transacted annually. Credit cards have become commoditised by:

- **Private Label Credit Card programs (PLCC)** are provided by large retailers to their client base. Core examples include the Walmart rewards card (provided by Capital One) and the Macy's card (provided by Citibank). These programs are often high-margin for retailers that contribute considerably to reported earnings.
- **Subprime credit cards:** Most card providers are focused on Prime or Super Prime borrowers with attractive rewards programs and incentives. At the other end of the credit spectrum, Credit Cards are provided minimally to Subprime and Deep Subprime borrowers, typically with low limits or secured cash-back options.
- **Credit Builder Products**: In recent years, credit build programs (product offerings supporting customers building their credit score) have become more prevalent in this segment. In these programs, customers provide cash upfront with a linked credit card automatically paid with each transaction, demonstrating a good track record and repayment history that can boost a customer's FICO score.

Since 2017, this market has been disrupted by Buy Now Pay Later due to the following:

- Certainty of payments: simple, clear and transparent payment terms enable customers to manage their finances and cash flow more effectively,
- Avoid being caught in a debt trap by high ongoing interest rates,
- Transparent pricing: Fixed fee-based pricing. BNPL provides the cost of finance certainty rather than compared to compounding interest on credit cards,
- Impact on credit scores: Most BNPLs do not provide credit information to rating agencies for short-term loan products because they only use soft credit pulls. Notwithstanding this current reporting structure, there is regulatory pressure to have a product that customers can use to build their credit through reporting performance to the bureaus (typically called a "Credit Builder" product).

3.4.2. Charge Cards

Reported as a subset of credit cards, charge cards are payment cards that typically have no preset spending limit, require the cardholder to pay the entire balance at the end of the billing cycle and generally have higher fees.

Charge card customers typically have over $100,000 annual income and prefer paying off their balance to avoid interest. The best and most dominant example of a charge card is American Express. In 2024, 1.14T payments were processed through charge cards *(CapitalOne research 18/12/24)*.

3.4.3. Buy Now Pay Later

BNPL has existed in the US since 2014. It is dominated by 6 competitors, with several specialist suppliers filling out the rest of the market.

PayPal

- The most dominant BNPL player - available on approximately 80% of ecomm sites in the US (~300M merchants) and available to 25M customers.
- BNPL was automatically turned on for all Paypal customers and merchants; no additional integration was required. It's unlikely they charge merchants additional fees for BNPL, which is fee-free for customers. Recently, they claimed to have over 50% of the BNPL market.
- Started offering split instalments Dec Qtr 2020, BNPL volumes reach $6BN by Q3 2022
- BNPL profitability unknown
- Purchasing experience - Closed loop online through PayPal checkout

afterpay

- Acquired by Block in Jan 2022 and now operationally combined with CashApp
- 55m customers in the US on cash App
- c.20m customers on BNPL
- Primarily a Pay in-4 product, but has launched monthly instalments to tackle high AOV purchases
- First mover in fashion and high-frequency discretionary items. Recently, there has been a big push into grocery, food, and beverage.
- c240m USD pq BNPL revenue in Dec 2023
- Key merchants: Shein, Temu, Nike, Nordstrom
- Purchase experience - Closed loop AfterPay merchants online or in-store. Inconsistent online and in-store experience.

affirm

- 19.5m customers in US, 323,000 active merchants
- Two core BNPL products
    - longer-term (3, 6 and 12 months) large installments (up to 30,000 USD)
    - Pay in 4 (under Shoppay brand)
- Running at $100m USD loss for Sep Qtr 2024
- Key Merchants: Amazon, Peloton, Shopify (Shoppay), Walmart
- Purchase experience - Closed loop online at Affirm merchants via logging into pay. In-store, open-loop debit cards are available everywhere. Customers must go into the app within 24 hours after purchase if they wish to put a purchase on a plan for a fee. The amount will be immediately taken from their bank account if not put on a plan.

Klarna

- 34m customers in the US (total active/inactive)
- Positioned as shopping app/marketplace first, BNPL second
- Pay in 4 product
- IPO expected later this year
- Founded in 2005 in Sweden, it is currently in 31 countries (primarily European)
- Key Merchants: Nike, Macy's, Shein, Instacart
- Purchase experience - Closed loop single-use card online. A new card must be provisioned for the merchant. Instore uses the same process. However, a customer could potentially use the single-use card at a merchant that is not part of the Klarna network

zip

- 3.9m active customers in US, 24,000 merchants
- Two core products - Pay in 4 and Pay in 8
- Strong underwriting performance 1.6% write-offs
- Negative customer growth (active customers down 1% YoY)
- Key Merchants: Shien, Fashion Nova, Best Buy
- Purchase experience - Closed loop single-use card online. A new card must be provisioned for the merchant. Instore uses the same process. However, a customer could potentially use the single-use card at a merchant that is not part of the Zip network

sezzle pay in 4

- 2.6m active customers in the US
- Moved from ASX to NASDAQ listing
- Pay in Full, Pay in 2 and Pay in 4 products
- Offers tiered service with Sezzle anywhere and Sezzle premium
- Current credit provisions of 2.3%
- Key Merchants: Target
- Purchase experience - Closed loop online at Sezzle merchants via login. Instore single-use card provisioned for a merchant customer could potentially use the single-use card at a merchant that is not part of the Sezzle network

The complete list of competitors can be seen in Appendix A.

3.4.4. Other Alternatives

Personal loans are still available for everyday and off-the-books purchases. They are often used for larger purchases like travel or medical expenses. Although substantially smaller than the credit card market, the size of the personal loan market will be 249 BN USD in 2024, nearly double the BNPL market.

3.5. Regulatory Environment

BNPL products are regulated directly and indirectly by several federal and state authorities. Compared to those in Australia, BNPLs operating in the US are subject to higher regulatory scrutiny in a more litigious environment, requiring an increased focus on compliance with laws and regulations. While BNPLs operated more so “under the radar screen” during the early years (2010 - 2018), given BNPLs explosive growth over the past years, they have come under increasing regulatory scrutiny. The primary regulators and governmental bodies include the following:

a. **Federal Regulators (Federal Reserve, Federal Deposit Insurance Corporation (FDIC), and Office of the Comptroller of the Currency (OCC):** Federal regulators oversee all federal and state-chartered banks, whether directly for banks with licenses or indirectly through such banks for marketing partners that leverage the banks' licenses. They hold them accountable for capital requirements, all non-capital risk factors, and compliance with all lending and consumer compliance laws through regular examinations. Through bank sub-licensing models, BNPLs commonly leverage federal and state banks' charters, which are examined regularly indirectly by federal regulators for full compliance with applicable laws.

b. **Consumer Financial Protection Bureau (CFPB):** Formed on the heels of the 2008 US financial crisis, the CFPB has broad oversight of banks and non-bank lenders. Both licensed banks and BNPLs (and, more broadly, financial technology companies) are regulated directly by the CFPB, which has been actively monitoring the BNPL market and has issued reports and market monitoring orders to BNPL providers to ensure consumer protection. The CFPB can levy monetary fines and require banks and BNPLs to modify their practices. Since 2022, the CFPB has aggressively investigated BNPLs, seeking more direct supervision oversight through frequent examinations and changes in several practices. While there are questions about whether the Trump Administration will seek to diminish the powers of the CFPB, it will continue to have a powerful regulatory presence.

c. **Federal Trade Commission (FTC):** The FTC enforces federal and state consumer protection laws, ensures fair competition, and ensures that BNPL complies with the FTC Act (and state equivalent laws), which includes making truthful and accurate claims about the costs and conditions of BNPL plans. States also have direct jurisdiction over BNPLs for their disclosures.

d. **State Banking Regulators:** Various state regulators also oversee BNPL services, ensuring compliance with state-specific banking consumer protection laws and regulations. Whether or not BNPLs have a bank license through a federal or state-chartered bank, many states also require BNPL providers to have a state-specific license.

e. **State Attorneys General (State AGs):** State AGs can bring enforcement actions against BNPLs for violating state laws. In addition, consumers in states can file lawsuits and seek monetary penalties for violations of state consumer laws/statutes, with the most common examples being unauthorized text/phone messaging over a certain limit, post certain hours, or without authorization.

3.5.1. Regulators Key Concerns

Regulators in the US at both the federal and state levels have several key concerns regarding Buy Now Pay Later (BNPL) services:

1. **Consumer Protection**: Regulators are aggressive in protecting consumers by ensuring that the products and services that BNPLs offer are, amongst other things, transparently, fully and accurately disclosed; the products, services and pricing offered are what is received with no “hidden fees”; the pricing and functionality of the products are fair, non-discriminatory and not above applicable rate caps; and consumers have rights regarding resolution of their complaints, including refunds amongst other rights.

2. **Debt Accumulation**: Regulators are concerned that consumers (particularly those from minority/diversity groups, younger and lower-income backgrounds) do not accumulate high levels of debt above and beyond their ability to repay them. BNPL providers typically don't perform ability-to-repay analyses, and given the nature of short-term instalment products where soft credit pulls are used, other lenders extending loans would not have visibility on BNPL loans.

3. **Data Harvesting and Privacy**: Regulators are concerned about the extensive data collection by BNPL lenders and the potential use for discriminatory purposes or to entice consumers into making unnecessary purchases through additional products marketed to them that they did not elect to receive. US privacy laws are state-specific and require compliance and disclosures for each jurisdiction.

4. **Inconsistent and Absence of Full and Transparent Disclosures**: Regulators have criticized the lack of clear, standardised disclosure language across BNPL products in such a manner that consumers fully understand the offering (including pricing, services and their complete set of rights) and how they can avail themselves of their rights.

5. **Payment Methods (including mandatory autopay)**: Regulators are increasingly mandating that consumers have an array of payment options for managing their accounts and have the ease of cancellation ability to change their payment method versus the practice of requiring autopay.

6. **Credit Reporting**: Many BNPL providers do not use “hard credit” pulls (which are reported to credit bureaus) to approve short-term closed-end loans but instead use “soft credit” pulls, which are not reported to the credit bureaus. The advantage of a soft credit pull for the near and subprime consumer class is that the larger number of “hard credit” pulls harm consumers’ overall credit ratings. Open-end credit products typically leverage hard credit pulls. However, the disadvantage of having only soft credit pulls is that the consumers do not build a credit history. Regulators increasingly require that BNPLs offer consumers the option to build their credit with reports to credit bureaus.

7. **Unfair Contracts and Pricing**: Both federal and many state regulators are focused on the cost of finance (typically with annual percentage rate (APR) caps of 36%) and look at all charges incurred by customers to assess whether fees are fair or approach usury levels via simple APR comparison. Of particular focus is what components qualify as finance charges and are imputed into the APR calculation. Late fees have been a recent focus over the last few years, with many states capping them at $7.50 per late occurrence), given the average size of borrowings. Regulators at both the federal and state levels have the power to assess contracts as unfair to consumers, impose penalties/fines, mandate restitution of excessive fees, and, in some cases, invalidate the

loans. In response to these concerns, in June 2024, the CFPB issued an interpretive rule classifying BNPL providers as credit card issuers, including them under regulation Z and subjecting them to similar regulations and consumer protections as traditional credit card companies. The interpretive rules remain unclear, and it is not certain that the CFPB under the Trump Administration will enforce the interpretive rule and that the current CFPB Director under Biden will be replaced.

3.5.2. BNPL Operators Approach to Regulation

Outside federal legislation, such as privacy and communications. BNPL providers take two paths to dealing with state-based regulations:

Bank Licensing Path	**State-Based Licensing Path**

• BNPL provider leverages the bank's credit licence via way of a partnership agreement
• Loans are originated under the bank license and disclosed to customers as a loan generated by the bank in BNPL T&C's
• The bank, for regulatory purposes, has oversight of all credit, product and compliance programs governing the BNPL offering
• The bank provides the first 2-3 days of loan funding to demonstrate that it is the true lender of record. After the funding period, the bank sells the account and receivables to the BNPL, which services the account thereafter. Typically, the receivables are funded by a separate debt facility.
• There are 15-20 state-chartered banks that provide this service (sometimes referred to as "rent-a-banks"), with the majority in Utah, given its advantageous laws that do not have rate caps.
• BNPL providers are compensated by charging an interest rate + for the period the bank funds the loan and a fee per transaction/account.
• It enables BNPL providers to operate in 45 out of 50 states (5 states do not recognise sub-licensing), with 35 not requiring additional state operating licenses.
	• Absent the BNPL leveraging another bank's credit license, states have their own state credit licensing requirements and obligations
	• Licensing applications are made through a common application portal, but requirements vary heavily by state
	• Each states have their own unique licence frameworks, including:
	    • *Credit License*- ability to operate a credit business
	    • *Marketer licenses* - ability to market credit in the state, including broker services
	    • *Servicing License* - ability to collect money on behalf of credit arrangement
	    • *Presence requirements* - a requirement to have an office in the state
	• The level of license required is determined by product construct and service offering
	• Typically, license approval can take 3 - 18 months and is driven by state-based timeframes
	• Licensing fees and minimum capital requirements are common requirements of the license

Bank Licensing Path	State-Based Licensing Path
• Bank Licensing takes between 6 - 9 months	

Most current BNPL providers have combined both paths to diversify their regulatory/bank partnership risk.

3.6. Critical Success Factors and Market Opportunities

The **Critical Success Factors** for BNPL launch in the US market include:

- The clearly defined **value proposition** for both customers and merchants
    - How is the product **better** at solving a problem consumers care about? Given the many credit options consumers have, being different isn't enough.
    - Is the product pricing reasonable? Does it not create a credit trap or cycle that penalises customers for their credit needs?
- Be able to **leverage merchant** and/or distribution partners for fast growth.
- Ability to invest in **driving brand awareness** ("we are here")
- Seamless consumer **sign-up and usage experience**. Real-time decisioning is a given.
- Similarly, with merchants, lightweight integration, seamless merchant onboarding, and maintenance experience. **Integration into PSPs and e-commerce platforms** is critical to removing merchant acquisition roadblocks.
- Ability to approve **near and subprime** (and deep subprime) customers underserved by credit cards (typically FICO ranges of 500 - 580).
- **Strict adherence to regulations** and consumer protection standards is crucial for building credibility and fostering trust in the market with consumers and an array of federal and state regulators.
- **Unit economics** that can fund growth, CAC < LTV

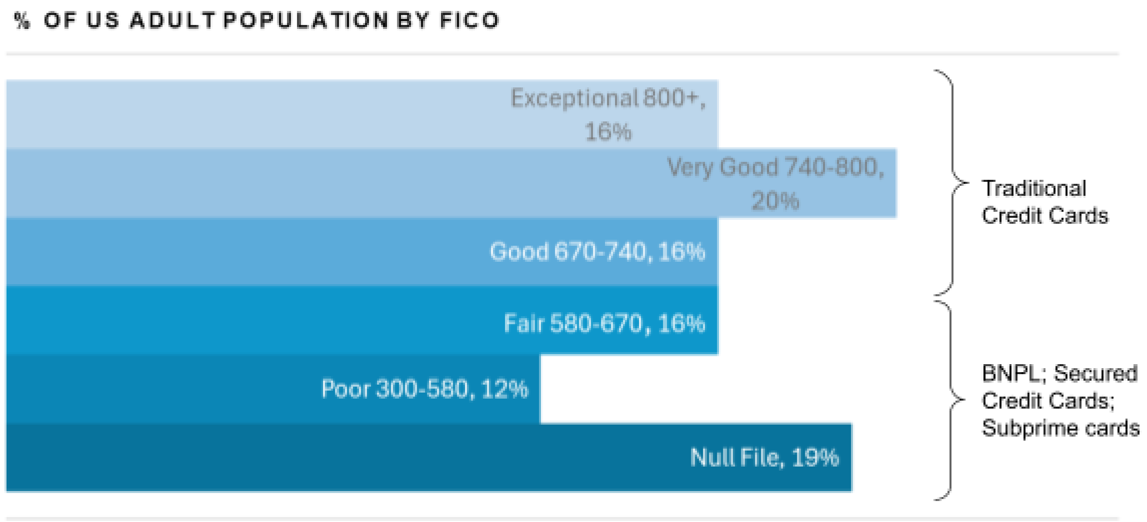
Success is underpinned by execution excellence and talent management.

The Consumer Opportunity

Traditional credit cards underserved 47% of the US adult population, which equates to approximately 120 million adults.

Credit cards typically only approve FICO scores of 670+, with some financial institutions (e.g., Capital One) offering secured credit cards and subprime credit cards (e.g., Petal 1, Credit One). These cards often have unfavourable terms, requiring customers to put down a security deposit equal to their credit limit and/or incur higher fees and APRs. This consumer segment is where

BNPL has found a market niche.



See 4.2.1 *Target Market Segments Consumers* for customer demographics.

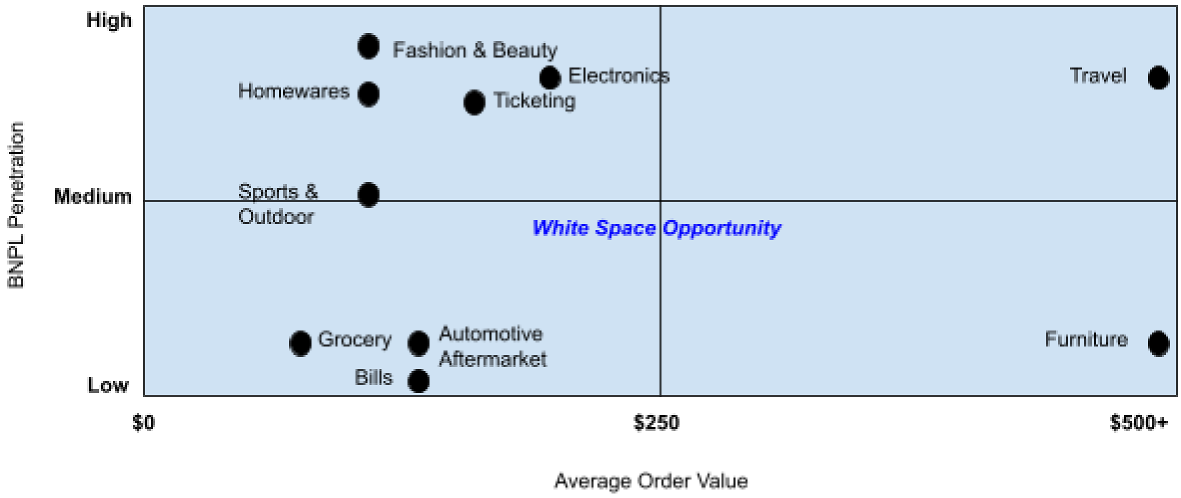
The Merchant Acquisition Opportunity

There are two lenses to view the merchant acquisition opportunity

1. BNPL White Space - target merchants under penetration by BNPL or
2. BNPL Switching - target merchants who already have BNPL and entice them to switch/add another provider

BNPL Vertical White Space

Verticals such as grocery, automotive supplies, bills, and furniture are relatively under-penetrated by the current BNPL players, presenting an opportunity to target these merchants.



The recommendation is to **not take this approach initially** due to the significant challenges in selling to these merchants:

- These verticals are over-indexed in physical retail, which no BNPL player has successfully penetrated. All BNPLs have invested significant resources in educating customers in-store with limited success—customers simply don't associate BNPL with physically purchasing in-store and have **limited customer acquisition** despite merchandising.
- These verticals are dominated by several large enterprise merchants who have notoriously long sales cycles and hold much of the bargaining power.
- Verticals such as grocery and bills don't see the BNPL benefit of 'higher AOV' so they don't see the benefit of implementing BNPL.
- These verticals are typically low-margin. Even with enterprise BNPL processing typically at 1-2%, it's still a significant cost increase for merchants.

Given the prevalence and competitive landscape of BNPL in the US, verticals are generally under penetration due to inherent structural challenges, not for lack of focus or opportunity.

BNPL Merchant Switching

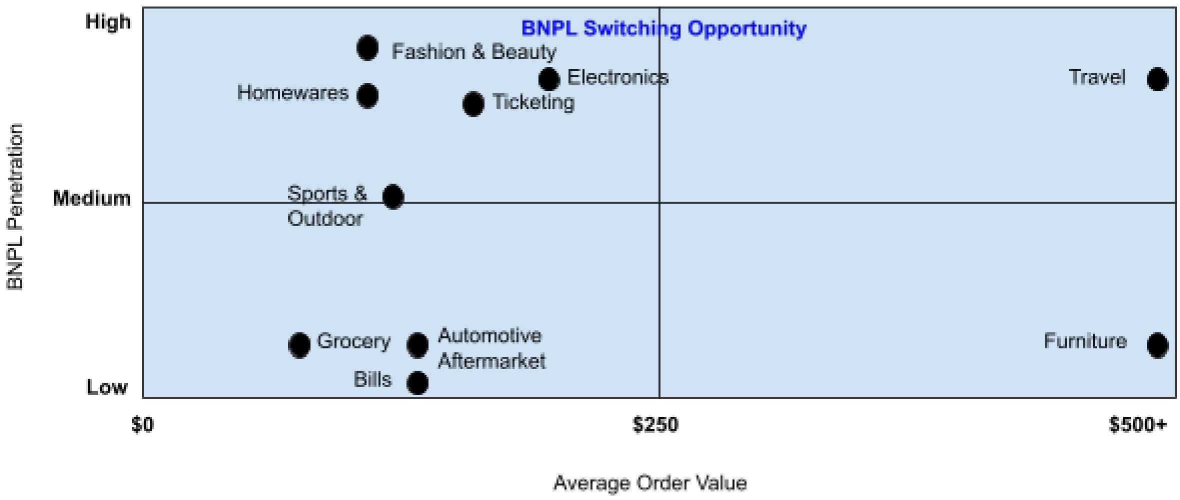
Successful merchant acquisition will require a value proposition better than the current options. "Better" can be broken down into:

1. Product lead differentiation, charging a premium for this differentiation, or
2. The same product, but at a lower cost.

The recommendation is to take the "same product / lower cost" approach, i.e., view merchants as a cost of acquisition. Building a differentiated product for a specific merchant vertical is highly risky and doesn't allow much room for expansion beyond those verticals.

Our hypothesis is that leading with a merchant value proposition of "same product / lower cost" will allow us to successfully access some high BNPL penetration verticals with a proven product market fit. We will test this hypothesis early in our execution plan.

See *4.2.2 Target Merchant Acquisition* for demographics.



4. Product & Distribution Strategy

4.1. Value Proposition

Next Generation hybrid payment solution eliminates limitations and complexity from the most used traditional payment modalities.

1. Debit Card - Consumers love acceptance of their debit card everywhere, but it cannot give them budgeting and delayed repayment options for better cash flow
2. Credit Card - Consumers love acceptance of their credit card everywhere, but compound rolling interest locks many into a debt trap
3. BNPL—Consumers love the instalments' simplicity; however, when a consumer uses the solution regularly, multiple repayments every 2 weeks become cumbersome. Not all BNPLs are accepted everywhere.

Consumer Value Proposition:

The latest evolution in BNPL, the millennial's credit line with the ability to 'snooze' your repayments -

- Empower financial freedom
  - It works like a credit card, but there is no burden of high interest rates / no compounding interest
  - Is the repayment timing not quite right for you? Snooze the repayment for another fortnight for a small fee
- Flexible repayment options
  - Bundle multiple weekly everyday purchases and pay them off in one fortnightly payment
  - Flexibility to split/or delay any purchase or group of purchases into instalments
- Universal acceptance
  - Use everywhere Visa/Mastercard is accepted, not just selected retailers
- Universal accessibility
  - Even available to customers with a limited credit history
  - It won't require a hard credit check

Merchants Value Proposition:

- All the benefits of BNPL (higher AOV, access to subprime audience) with no additional cost - offer BNPL solution at debit card processing rates

4.2. Target Market Segments

4.2.1. Consumers

In our launch into the US, we will be targeting 3 Market segments including:

1. **Millennial Urban Professionals**
2. **Gen Z customers**
3. **Middle-Income Families**

These segments all have high digital adoption and already strong alternative payment awareness. The estimated combined population of Americans aged 18-45, with household income 25k - 150K USD, is 40M people.[1]

Profiles of these segments can be seen in the table below:

	Millennial Urban Professionals (25-40)	Gen Z Consumers (18-24)	Middle-Income Families (30-45)
Demographics	• Income range: $50,000-$100,000 • Urban/suburban locations • College-educated • Tech-savvy early adopters	• Students and early-career professionals • Income range: $25,000-$50,000 • Metropolitan areas • Digital natives	• Household income: $75,000-$150,000 • Suburban locations • Single and Dual-income households • Children at home
Key Characteristics	• Active online shoppers • Budget-conscious but lifestyle-oriented • Seeking flexibility in payment options • May have student loan debt affecting traditional credit access • Strong digital wallet and mobile payment adoption	• Limited credit history • Strong preference for digital-first solutions • Value-conscious but brand-aware • Sceptical of traditional financial institutions • Heavy social media influence on purchasing decisions	• Planning larger purchases • Need flexibility for household expenses • More established credit history • Value convenience and reliability • Time-constrained decision-makers

[1] Cenus.gov population between 18-45 2023 65M; Household income $25-150k in 2023 62%

	Millennial Urban Professionals (25-40)	Gen Z Consumers (18-24)	Middle-Income Families (30-45)
Shopping Behaviours	• Regular discretionary purchases across multiple categories • A mix of online and in-store shopping • Average transaction value: $100-$500 • Frequent travel and entertainment spending	• Frequent small-ticket purchases • Heavy focus on fashion and electronics • Average transaction value: $50-$200 • Strong preference for mobile commerce	• A mix of essential and discretionary spending • Focus on home goods, electronics, and family needs • Average transaction value: $200-$1,000 • Regular grocery and retail shopping

4.2.2. Merchants

Our product solution will allow customers to purchase anywhere Visa/MasterCard is accepted (universal acceptance). Consequently, our customers can purchase from the broadest range of merchants from day 1.

Merchants, however, are a key channel for new customer acquisition, mainly when our solution is included and embedded in the checkout flow. We will still need the ability to integrate with merchants, particularly by PSPs; however, our merchant targeting can become more specific due to our existing universal acceptance.

Where we won't play

- Merchants with significant in-store presence - asking customers to download an app and sign up instore is very clunky and has low conversion rates
- Large enterprise merchants where the sales cycle is long and have little appetite to deal with unestablished brands
- Deprioritise verticals such as Fashion and Beauty, where margins are high, and the Afterpay and Klarna brands matter. These verticals often have a 25%+ share of checkout and will be extremely difficult to unseat.
- Deproritise verticals such as Ticketing, where incumbents have exclusivity and/or significant co-marketing agreements.

Where will we play

- SMB and Mid Market, where merchants are likely paying 3%+ for the incumbent BNPL solution. Some examples include -
    - Health & Fitness Supplements - Supplement Warehouse
    - Sports & Outdoor - Backcountry.com
    - CBD and Vape - Charlotte's Web
    - Automotive Aftermarket - Auto Parts Warehouse

4.3. Product

4.3.1. Overview

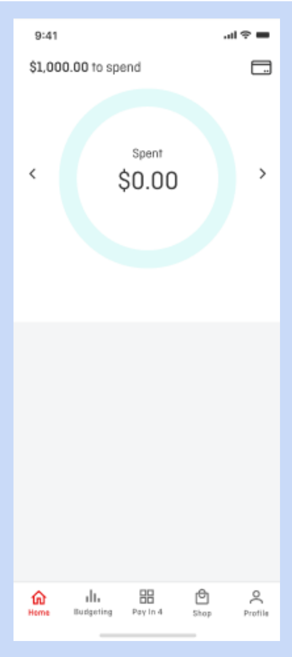
We aim to launch a highly competitive product for our targeted subprime customer segment in a growing and underserved market. We will do this by providing:

True "Buy Anywhere" Functionality	● Works anywhere Mastercard/Visa is accepted ● Digital cards that can be added to digital wallets instantly ● Combines multiple purchases into a single weekly grouping of transactions
Differentiated Payment Structure	● Users get 14 days to pay for purchases ● Option to "snooze" (extend) payment for another 14 days for a 1% fee (that will likely be represented as a tiered fee)
Enhanced Credit Model	● A soft credit check is required ● Soft credit assessment using bank transaction data ● Small starting limits that can increase over time (up to $2,000)
Transparent Fees	● No monthly fees or interest charges ● Late payment fees of $7.50 ● Fee for payment extension ("snooze")
We will be competitive in the market by having the following key differentiators:	● Universal acceptance (not merchant-specific) ● Ability to bundle multiple weekly purchases ● Short-term focus (primarily 14 days) ● Adoption of everyday spending that is not penetrated by current BNPL solutions. ● Real-time transaction capability (ability to transact anywhere with less friction than other BNPL providers)

4.3.2. Product Experience

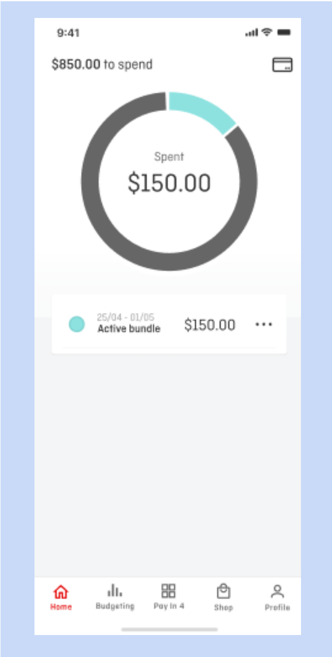
Home screen in the app

A customer has a $1000 limit and can use their Mastercard/Visa anywhere they are accepted.



Customer Spend

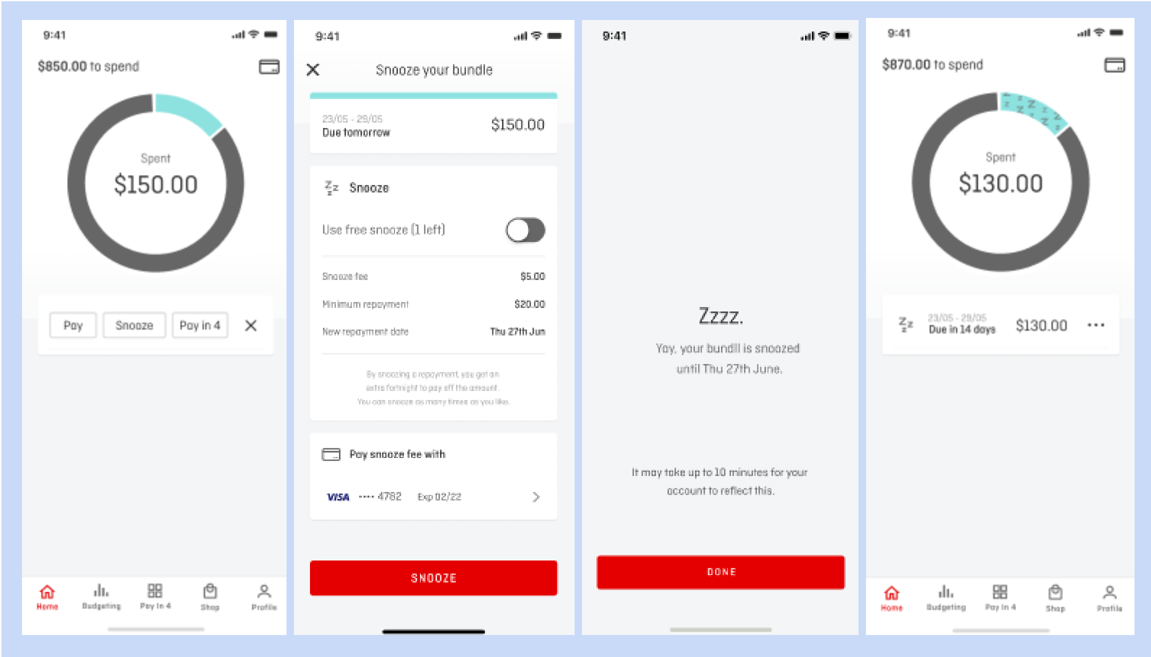
Customers start their weekly spending. They transact as much as they want during the week. All the transitions are grouped/bundled to create the total amount spent that week. They spent $150 this week.



Snooze or pay in full.

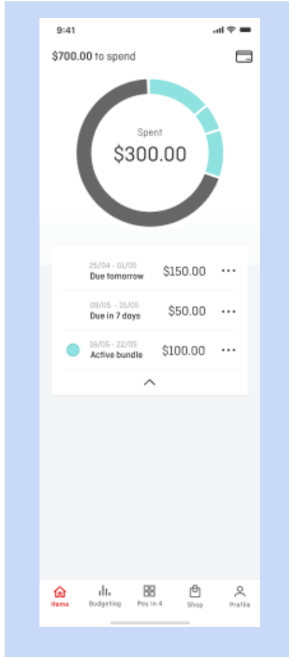
At the end of the two-week bundle period, the customer can do nothing, and $150 will be processed from their debit card on file.

The customer may choose to pay a fee and snooze the amount owed, pushing the amount owed for an additional two weeks. The customer will also pay a minimum repayment, reducing the loan value with every Snooze.



Customer home page with continual weekly transactions

The weekly bundle of transactions repeats every week. The customer can continue to spend up to their limit.



4.3.3. Pricing & Revenue Lines

Within our product construct, most revenue will come directly from customers supported by our merchant revenue lines. Below is a description of the revenue lines and expected pricing. This pricing may need to be amended based on specific state licensing requirements.

Merchant Revenue

Interchange Fees: The card networks charge exchange fees to issuing banks/payment platforms for every transaction. The costs are charged as a percentage of the transaction size.

In the US market, interchange can range from 1% to 7% depending on the size and risk of the merchants, with an average of 2.5% across most BNPL transactions. Pending our finalisation of issuing payment providers, we expect to receive a net interchange payment on everyday spending of 1.5% due to the lower interchange on everyday spending merchants and potential merchant discounts.

Affiliate Revenue: Affiliate revenue is media advertising for retail merchants. Our App will have the functionality to search for shopping opportunities. The presentation of these offers drives referral revenue when a customer clicks through and visits the merchant's website. Affiliative revenue activity typically occurs in shopping functionality and the presentation of offers after a user interaction (for example, early repayment or snooze). The merchant directly pays this revenue through an affiliate partnership network or suppliers like APM, Rokt or Thanks. This revenue is estimated to be 0.20 USD per interaction via the app.

Customer Revenue

Subscription Fees: Customers will be charged a monthly subscription to the platform and access to their buying power. This is expected to be $10 per month, charged in arrears.

Delay (Snooze) Fee: When a customer elects to snooze and extend their next repayment, we will charge a fixed fee (tier based on the level of outstanding balance of the loan).

Late Payment Fee: If a customer misses a payment, they will be charged a $7.50 late fee. The timing of the charge will be based on the state-based legislative requirements.

All customer pricing must be verified from a compliance and customer research perspective.

4.3.4. Product Summary

<table>
<tr><td>Limit</td><td>Up to 2,000 USD - expect between 300 USD and 500 USD average</td></tr>
<tr><td>Loan/bundle Term</td><td>The loan term is 2 weeks. The customer is expected to pay off loan balances in full (bullet payment)</td></tr>
<tr><td>Account Structure</td><td>
Informal limits are visible to customers (buying power, borrowing power, etc.).
Customers can spend up to that borrowing power
We will allow the customer to transact up to the borrowing power for a week and then bundle the transactions into a loan each week. This loan will be due in two weeks from the closing date. In this way, a loan is created at the end of each week for customers that is then due in two
The customer has a fortnight to pay back the loan. If they wish, at the end of the fortnight, they can extend or snooze the loan for another fortnight by paying a 1% snooze fee (tiered as a flat fee) and a minimum repayment of $25
</td></tr>
<tr><td>Loan/Bundle Schedule</td><td>
The loan schedule is paid off full at the end of the fortnight
If the customer wishes to extend the repayment period (refinance the loan):

They will need to make a minimum repayment to extend for a further two weeks, including a snooze fee
For example:

The customer has a $100 balance.
They can pay back the $100 at any time.
If they wish to extend the payment, they can pay a snooze fee and a $25 minimum repayment and then delay the remaining $75 for another two weeks.
This process can be done until the amount is $0

</td></tr>
<tr><td>Fees</td><td>
Subscription Fee: $10 per month, charged in arrears
Snooze Fee: 1% of the loan balance (tiered as a flat fee)
Late Payment Fee: $7.50 per late payment, subject to state-based grace periods
</td></tr>
</table>

Full product specification and Minimum Viable Product (MVP) functionality can be seen in Appendix B

4.3.5. Future Roadmap and Developments

In addition to delivering our MVP, we will be targeting the development of the following features in FY26/FY27:

- *Refer a friend for a free snooze:* Customers can refer friends to Ovanti to download the app and sign up for the product. If a customer's friend signs up, they will get a free snooze as a reward. The business benefit is additional customer acquisition enhancement with minimal CAC.

- *Good Behaviour Rewards:* We increase the customer limit for those who demonstrate a good repayment history. For example, customers who have paid off more than 4 loans without being in arrears will be entitled to an increase in credit limits from $25 to $100. The business benefit is rewarding good behaviour with an expected increase in utilisation.

- *Pay in four functionality*: As an alternative to snoozing for two weeks, we will allow customers to split their payments into 4. Customers will pay 25% upfront and 25% for the next 3 payments due every 2 weeks. This allows them to spread their payment further and provides them greater certainty than snoozing every fortnight. Pricing is still to be determined to ensure regulatory obligations are maintained. The business benefit is higher revenue and the ability to enable customers to transact larger once-off purchases.

- *Customized shopping offers based on consumer profiles*: Customers can shop online through the App and search for merchants and items. AI customised shopping offers from merchants will positioned in the shopping section

- *Split bill functionality*: Customers can split bills between themselves and other users, driving utilisation and potential customer acquisition.

- *Enhanced loyalty program for merchants*: Merchants can substitute/supplement their existing loyalty programs with a co-branded product (the persistent card in Apple and Google wallets is co-branded). This gives them additional access to BNPL services and customers while enhancing their insights and engagement.

- *Enhanced budgeting tools*: Provide customers with budgeting tools and personal financial management capabilities in the App to demonstrate value, drive engagement and enhance our reputational position in the market.

- *Opt-In Credit Building*: Customers can "opt-in" to report their borrowings on the new product to credit bureaus so that it appears on their credit report. We have structured the product as a series of closed-end loans that would not require us to have a hard request that is reported as an application for credit on their credit reports. FICO and other scores are underpinned by behavioural models, including considering multiple small applications as a key indicator of a higher credit risk behaviour. This negatively impacts their scores and makes it harder for them to gain credit now and in the future. The advantage for customers is that they are not penalised when applying for our product, increasing the likelihood of application. However, the disadvantage for customers is that they are not recognised for good credit behaviour when using our product. Allowing them to "opt-in" demonstrating a strong repayment performance may assist them in building their FICO scores

4.4. User Experience

We aim to provide a best-in-class user experience. The customer interactions will be built around the following key principles:

Mobile-First

App-only experience, not web-based

Clear Navigation

Easy to find what you need

Swift Approval

Efficient process for quick outcomes

Fast & Simple

Quick access to core features

Visual Clarity

Easy-to-understand status indicators

Support

Robust customer support

Security & Privacy

Biometric login after initial authentication

Transparency

Clear fee structure, no hidden costs

5. Credit Strategy

5.1. Objectives & Approach

The Ovanti credit risk strategy provides consumers with viable financial products that can be used as discretionary spending tools while providing sound risk mitigation practices.

Ovanti fraud and identity verification guidelines are developed to provide significant safeguarding measures that are applied consistently to ensure we know the customer (KYC) on the application.

Our credit policy sets optimal operational credit limits, credit approval standards, and acceptance criteria for Ovanti's underwriting, approval, and processing.

The credit policy & practices will utilise key collections strategies and collections tools to provide solid risk mitigation and strategies to reduce finance contracts in arrears.

It also includes a full portfolio management scope to continue evaluating our customer base for line increases, freezes, and potentially new product offerings that best fit the overall risk profile of a consumer segment.

It is important to note that the credit policy will be tightly controlled for all policy changes, and a specific process (Change Control Process) has been derived to ensure proper delivery and improved risk mitigation.

Our core credit objectives include:

- Write-off rates of 4% by Q2 2026
- 5+ days arrears less than 15% by Q2 2026
- Consumer cash flow lending capability on Day 1

5.2. Credit Policy

Our US credit policy is underpinned by a data-driven and objective credit decision-making process constantly enhanced through disciplined testing and optimization.

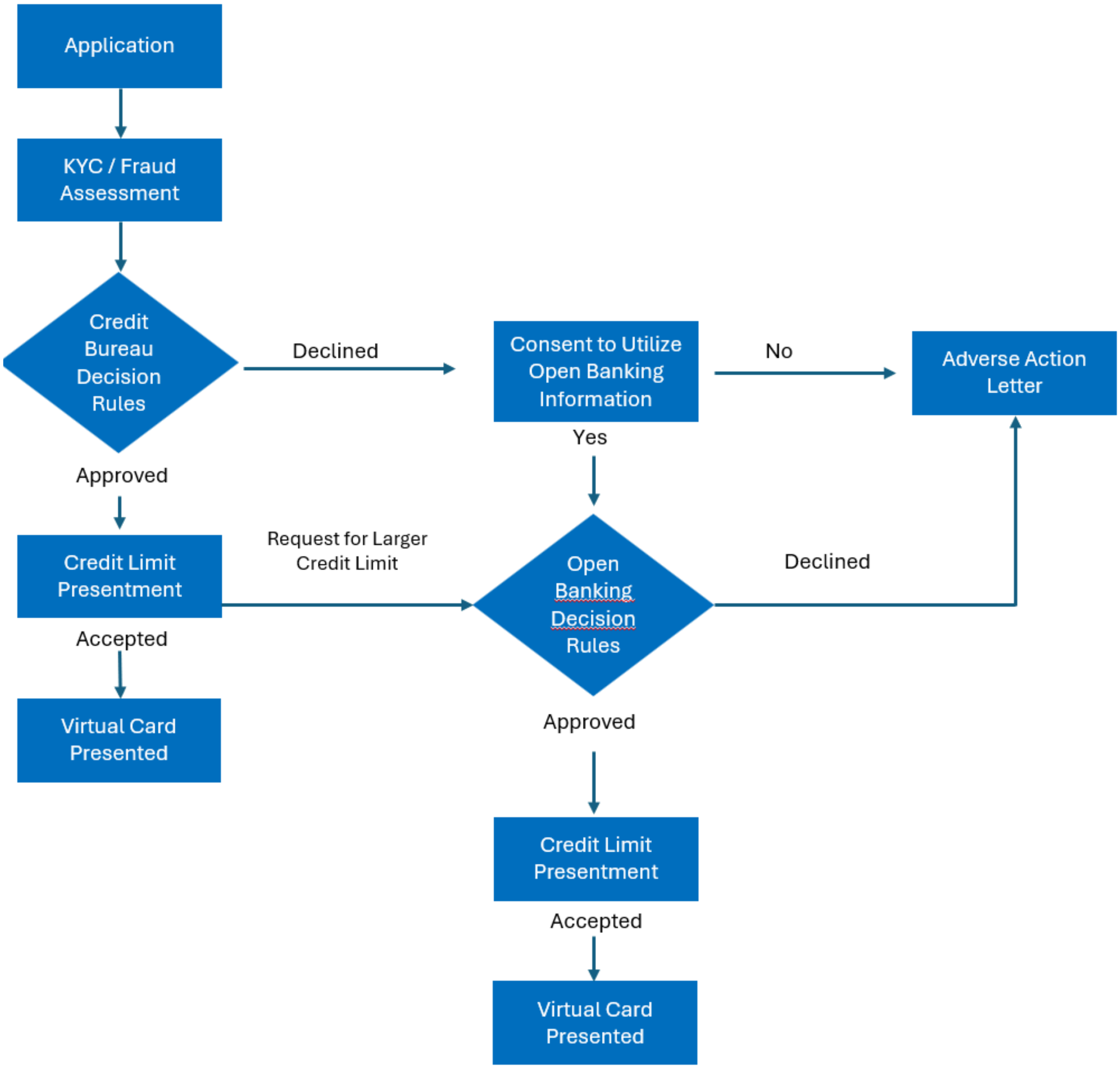
Credit Decisioning Process for Sound Risk Management

Core to our credit decision is:

- Use of strong identity verification tools:
    - KYC and AML tools and checking to ensure compliance
    - Account, Customer and Device verification to reduce fraud
- Validated external data to make the credit decision:
    - Credit Bureau Report and Bureau Scores (VantageScore 4 / FICO 10)
    - Open Banking Data usage for understanding cash flows
    - Key trend data around payments and external account history
    - Inclusion of ongoing customer repayment history
- Portfolio Monitoring and Triggers
    - Performance-based risk KPIs and triggers (arrears, approval rates, etc)
    - Customer behavioural modelling and analysis
    - Daily policy monitoring and review

A high-level overview of the process can be seen below:

Credit Decision Flow



Testing & Optimization

We will use champion/challenger credit decision processes to optimise our outcomes, including:

- Ongoing analysis and segmentation to isolate risk concerns
- Data attribute development and alternative data assessment
- Optimization metrics (across key segmentations & holistic views):
    - Credit approval rates
    - The average credit limit extended

- Average weekly rollup (loan size)
- Total utilization by customer
- Delinquency rate (5+, 15+, 30+, etc.)
- Monetary amount and number of accounts in arrears
- Recovery rates
- Average life of customer (number of loans, time on book)

5.3. Collections Journey

An overview of our collections process and journey can be seen in the table below:

Ovanti Collections Process

New Customer / Normal Path										
New Customer / Snooze Path										
Days Beyond Due Date	-3	0	1-3	4-7	8-15	16-30	31-45	46-60	61-119	120
Delinquency Action List										
Email to Consumer	X		L1	L2	L3	L4	L5	L6		
Text to Consumer	X		L1	L2	L3	L4	L5	L6		
Initiate Collector Calls				X	X	X	X	X		
Freeze Account			X	X	X	X	X	X	X	
Late Fee Charged				X						
Report Delq to Credit Bureau							X			
Debit Attempts		1	1-3	2-3	1-3	Varies	Varies	Varies		
Collections Letter Language	Payment Due Notification		L1 Late, if Payment received next 48 hours, wave the Late Fee	L2 Late fee applied and need immediate repayment	L3 Standard delinquency letter requesting repayment or contact to team	L4 Reporting Delinquency to Credit Bureau if no repayment in next 24 hours	L5 Seriously Late with next steps in moving to collections agency	L6 Seriously Late and moving to collections agency with no repayment in 24 hours		
Move to Third Party Agency									X	
Write Off Outstanding Balance										X
Report Charge-off to Credit Bureau										X

This collection process is built upon the following:

- Usage of sound collection strategies Including:
    - Email & text correspondence
    - Phone / direct customer contact by collector
    - Additional repayment pushes based upon the most likely funds available assessment
    - Reporting to credit bureaus

- Utilization of third-party collections agencies for late-stage delinquencies & edge cases

- Initial internal collections specialists and risk management collections strategies deployment
- Key collections metrics:
    - Customer history with Ovanti (new, previous positive or negative payment behaviour)
    - Amount outstanding and additional exposure (total loans)
    - Delinquency rate (5+, 15+, 30+, 60+, 90+)
    - Monetary amount and number of accounts in arrears
    - Recovery rates, monetary amount, and number of accounts in arrears
    - Recovery rates by collections strategy (recovery means)
    - Write-offs (details and percentages)
- Weekly review of all collections cases to identify any potential gaps within the credit decisioning process
- 120 Day write off process

5.4. Fraud Management

Fraud is a critical element of any new finance or payments company. As a new entrant, fraudsters expect to see us as an easy new target. Due to market precedence, many new entrants/start-ups have had limited or no fraud checking upfront to get speed to market. We will ensure that the following fraud management practices are in place before market launch:

- Fraud expertise within the risk team focused on front-end and back-end fraud paths
- Origination process and transactional monitory with a focus on having a clear vision of Consumer Identity and Intent
- Utilize key industry fraud tools:
    - Real-time ID verification tools (facial recognition and physical ID analysis)
    - Behavioural biometrics
    - Digital device footprint IP & email reputation assessment
    - Real-time transaction monitoring
    - App cloning
    - Bot detection
    - Mobile malware
    - Tokenization
    - Phishing scheme identification tools

- Multi-factor authentication techniques
- Key government & third-party databases (OFAC SDN, FinCen Exchange, etc.)
- Machine learning (supervised and unsupervised)
- First-party application fraud (document and income verification tools)
- AML compliance tools

- Fraud analysis is ongoing to evaluate new products, new fraud attacks, and best lines of defence

6. Legal & Regulatory Requirements

To launch and be in full compliance with all legal and regulatory requirements, we will need to have the following:

1. **Licensing**: Put in place the appropriate and necessary lending licensing regimes covering each and all of the states in which we will offer lending products and services to our customers;
2. **Compliance Management Program**: Design and implement a robust compliance and risk program comprised of the germane policies, operating practices and the ability to adhere to such policies and
3. **Risk, Treasury, and Operational Infrastructure/Team:** Build and operationalize the appropriate fit-for-purpose infrastructure/systems/protocols and team necessary to launch and manage the lending business per the business plan.

Each element above is necessary to obtain any licensing approvals and commence launch.

The design of these elements is based on our proposed product construct of short-term borrowings. Within the regulatory environment, these are likely classified as closed-end loans (fixed term) vs. open-end loans (revolving line of credit). Closed-end loans typically only leverage soft-credit pulls and a simpler operational compliance regime. It also requires that we do not have fees and charges that could be construed as revolving interest charges requiring periodic interest table calculations and customer communications.

Any product construct that uses/requires hard credit pulls reported to the credit bureaus will likely lead to a material reduction in applicants and approval rates. The exact construct of the go-to-market product will be subject to final legal and compliance reviews and approvals.

Regulators at the federal and state levels will scrutinize each of the components of the pricing model (e.g., the subscription fee, snooze fee, late fees) to ensure that the overall cost to customers is fair and does not exceed any applicable rate caps. They will note that some states have differing views on the attribution of subscription fees and whether they should be included or excluded in APR calculations.

The following sections detail each element of the legal and regulatory requirements based on external legal advice and team expertise.

6.1. Licensing

As described in Section 3.5.2, there are several strategies fintech pursue to obtain the requisite licensing to enter the market:

(a) The first option is to work with a state-chartered bank to leverage/sub-license its banking license to export its rates/terms from the bank's charter state to all other states and be afforded federal pre-emption protections. Approximately 15-20 state-chartered banks offer these programs. The most attractive banks are those with deep experience managing these programs, strong balance sheets, and locations in states with no preset rate caps and program-friendly customer terms. The bank will have a lengthy list of due diligence requirements and deliverables that must be met before launch, with the typical time frame from term sheet/program agreement execution to launch between 6 - 9 months. We have several people on the team who have established 5-10 such programs working with various bank partners.

(b) The second option is obtaining state-specific lending licenses, requiring us to comply with that state's lending requirements, meaning there may not be a single nationwide/region-wide offering. Each state has specific requirements for its applications. Approvals can take 3 -18 months. If we work with a state-chartered bank to leverage its state license, we will, in certain states, still be required to obtain specific state licenses (not necessarily as a lender) but to market lending products and serve as a broker of loans for the underlying bank or servicing loans. There are approximately 10 states that require such additional licenses even in the event we leverage another bank's lending license.

To launch the Ovanti business in the US, the most expedient approach is to pursue a bank partner approach as outlined in (a) while obtaining state-specific licenses as outlined in (b). The reasons include the following:

- It's a race to get to market - select individual states may be quicker, but bank licensing may be faster for all;
- State-based licensing can take 3 and 18 months, depending on the state. Some of the longer-term licensing are in material state markets like California and New York;
- Bank licensing can take between 6 to 9 months, depending on the complexity of the product, and could get us into an expected 35 markets more quickly than State based alone;
- Not likely to seek licenses in all states due to market size (for example, Vermont with 700,000 people) and licensing obligations;
- Bank licensing may provide initial customer cycle debt funding as it is on bank paper and then repurchased by Ovanti;
- The downside of solely relating to bank licensing is that it will reduce the ability to have product flexibility in interaction, as all changes will need to be approved by the bank;
- State licensing will still be required longer term as a contingency if the Bank providing licensing runs into regulatory audit issues (for example, Cross River Bank was halted on all new programs for at least 2 years) and
- Bank licensing should allow us to evolve into revolving credit down the track if needed

To achieve these licensing outcomes, we will need to identify a banking partner in the next 30-45 days, reach an agreement shortly thereafter, and complete implementation for go-live on a relatively fast-paced schedule. This is included in Phases 1 and 2 of the timelines outlined in Section 7.

6.2. Compliance Management Program

The bank partner will require that its marketing partners be in a position to comply with all applicable federal consumer lending laws and regulations with approved written and operational policies spanning, as an example, credit, enterprise risk, third-party risk management, treasury and capital risk management, and all of the applicable consumer regulations (e.g., Truth in Lending Act, Fair Debt Collections Act, Military Lending Act, Equal Credit Opportunity Act, Anti Money Laundering and Bank Secrecy Act (AML/BSA)). The policies must be tailored to the specific program and be operational from Day One of marketing. In addition to the federal consumer laws and regulations, the marketing partner must have state-specific policies that include but are not limited to governing privacy and collections.

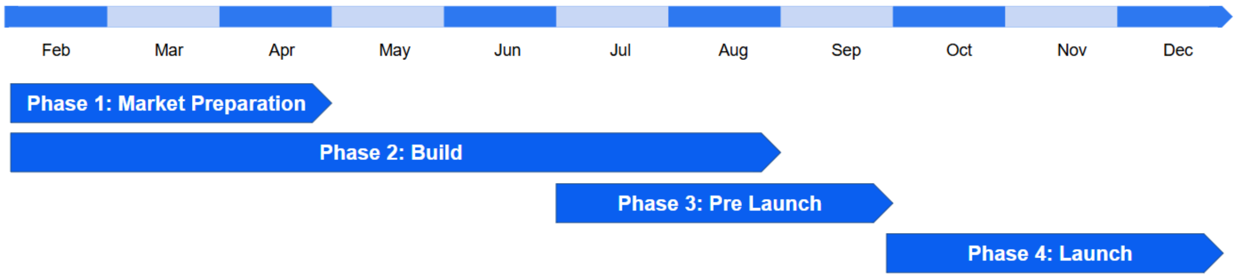
While writing policies is not necessarily onerous, the bank must approve them and have a pre-launch testing period. Beyond the policies, the bank will require a process for reviewing and approving marketing materials and a treasury and funds flow management process. The Compliance Management Program is run out of a Project Management Office staffed and managed by the marketing partner to ensure the program runs smoothly and communications between the bank and the company are addressed.

6.3. Risk, Treasury and Operational Infrastructure/Team

In tandem with preparing to operationalize the bank partnership/state licensing program, we will need to identify and build the fit-for-purpose infrastructure/systems and a team of qualified individuals (based in the US) to launch the program. The required resources are highlighted in section 8.7.

7. Go To Market Timelines & Milestones

We are planning 4 phases to be in place by October 2025, when we will go live in the US market.



Details of these phases and key milestones are listed below:

Phase 1: Market Preparation

<u>Timing</u>: February 2025 to April 2025

<u>Scope of Activities</u>:

- *Brand Development*: Brand creation, style guide development, and Website development
- *Product validation and testing*: External validation of customer and merchant proposition and pricing
- *Accounting Partner*: Identification of mid-tier accounting partner(s) to provide basic accounting, Tax and accounts payable services
- *HR/Payroll Partner*: Identification of HR partner(s)/platform(s) to support all HR services, including payroll, benefits, global mobility solutions, including immigration, visa and tax requirements
- *Transactional Banking*: Transactional banking partner identified and appointed with operating accounts opened
- *Technology Development Partner*: Partner onboarded and Discovery (Design & Implementation Plan) phase completed
- *Technology Platform partner*: Key commercial engagement phase completed
- *Executive Team:* Key executive roles recruited as per organisational structure seen in 8.4 below - specifically CTO, VP Product, Senior Growth Marketer, and Head of Sales

<u>Internal Key Milestones:</u>

- Brand Approval by Board (March 2025)
- Accounting Partner appointed (March 2025)
- Executive Team in place (April 2025)
- HR/Payroll Partner appointed (February 2025)
- Platform Partners Agreements Signed (April 2025)

- Technology (Design & Implementation Plan) phase completed (April 2025)

Phase 2: Build

Timing: February 2025 to August 2025

Scope of Activities:

- *Recruitment of US team*: recruitment plans are in place, and key roles have been recruited as per the profile outlined in section 8.4
- *Platform build and test:* technology platform integration, configuration, build and testing completed
- *Product*: Product business rules, confirmation of regulatory and licensing requirements, T&Cs, UX design and features complete
- *Licensing*: State-based license applications and approval
- *Bank partnerships*: Bank license partnerships are identified and signed, Issuing sponsor bank signed, and, to the extent required, BINs are assigned. This aggressive schedule can be accommodated with the right bank partner and expedited implementation planning.
- *Merchant Agreements*: Merchant agreements developed in line with the value proposition.
- *Merchant Targeting*: Initial merchant targets are identified and approached to sign agreements and iterate value propositions.
- *Funding*: Initial funding flows established. Initiate funding discussions for external funding facilities.
- *Credit:* Credit policy operationally implemented with origination and portfolio management rules and triggers in place
- *Fraud*: Fraud solution provider selected and operational before beta testing

Internal Key Milestones:

- Regulatory and licensing requirements confirmed (February 2025)
- Bank licensing partners shortlisted (February 2025)
- Brand announcement to market (April 2025)
- Issuing Bank appointed (May 2025)
- First state license granted (July 2025)
- Bank Licensing partnership agreement approved (April - May 2025)
- Beta version available for testing (August 2025)
- Platform Implementation underway (build, configuration and integration) (April 2025)
- Bank partner implementation completed for go live (October 2025)

Phase 3: Pre Launch

Timing: July 2025 to September 2025

Scope of Activities:

- *Marketing Promotional Plan*: 12-month marketing plan in place, including launch and PR plans
- *Customer Service*: Customer service processes are drafted, and the customer service team built
- *Product Testing complete*: Finalise product testing ready for launch
- *Collections*: The collections process was established, and the initial collections manager hired
- *IT Security Assessment*: Cybersecurity assessment and platform penetration testing complete

Internal Key Milestones:

- Platform implementation completed (September 2025)
- Cyberassessment and high risks remediated (September 2025)
- Bank partner implementation (approvals received) and compliance program buildout complete (October 2025)

Phase 4: Launch

Timing: October 2025 to December 2025

Scope of Activities:

- *Live in the Market*: The first customer signed up, and the first transaction completed.
- *Marketing and PR Strategy Implementation*: Marketing and PR launch for the new product and brand.
- *Operational Impact Assessments*: Review of collections and customer acquisition processes to ramp up volume

Internal Key Milestones:

- PR strategy implemented (October 2025)
- In the market with first customers and merchants (October 2025)
- First approval process iteration and recommendations (December 2025)
- First review of marketing activity and recommendations (December 2025)
- First customer repayments and collections (October 2025)

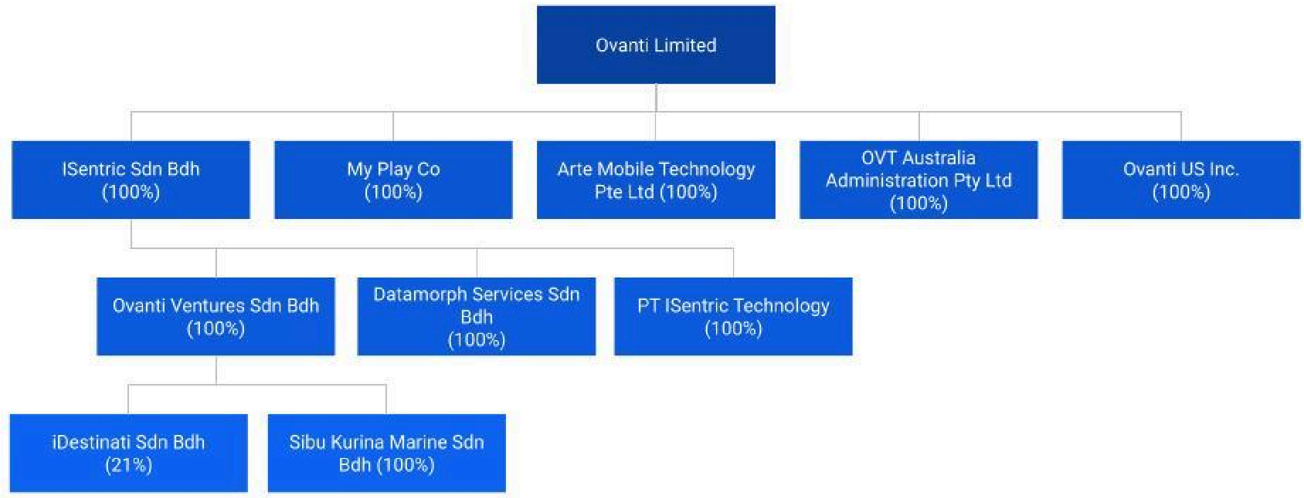
8. Operational Plan

Ovanti has big aspirations in the US. The following operational plan will be implemented to realise these aspirations.

8.1. Company Structure

To enable our entry into the US market. Ovanti US Inc. was established in December 2024. The company structure and directorships now appear as follows:

Ovanti Ltd Company Organisational Chart



Ovanti Ltd Company Directorships

Company	**Ovanti Limited (ASX OVT)**	**ISentric Sdn Bdh**	**My Play Co**	**Arte Mobile Technology Pte Ltd**	**OVT Australia Administration Pty Ltd**	**Ovanti US Inc.**
Directors	1.Mohammad Azizuddin Shahruddin (3.5.2023) 2. Gregory Woszczalski (3.5.2023) 3. Daler Fayziev (12.12.2023) 4. Joshua Quinn (12.12.2023) 5. Richard Gordon (20.12.2024)	1. Mohammad Azizuddin bin Shahruddin (26.5.2023)	1.Lee Chin Wee 2.Tham Jee Yeung 3.U Zaw Ye Mynt	1.Foo Bee Gaik Abigail (25.10.2023) 2.Loy Eugene Guan Hong (25.10.2023)	Joshua Quinn (26.03.2024)	1. Simon Keast 2. Joshua Quinn

Company	**Ovanti Ventures Sdn Bdh**	**Datamorph Service Sdn Bdh**	**PT ISentric Technology**	**IDestinati Sdn Bdh**	**Sibu Karina Marine Sdn Bdh**
Directors	1. Mohammad Azizuddin bin Shahruddin (26.5.2023) 2. Daler Fayziev (21.12.2023)	1. Mohammad Azizuddin Bn Shahruddin (26.5.2023) 2. Daler Fayziev (21.12.2023)	Tan Hooi Kim (16.02.2021)	1.Zainalabidin bin Mohamed Husain (5.8.2004) 2.Farah binti Abdul Malik (8.11.2010)	1. Mohammad Azizuddin Bin Shahruddin (29.12.2023)
Other Shareholders				1. Jiraniaga Sdn Bhd (58%) 2.Zainalabidin bin Mohamed Husain (21%)	

As we build out the US executive team, we will also expand the presence of local representatives on the US board.

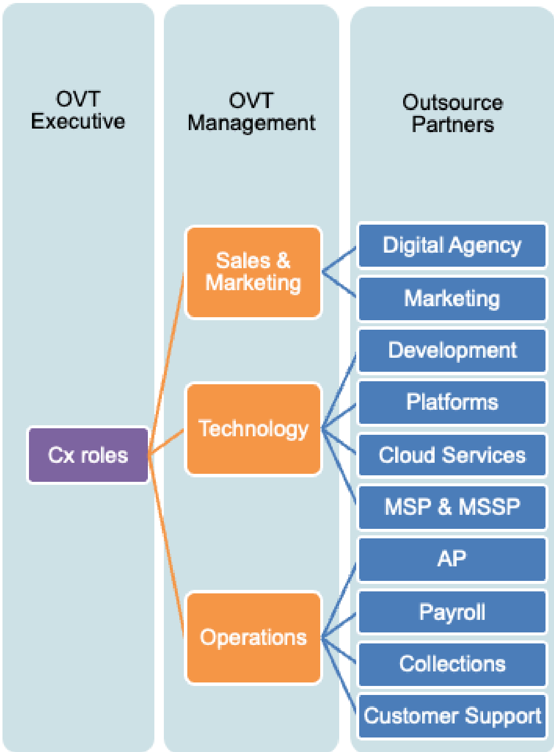
8.2. Brand

We aim to retain Ovanti as the holding company and listing brand but launch a new consumer and merchant brand in the US market.

As outlined in section 4.2, the new brand will be developed in Phase 1 and focus on communicating and delivering our value proposition to target markets.

8.3. Target Operating Model

Ovanti is looking to adopt and implement a **"Hybrid Operating Model"** or a **"Center of Excellence (CoE) with Outsourced Execution"** operating model to support the US BNPL operations.



Hybrid Operating Model key features:

1. **Internal Thought Leadership & Strategy**

- The organisation retains core expertise, accountability, innovation, and strategic decision-making internally (Core IP).
- A Center of Excellence (CoE) or strategic team (OVT Executive & Management) sets the vision, policies,best practices and manages the partner performance.

2. **Outsourced Service Delivery via specialist partners**

- Routine, execution-heavy, or specialised services are outsourced to third-party providers.

- The external vendors handle operational workloads while following guidelines set by internal teams.

3. **Strong Governance & Vendor Management**

- Internal teams act as *orchestrators* who define quality standards and oversee the performance of external partners.
- Clear Contractual SLAs (Service Level Agreements) and KPIs managed via performance monitoring ensure alignment between Ovanti leadership and outsourced providers.

As a result, we have designed our operating model with the following capability in-house vs a partner (outsource) for Day 1:

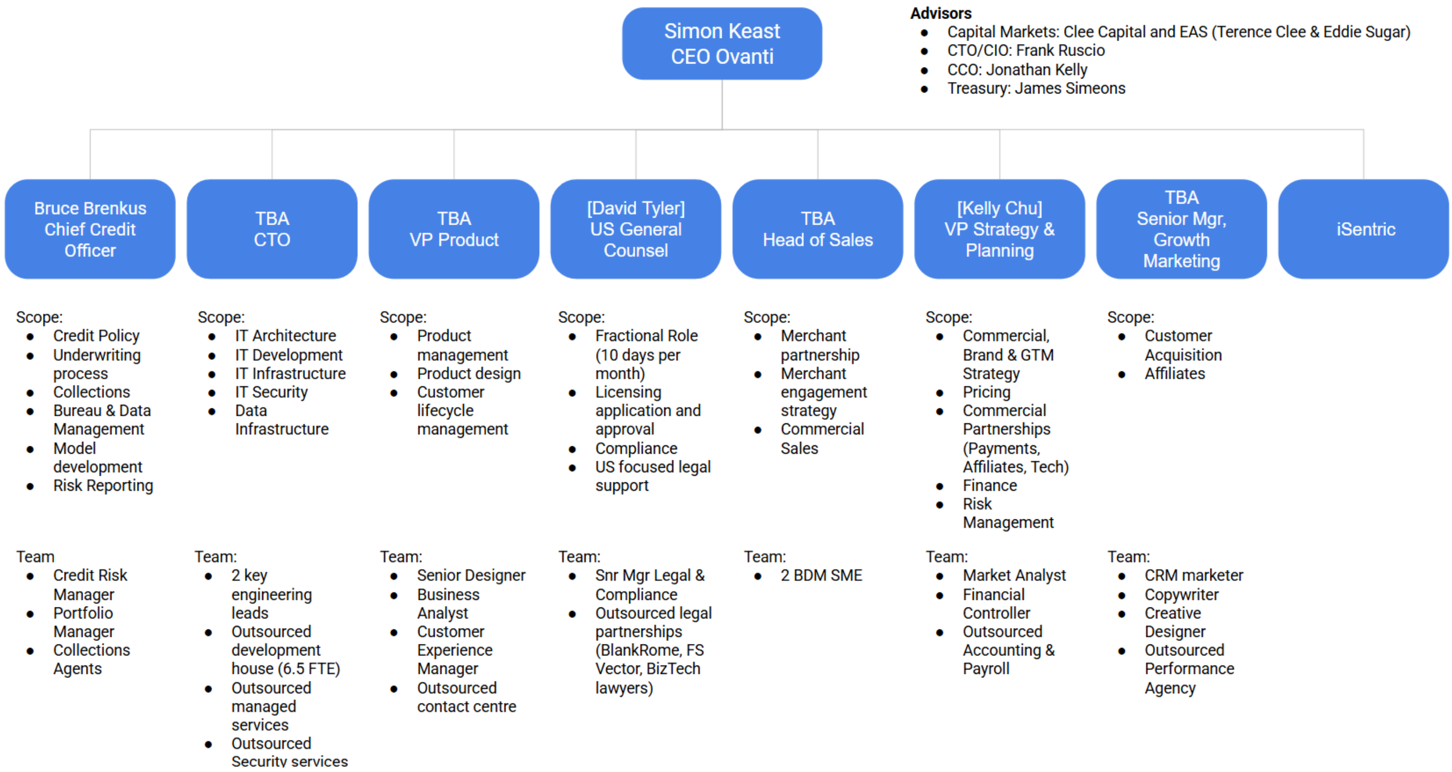
Inhouse	Partner/Outsource

• Thought leadership (Product & Technical IP)
• Management & Accountability
  ○ CEO
  ○ CRO
  ○ CTO
  ○ GC
• Key Regulatory & Compliance (i.e. licensing) capabilities
  ○ Legal & Compliance
  ○ Credit Risk
	• Technology Development, Infrastructure Management
	• Technology Operations (Desktop support & systems Administration)
	• Support / Call Centre
	• Collections
	• Payroll
	• Accounts Payable

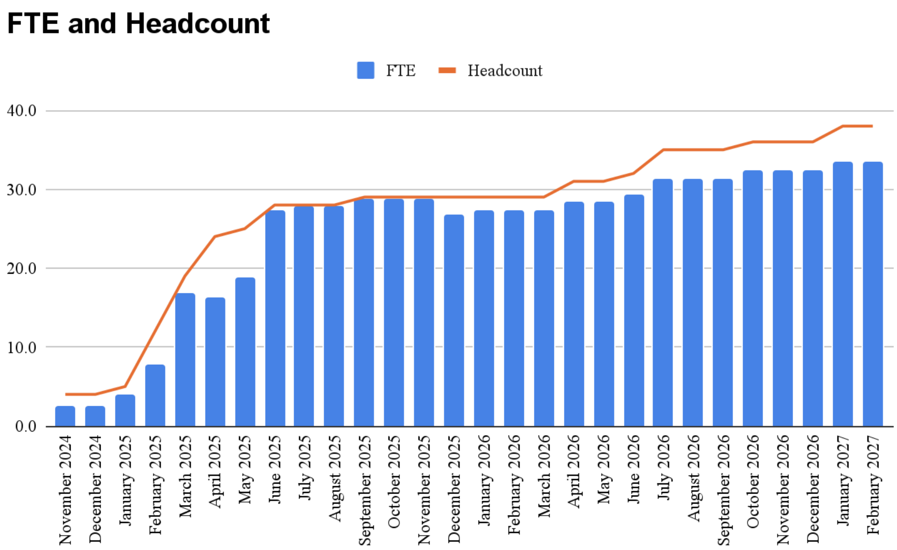
Depending on cost/service and performance variables, we may transition some of the above capabilities in-house or to alternative partners.

8.4. Organisational Structure

As part of the go-to-market strategy, we plan to establish the following initial organisational structure. This will change as our market-facing activities evolve over time.



The US team will be based in the US and will progressively grow until the expected launch (October 2025), as seen in the chart below:



The timing of roles by area can be seen in Appendix C.

8.5. Technology Partners & SaaS Platforms

As the BNPL product category is not new to the market, and to support the fast, cost-effective launch and future-proofing of the US BNPL business, our technology capabilities focus on exploiting best-in-class SaaS platforms from proven technology partners and complementing this with in-house designed and built technology capabilities (Customer App, Merchant Portal & Integrations, Integration / API Gateway, and Data Warehouse/Reporting).

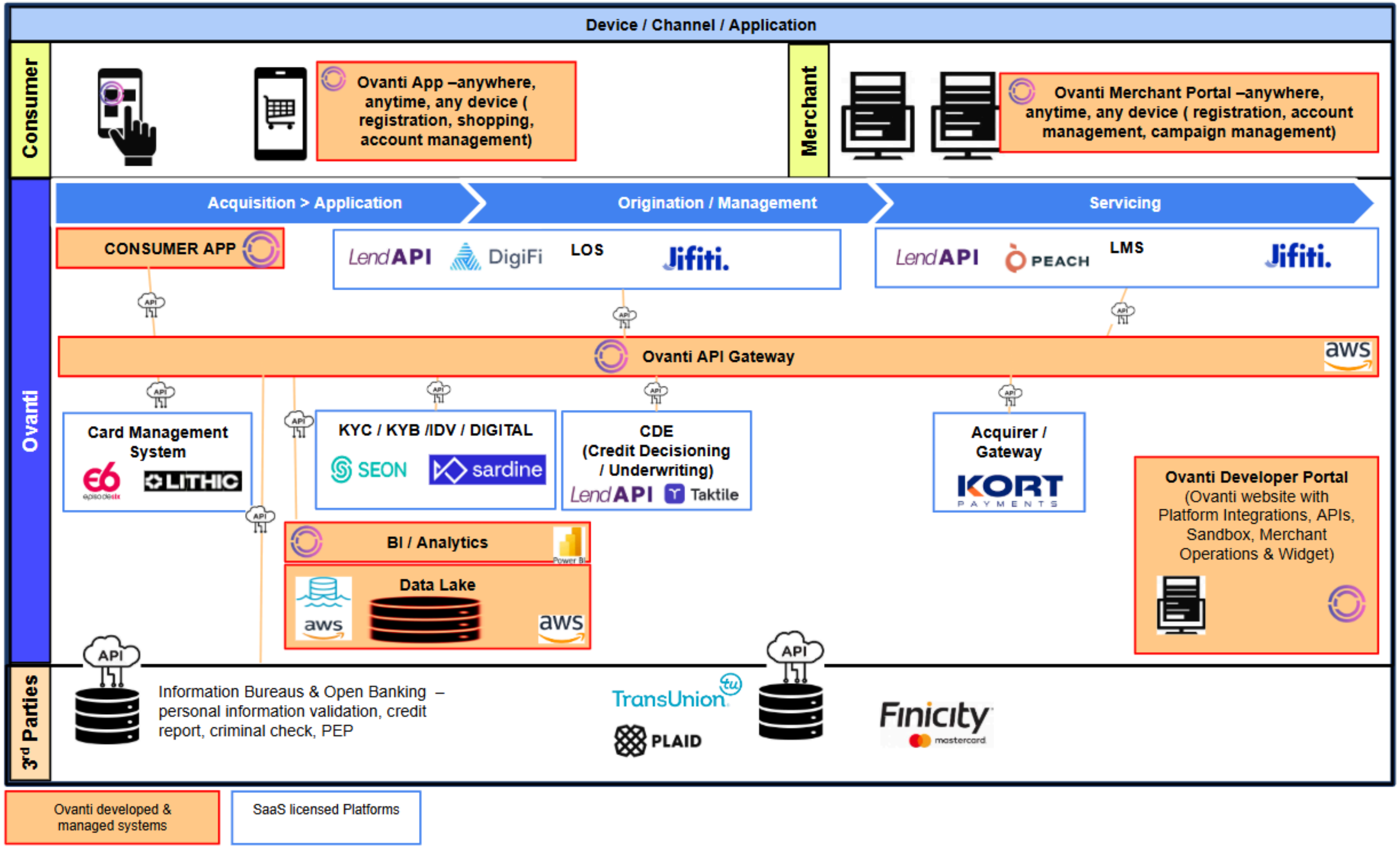
The technology architecture will support the business's growth plans within the US and potentially in new geographical markets while providing access to leading-edge capabilities, including AI/ML, from day 1 of business operations.

Based on the business requirements, the platforms will be designed, built, and configured by either the SaaS partner (licensor) or Ovantis Development Partner.

Ovanti will select a Development Partner to support the platforms' design, implementation and maintenance. The high-level criteria used to select the Development Partner include:

- Reputable technology partner (design, development, maintenance & support)
- US Consumer Finance and Payment's domain expertise and experience
- US-based resources (account management, architecture)
- Not looking for an 'order taker' but a true partner that can provide insights and thought leadership in the US payments and consumer lending domains

1. **Target Platforms Architecture**



The above diagram details the target platform architecture and example technology platforms that Ovanti is assessing to create an integrated, automated, and efficient platform. The Orange highlighted capabilities will be designed, built, and owned by Ovanti, aligning with the Technology Approach detailed in section 8.4.

The principles behind our target technology platform architecture are:

1. Speed to Market

- SaaS solutions provide ready-to-use BNPL infrastructure, reducing development time.
- Pre-built integrations with payment gateways, e-commerce platforms, bureaus, and banking systems.
- Enables rapid market entry without building (and maintaining) in-house developed bespoke software.

2. Scalability & Flexibility

- SaaS platforms operate on cloud-based infrastructure, allowing easy scaling as customer and transaction volumes grow.
- Supports global expansion with multi-currency and multi-region capabilities.
- Easily integrates with new merchants and payment ecosystems.

3. Cost Efficiency & Lower Capital Expenditure

- There is no need for heavy upfront investment in infrastructure, servers, or in-house software development.
- SaaS providers offer pay-as-you-go / revenue-sharing models, reducing upfront/ongoing fixed costs.
- This reduces maintenance and upgrade costs, as vendors handle updates and security patches via an 'evergreen' technology maintenance approach.

4. Compliance & Security

- In-built Regulatory compliance (e.g., KYC, AML, PCI-DSS, State Licensing) compliance solutions.
- Fraud detection and risk management tools are pre-integrated.
- Regular security updates and cloud-based encryption ensure data protection.

5. Seamless Merchant & Consumer Experience

- SaaS BNPL solutions offer plug-and-play APIs for easy integration with merchants and other platforms.
- Enables smooth user onboarding, credit scoring, and transaction processing.
- Reduces friction in checkout processes, enhancing conversion rates for merchants and revenue for Ovanti.

6. AI & Analytics Capabilities

- SaaS platforms provide baseline analytics and AI capabilities
- AI-driven credit risk assessment and fraud detection tools.

- Advanced data analytics for customer insights, behaviour prediction, and personalised offers.
- Enhances loan approval rates while mitigating default risks.

7. Continuous Innovation & Feature Upgrades

- SaaS providers continuously enhance their platforms with new features, compliance updates, and AI-driven improvements.
- Ovanti avoids technological obsolescence and stays competitive with minimal effort.

8. Integration with the Issuing and Payment Ecosystem

- Pre-built connections with banks, card issuers, payment gateways, and digital wallets (Stripe, PayPal, Apple and Google Pay).
- Reduces complexity in setting up financial transactions and reconciliations.
- Ensures seamless payment collection from customers and settlements to merchants.

9. Focus on Core Business Growth

Freed from IT & infrastructure challenges, we can focus on:

- Customer acquisition & retention.
- Business partnerships.
- Product differentiation.
- Regulatory Compliance.

8.5.1. Technology Approach - Build vs Buy vs Partner

We have considered several build, buy, or partner opportunities in approaching the market entry plan. Our primary focus has been on achieving speed to market for IP Ownership (Product and Credit) while maintaining a business capability that is flexible enough to evolve over time with customer and market changes.

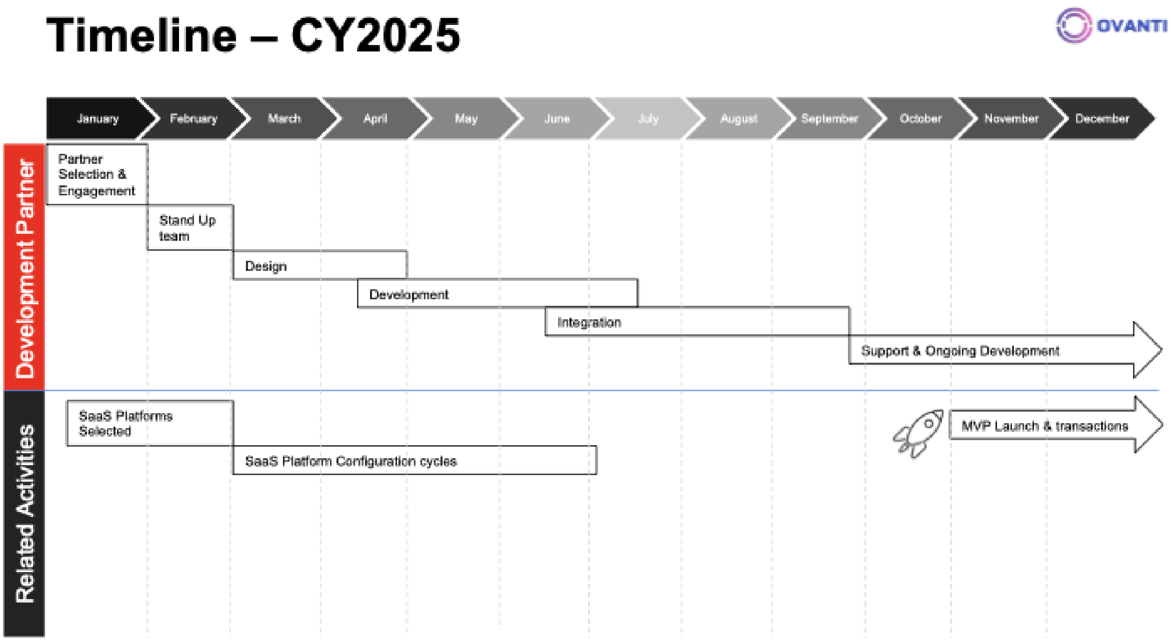
In assessing the “buy” proposition, we approached a small number of competitors to see if there was a platform or acquisition opportunity. There was either limited interest (takeover) or limited functionality (platforms would need to be substantially adjusted) to make this option feasible. One of these approaches has evolved into a potential platform partnership (Jifiti) and is a consideration for the loan management platform.

To reduce build costs and achieve speed to market, we have focused on where we will add the most value in building (customer interaction) versus taking a flexible partnership approach (back-end capabilities).

This list of focus areas can be seen in the table below:

Build (& Own)	Partner (& license)
• Consumer Front-End App • Merchant Portal & Integrations (Developer Portal) • Integration Layer (API gateway) • Technology Strategy & Policies • Data Warehouse	• Loan Management, Credit Decisioning and Fraud Platforms • Card Issuing Service • Payment Processing Platform • CRM • Project Management Tools • Customer Support / Call Centre Operations • Cloud Hosting Service • IT Administration • IT Security

8.5.2. Technology Implementation Plan



8.6. Customer Service

As a digital-first customer offering, we will focus our customer service on easy self-service via the app, which will be supported by live agents initially via SMS and email.

As our customer base grows and, with it the demand for service, we will establish our live agent support via an outsourcing arrangement, primarily offshore. Typically, these programs can be up and running within 3 months, and the selection process is part of our build phase.

The principles behind our customer service model are:

1. **Cost-Efficient Customer Service Design**
    - Implement a tiered support system with AI handling Tier 1 queries
    - Reserve human agents for complex cases and high-value customers
    - Focus on self-service capabilities to reduce support volume
2. **Automated Support Systems**
    - AI chatbot for 24/7 instant responses
    - Machine Learning for continuous improvement of response accuracy
    - Intelligent routing system for escalations
    - Smart ticket categorization
    - Escalation path to human agent got high-priority queries
3. **Channel Priority Matrix**
    - High Priority: Payment issues, account lockouts, fraud reports, Compliance and Regulatory issues (Human)
    - Medium Priority: Application status, limit increases, general inquiries (AI)
    - Low Priority: Feature requests, general feedback, repayment dates, application status (AI)

Like our core customer service inquiries, we will start with our collections agent and broaden this capability with outsourced networks.

Details of these outsourcing arrangements will be completed by the end of Phase 2.

8.7. Legal and Compliance

Our current proposition falls under several federal and state regulations, and expert advice will be key to expediting market entry and growth. To deliver on our legal and compliance obligations, we will have the capability internally and externally to:

- A fractional US General counsel specialising in regulatory and compliance obligations in the market
- A full-time senior manager of legal and compliance to address day-to-day product and compliance obligations and support contract management
- BlankRome is a specialist Fintech BNPL legal firm that supports the acquisition of stat licenses and obligations

- FS vector a specialist compliance and bank licensing consultancy to advise on practical compliance impaction of bank sub-licensing and state-based regulatory compliance
- Biztech lawyers for general day-to-day legal matters

8.8. HR & People

Our people strategy is based on having a relatively small and experienced team out of the US to drive our product offering and growth. To allow us to grow efficiently, we aim to have several flexible outsourcing arrangements, including technology, collections, and customer service.

Based on our staffing profile, we do not expect to have dedicated internal HR resources until FY28. In the meantime, key HR activities, including payroll, health insurance, 401K accounts, and tax and income statements, will be delivered by external third parties.

Although Ovanti US Inc. already has an EIN, to get started quickly, we are considering using a third party as the contract of record for staff to mitigate any obstacles to compliance. This will be confirmed in Phase 1 Market Preparation.

8.9. Finance & Accounting

Our finance and accounting functions, including AP, tax payments, payroll initiation, and management, will be outsourced initially. Partner selection is underway and expected to be completed in Phase 1.

By mid-year 2025, we will seek to have a financial controller in place to ensure payment controls to merchants, partner banks, funding partners, and customers are in place before going live and to support expected FY25 Audit requirements

9. Financial Plan

Based on our latest volume forecasts and targeted launch date of October 2025, we expect an aggressive implementation by June 2028:

- 270,000 customers to deliver a FY28 Total Transaction Volume (TTV) of 1.1B AUD
- Cash flow positive by March 2027
- NPBT in FY28 of 24.6M AUD

To support this, we will need the following investment via equity capital:

- 18M AUD to get to launch,h including 5M AUD equity for support of loan book debt funding facility
- An additional 30M AUD to operate to cash flow break-even, including 7M equity for support of loan book debt facility

The following sections detail expected P&L, equity investments and funding requirements.

9.1. Financial Projections

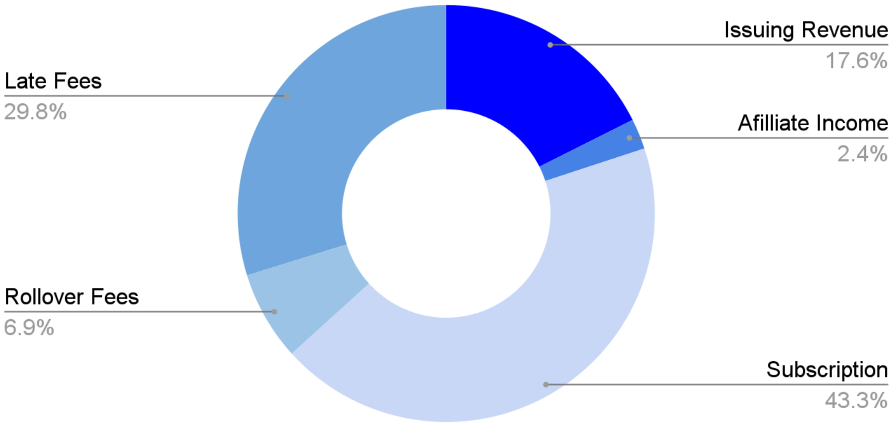
The financial projections have been based on an AU financial year.

$M AUD	2H FY25	1H FY26	2H FY26	1H FY27	2H FY27	1H FY28	2H FY28	FY25	FY26	FY27	FY28
TTV	0.00	5.91	82.56	201.61	335.18	487.94	634.43	0.00	88.47	536.79	1,122.37
Customers ('000)[1].	0.00	12.40	50.81	100.93	154.65	211.82	270.33	0.00	50.81	154.65	270.33
Loans ('000)[1].	0.00	25.66	141.03	297.70	448.05	638.31	792.22	0.00	141.03	448.05	792.22
Revenue											
Issuing Revenue	0.00	0.09	1.24	3.02	5.03	7.32	9.52	0.00	1.33	8.05	16.84
Affiliate Income	0.00	0.01	0.15	0.41	0.70	1.04	1.36	0.00	0.16	1.10	2.40
Subscription	0.00	0.23	3.05	7.44	12.38	18.02	23.43	0.00	3.28	19.82	41.44
Rollover Fees	0.00	0.02	0.47	1.19	2.01	2.96	3.86	0.00	0.49	3.20	6.82
Late Fees	0.00	0.06	1.84	5.11	8.88	13.21	17.40	0.00	1.90	13.99	30.61
Total Revenue	0.00	0.41	6.75	17.17	29.00	42.54	55.56	0.00	7.16	46.17	98.10
Cost of Sales											
Bad Debt: Write-Offs	0.00	0.00	(1.03)	(3.68)	(6.38)	(9.17)	(10.93)	0.00	(1.03)	(10.06)	20.11
Bad Debt: Provisioning	0.00	(0.24)	(2.11)	(1.50)	(2.06)	(1.10)	(1.64)	0.00	(2.34)	(3.56)	2.74
Payment Fees	0.00	(0.01)	(0.35)	(0.94)	(1.62)	(2.40)	(3.14)	0.00	(0.37)	(2.56)	5.54
Data Costs	0.00	(0.09)	(0.35)	(0.46)	(0.56)	(0.68)	(0.78)	0.00	(0.44)	(1.01)	1.46
Interest & Bank Licensing Costs	0.00	(0.72)	(0.98)	(3.57)	(3.40)	(5.00)	(6.64)	0.00	(1.71)	(6.97)	11.64
Total Costs	0.00	(1.07)	(4.82)	(10.15)	(14.02)	(18.35)	(23.13)	0.00	(5.89)	(24.16)	41.48
Gross Profit	0.00	(0.66)	1.93	7.02	14.98	24.19	32.43	0.00	1.27	22.00	56.62
OPEX											
People and On Costs	(3.18)	(5.55)	(5.84)	(6.56)	(6.71)	(7.72)	(7.88)	(3.18)	(11.39)	(13.28)	(15.60)
Professional Services	(1.15)	(1.26)	(0.57)	(0.57)	(0.61)	(0.61)	(0.61)	(1.15)	(1.83)	(1.18)	(1.22)
Technology	(0.94)	(1.63)	(1.93)	(2.23)	(2.69)	(3.19)	(3.68)	(0.94)	(3.56)	(4.91)	(6.87)
Marketing	(0.11)	(1.25)	(2.85)	(3.12)	(3.41)	(3.86)	(4.24)	(0.11)	(4.10)	(6.52)	(8.10)
Other Expenses	(0.81)	(1.14)	(1.14)	(1.17)	(1.17)	(1.17)	(1.17)	(0.81)	(2.28)	(2.34)	(2.34)
Total Opex	(6.18)	(10.83)	(12.33)	(13.64)	(14.59)	(16.54)	(17.58)	(6.18)	(23.16)	(28.23)	(34.13)
NPBT	(6.18)	(11.49)	(10.40)	(6.62)	0.39	7.65	14.85	(6.18)	(21.89)	(6.22)	22.50

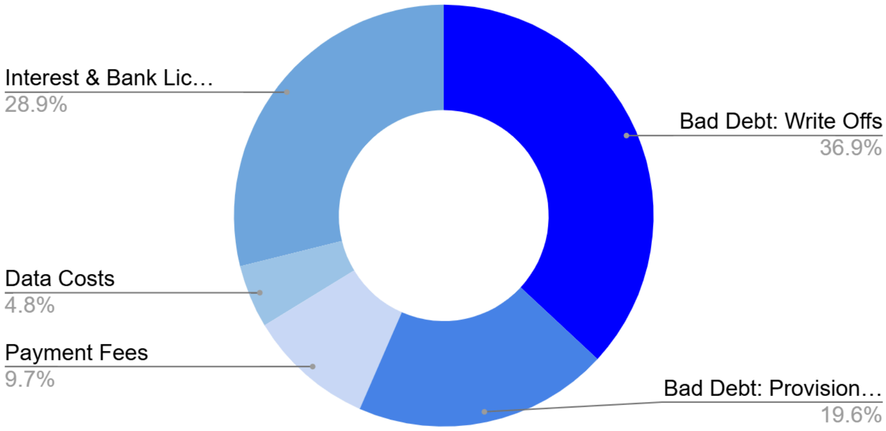
Note: 1. number of customers or loans at the end of the period

The mix of expenses and revenues in FY25-FY27 can be seen in the charts below:

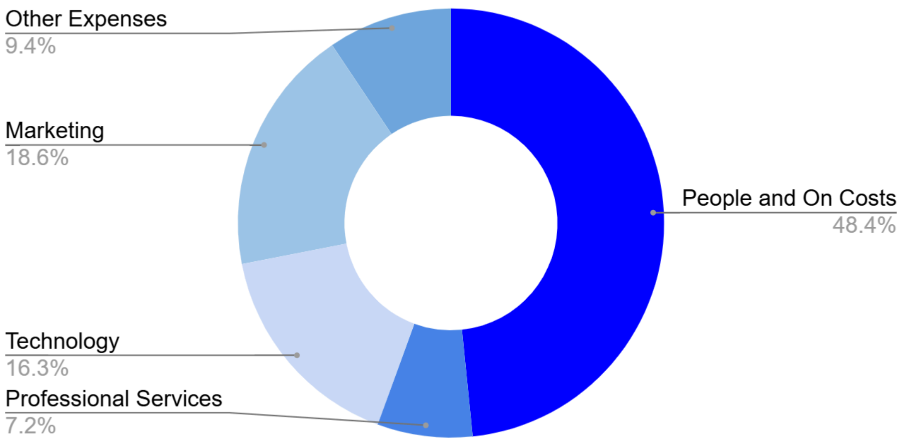
Revenue Mix



Cost of Sales



Operational Expenses Mix

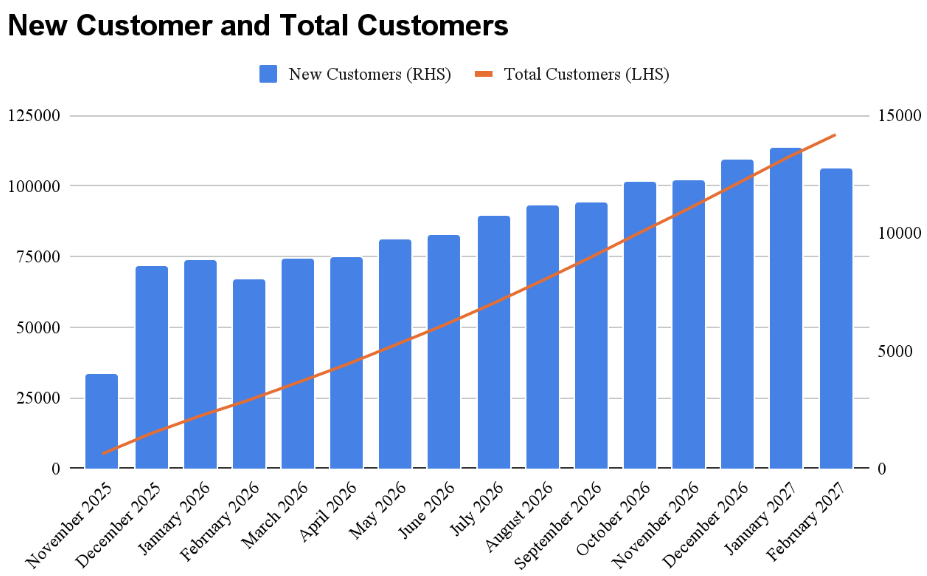


To deliver on this growth, we have made the following key assumptions.

Key Assumptions

Revenue

- *Customer Growth:* Starting in October 2025, we expect a ramp-up in new customer acquisition, as per the chart below.



  Additionally, We expect a loss of customers after they have paid their initial loans. By the end of year 3 we expect this churn to represent up to 40% of new customers in a month

- *Product Utilisation:* We have conservatively estimated our product utilisation based on auto-provisioning of our virtual cards into a customer Apple Pay or Google Pay wallet, leading to:
  - 50% of customers using the facility each week
  - An expected average of 5 transactions per fortnight with an average value of $50
- *Fees and charges:* As per product schedule 4.3.
- *Interchange Rates:* We have assumed an average net interchange rate of 1.5%
- *Affiliates:* Affiliate offers will be presented in the app via shopping opportunities and upon authorisation of any snooze. Our revenue assumes that we have conservatively assumed that we receive 20c USD of affiliate revenue per rollover (10% activation of a $2 referral revenue)

Cost of Sales

- *Bad Debts (Write-Offs):* Based on our credit policy outlined in Section 5 with a 120-day write-off policy, we have assumed initially high bad debt figures that improve over time to our targeted rate of 2% with the following profile:
  - Weeks 1 - 12: 4% of TTV
  - Weeks 13 - 28: 3.5% of TTV

- Weeks 29 - 40: 3.0% of TTV
- Weeks 41- 92: 2.5% of TTV
- Week 93 onwards: 2% of TTV

High volume growth masks this impact within the P&L and lowers the percentage of written-off loans vs TTV during the period, requiring us to have a conservative provisioning strategy.

- *Bad Debts (Provisioning):* With our 120-day write-off policy, we must carry a provisioning amount on our balance sheet. This amount is calculated at our write-off rate over the previous 120 days of transaction volumes. The movement in provisions has been included in our P&L forecast.
- *Payment Fees*: We will use customers' debit cards as our primary funding source for repayments. Given small initial transaction volumes, we expected the cost per transaction to be 20c plus 0.7% of the transaction value.
- *Data Costs*: Incurred for usage of credit bureau data and open banking data. These costs are expected to be $2 per application.
- *Interest & Bank Costs*: We have assumed an average advance rate on each loan of 70% in the first year, 75% in the second year, and 80% in subsequent years, with an effective interest rate of 15%. We have assumed a 2.5% establishment fee for the initial 1-year facility and a 3% for the subsequent 3-year funding facility. In addition, bank license fees of 8c per loan with a 5,000 USD retainer per month are included in this expense line.

<u>OPEX</u>

- *People and On-costs*: Core people costs include salaries, wages, and an outsourced contact centre. On-costs are assumed to be 40% of salaries, including incentives, health care, and 401K.
- *Professional Services*: Legal and accounting services. Legal costs are exceptionally high in the first 12 months with an arrangement of lending license, compliance establishment, and support for bank sub-licensing. Establishing a US funding facility is also expected to cost 250k USD in legal costs in 1H FY26. Accounting services include general accounting, accounts payable, Tax, and US-specific audits (required for funding facilities and licensing). US audit costs are expected to be 125K USD per annum.
- *Technology*: As we are initially focused on partnering for our back-end platforms, technology costs are divided into three key categories: Platform and SAS costs (68%), Hosting (30%), and Data (2%).
- *Marketing*: Marketing expenses include SEM, social media, and affiliate marketing to drive direct downloads of the App, Marketing contributions to establish merchant agreements, market research, and brand development.
- *Other Expenses*: Other expenses include property and leasing expenses, 50K USD for insurance per month and a 100K USD contingency per month, given partner pricing uncertainty.

Monthly projections for FY25 and FY26 can be seen in Appendix C

9.2. Treasury & Funding Solutions

Our funding solutions will take place in two phases:

Phase 1 initial Launch (0 - 3 months): using OVT shareholders equity of up to 3M USD.

Whilst every effort will be made to source external funding, it is standard for newly launched origination platforms to be funded by equity, given the limited track record and history of the portfolio. This period is required to ensure:

1. Any launch complications are resolved before external funding is provided
2. Receivable performance can be assessed and underwriting refined to ensure actual performance is consistent with business risk appetite

Timing of existing Phase 1 will be dependent upon credit and product performance and expected losses

Phase 2 Ongoing book build (3 months +): migrate equity funding to a third-party debt facility that can scale and fund the business through a minimum of 12 months.

The form and legal nature of an expected debt financing is summarised in the term sheet in Appendix D:

1. They are structured so that customer receivables are sold to a separate legal entity (SPV) owned by Ovanti, and to which customer payments are directed (either directly or indirectly, depending on the customer collection mechanics)
2. The debt provider lends to the SPV, which Ovanti will be able to access and use to fund new customer originations
3. The debt provider has little day-to-day management of the transaction and cash flows, with responsibility delegated to Ovanti (unless an adverse event/situation arises) as a “Servicer”.
4. The financing will be “revolving” in nature, with new customer receivables sold into the structure daily and customer collections recycled to fund the purchase of new receivables. Periodically (e.g., every week or two weeks), income streams (e.g., merchant revenue) will be distributed back to Ovanti.
5. Given the thin credit history, we expect the debt financier to initially fund between 50% and 70% of the aggregate outstanding loans that are not delinquent, increasing to 10% as the portfolio grows. Even with the most well-established portfolios, lenders will not advance more than 95% due to regulatory requirements. This means that a portion of the SPV-funded loans will need to be provided by Ovanti and will always be structurally subordinated to the third-party debt financier.

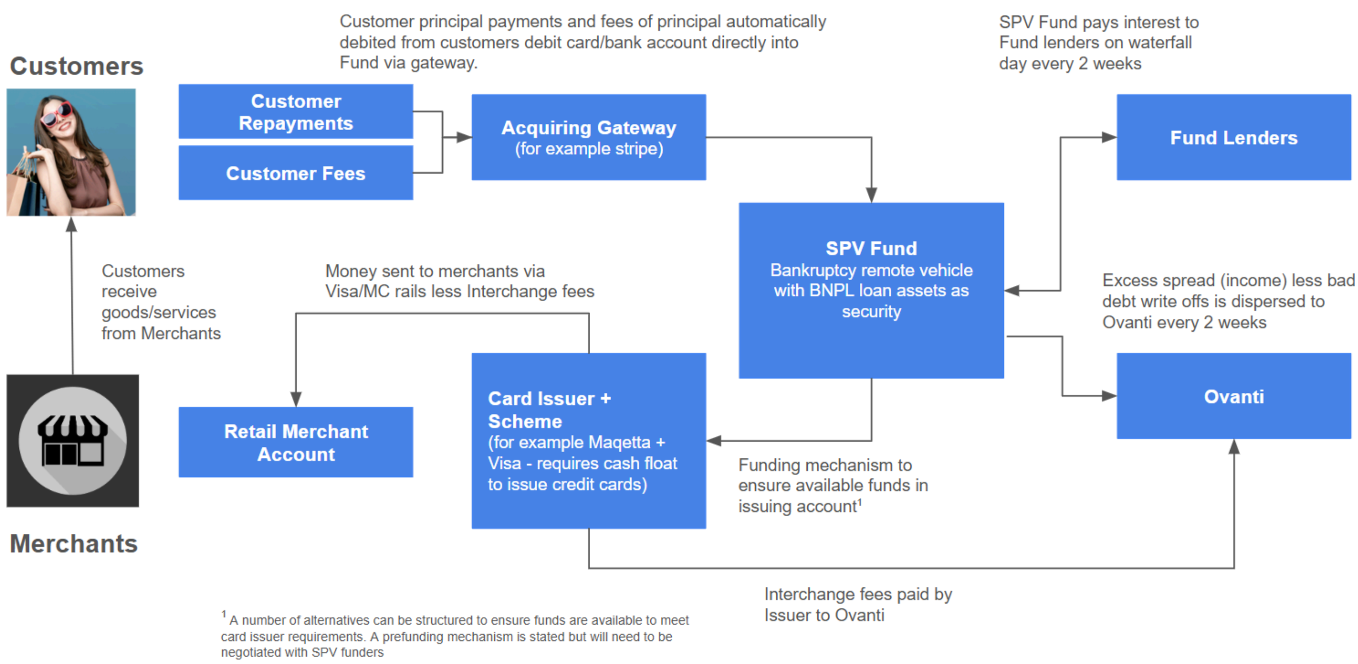
Summarising the key components of the financing:

- Fund Capacity:
  - 15M USD for a 12-month facility within the first 3 months of launch that can be extended to 30M USD.
  - On expiry of the initial facility, we have a new 30M USD 3-year facility in December 2026 that can be extended up to 75M USD
- Set up as bankruptcy remote vehicle to protect investors/lenders from company exposure with funding via:
  - Two classes of notes: Class A - 50%-70% (increasing to 85% over time) subordination, funded by the third-party debt provider, and Class B, to fund the balancing proportion

- Ovanti will fund Class B, which will have a minimum size of 15% of the total outstanding notes (known as “first loss protection”)

- Bespoke terms will be negotiated but likely, among other things, based on:
    - Standard Ovanti product offering that is internally approved
    - Average loan term of between 6 to 8 weeks
    - Bad Debts are expected to be under 4% in the first 12 months
    - The fund has rights to customer fees and any merchant fees but not interchange
    - Bespoke cash management structure to ensure pre-funding available to manage VCN issuing capability
    - SPV has rights to customer fees and any merchant fees but not interchange
    - Fortnightly/Weekly waterfall payments to ensure distribution of excess funds to Ovanti

The flow of funds can be seen in the diagram below:



Appendix E contains the initial term sheet, which has been drafted to be attractive in the market.

9.3. Tax

Ovanti US Inc. has been established and has an EIN for tax purposes. Before breaking even, the funding is expected to be provided by equity capital via the parent of Ovanti Limited, limiting any multi-jurisdictional tax implications. We are in the process of engaging Deloitte for transfer pricing and multi-jurisdictional support, but we are aiming for a very simplified setup to minimise tax implications.

Each year, we must submit taxation for payroll and state, city, and federal taxes, which any Nexus associations will determine.

9.4. Equity Capital Requirements

Based on the P&L forecast, we expect the following timing for equity requirements until cash flow breaks even in March 2027. These have been based on having at least two months of funding for development runway available at any time.

In addition to the P&L forecast, we have included funding requirements to break even cash flow. We have divided the equity funding costs into funding required for launch and funding required to reach cash flow break even.

This funding includes expected expenses and equity contribution to loan book funding requirements progressively staged between now and March 2027.

	Month	Equity Capital Requirements	Commentary
Equity funding required to Launch October 2025 **18M AUD** 14M AUD Build 5M AUD Funding	February 2025	2M AUD	2.0M AUD for February/March expected cashflow
	April 2025	4M AUD	April - June 2025 expected cash flows
	July 2025	7M AUD	July - October 2025 forecast build costs up to launch
	September 2025	5M AUD	Equity to fund initial 3 months of loan book growth
Additional equity funding to break even March 2027 **30.0M AUD** 20M AUD Run 7M AUD Funding	October 2025	7.5M AUD	November 2025 to January 2026 forecast negative cash flows (3 months)
	January 2026	8.5M AUD	February 2026 to June 2026 forecast negative cash flows (5 months)
	June 2026	2M AUD	Equity to fund book expansion within the initial facility until August 2026
	July 2026	7M AUD	July 2026 to February 2027 forecast negative cash flows (8 months)
	August 2026	5M AUD	Equity to fund book expansion within the new 3-year facility until May 2027
	Total	**48.0M AUD**	13M AUD build costs to launch 23M AUD run costs to break even 12M AUD to support debt funding

9.5. Foreign Exchange Exposures

We will have material AUD/USD exposures in our cash position as the US entity will be equity funded from Ovanti Limited with its assets in AUD (recent and future capital raises) and MYR (sale proceeds from IDSB). Most of our expenses will be in USD in the establishment before the first expected revenue in October 2025.

Recent volatility could result in an additional 10-15% movement (adverse or beneficial), particularly given the appointment of the new Trump administration and the impact of policy decisions on interest rates. With the equity capital requirements highlighted above, this would represent an exposure of 4.8M to 7.2M AUD.

10. Risks & Risk Management

The following section lists the key strategic and operational risks and proposed mitigants.

10.1. Strategic Risks

The table below highlights the key strategic risks of entering the US market for Ovanti. Several mitigations will be in place to reduce both the inherent likelihood and impact.

Risk Category & Description	Inherent Likelihood	Inherent Impact	Mitigation
Market Competitors react to product development with alternative solution that reduces projected volumes	**Medium** All competitors are aware of our entry into the market and can react	**Medium** A reduction of 10% in volume represents c.5.5M AUD in revenue across FY26 and FY27	• Focus on speed to market once the plan is released to ASX • Market monitoring pricing /product development and changes • Well-defined product roadmap and product extensions before launch
Regulatory Regulatory environment changes that impact product performance, compliance and business viability	**Very Low** With the change in administration, regulators will be moving from a hostile to a neutral position	**Medium** Material changes in the regulatory interpretation of our products may require adjustments to our strategy	• Expert internal (general counsel, legal & compliance resources) and external advice (BlankRome, FS Vector, Bank Partner) on regulatory positioning, compliance and licensing • Bank partnership model where we use their license to broaden market reach and strengthen compliance • State-based licensing to fall back upon with any disruption to our bank partnership model
FX and Interest Rate Material changes to interest rates and FX rates impact profitability and equity required for investment in US growth	**Low** Forward FX and flat US yield curve rates suggest limited movement in rates	**Medium** FX rates moving by 15% represents up to 7.2M AUD exposure Interest rate movements by 1% represent 0.3M AUD pa in FY26 & FY27	• Ongoing monitoring of FX and interest rates • Board-level updates on funding requirements with the latest outlook • FX and interest rate outlook taken into consideration with any timing of capital raise

Risk Category & Description	Inherent Likelihood	Inherent Impact	Mitigation
Funding Market tightening in funding environment reduces debt and equity funding available for growth	**Medium** The market funding environment will still have some uncertainty due to forecast economic growth and potential global/ political fiscal policy changes	**High** Reduction in funding capacity outlined in sections 9.2 and 9,4 will have a material impact on the growth capacity of the US market entry plan	• Capital management plan developed in conjunction with Clee Capital and the board • Straightforward market testing with debt funding to prepare for December funding facility • Market monitoring with a review of requirements and scenario planning post phase 1 (Market Preparation)
Reputation OVT's reputation and investment proposition were negatively impacted by the US operating model or strategy	**Low** Customer propositions now focused on everyday rather than solely high-risk industries (CBD, Vapes, Guns, etc) reduce the likelihood to low. There is still some risk, given we are supporting subprime borrowers	**Medium** Reputation risk could impact customer growth objectives, licensing applications and funding opportunities	• Customer proposition testing and validation in Phase 1 • Bank and state regulator engagement will provide us with alternative views of reputation risk • Ongoing market monitoring from customers, regulators and investors

10.2. Operational Risks

The following table outlines key operational risks that will impact our ability to get to market or deliver projected growth post-launch. As with Strategic Risks in 10.1, several mitigation strategies will be implemented to minimise their likelihood and impact.

Risk Category	Inherent Likelihood	Inherent Impact	Mitigation
People Insufficient staffing or people resources to meet delivery timeframes. High turnover of people.	**Medium** The recruitment process can be slow or delayed. New staff tenure is short due to the forming stage of a new business.	**Medium** Depending on the criticality of roles, it can delay up to 2-3 months. Market readiness can be impacted and delayed along with business operations performance.	• Board support for the executive team • ESOP and Employee Value proposition (e.g. benefits) in place to incentive activity and retention • Effective hiring and onboarding practices in the US, including the use of external recruiters • Market-based salaries and packages offered to employees • Third-party support for employee contracts and processes • Measuring and monitoring of employee engagement • Ensure Partners have appropriate people strategies in place
Product Product market fit is not as expected, requiring substantial adjustment to pricing/ functionality	**Low** The US market is significant, and acting as a new market entrant, we can pivot to customer needs and demands quickly	**Medium** Negative impact on new brand. Financial projections not met (both revenue and expense)	• Customer and merchant testing of value propositions in Phase 1 and Phase 2 of the market entry plan, including pricing/customer value elasticity • Ongoing flexible roadmap to change with consumer and merchant preferences
Revenue Product performance is not as expected, with customer utilisation behaviours impacting profitability	**Medium** Customer utilisation and behaviours can be estimated but remain unknown before the launch	**Medium** Adverse customer behaviours can affect expected product returns (for example, low average weekly spend) or higher than expected arrears	• Product/market validation in Phase 1 of the market entry plan (Market preparation) • Ongoing management monitoring of key performance product indicators • Flexibility in the future roadmap to address a material issue or concerns
Licensing Time Frames Longer than expected timeframes to obtain licensing delays go to market	**High** Licenses and use of bank lines are 100% dependent on Banks and state-based regulatory bodies	**High** Delays in licensing will change the timing and scope of launch (how many states we can enter)	• A dual approach to licensing - bank sub-licensing and individual state license means we are likely to have either bank licensing or a small number of states to start • Expert internal and external resources with existing relationships with regulators and licensing banks

Risk Category	Inherent Likelihood	Inherent Impact	Mitigation
Compliance Regulators take an obstructive interpretation of Ovanti products within regulations	**Low** The hybrid nature of the product between BNPL and credit cards means that each regulator may take a different view of regulatory treatment and obligations	**Medium** Mixed views from regulators impacting the level of obligations and, ultimately, disclosure and customer experience (for example, different experiences by state adding to product complexity)	• Validation and confirmation of regulatory position in Phase 1 of the Market entry plan (Market preparation) • Expert internal (general counsel, legal & compliance resources) and external advice (BlankRome, FS Vector, Bank Partner) on regulatory positioning, compliance and licensing
Cybersecurity Ovanti US Inc. is subject to a material cybersecurity incident	**Medium** As a new entrant, we could be potentially targeted upfront on the expectation of lax security standards	**Medium** If a breach occurs within the first 12 months, we will have a small negative brand impact and limited customer exposure. Expected negative impact on our banking/licensing relationships	• Cybersecurity program and testing in place before launch (Phase 2 Build) • Suitably qualified CTO and partners engaged • All partners and service providers engaged are cybersecurity accredited (ISO27001 & SOC 2 Type II) • Fraud tooling implemented as part of technology architecture • Cybersecurity ongoing monitoring and testing of environment and platforms
Technology & Process Technology capability is not fit for purpose or robust enough for growth and scale	**Low** Technology and Partner selection is based on current and future requirements	**Medium** The SaaS model allows for platform/technology scaling and switching if required to meet business growth and scale	• Suitably qualified SMEs, Advisors, CTO, partners and engineers hired • Robust vendor selection process (See appendix F) • Technology Strategy (i.e. Partner & SaaS) provides scale and flexibility
Credit & External Fraud Higher than expected credit and external fraud losses	**Low - Medium** Launching a new credit model creates uncertainty in loss prediction rates	**High** A 1.00% increase in write-off rates represents an expected 4.5M AUD financial loss	• Strong 3rd party fraud protections, including identity verification, are in place before going live • Daily credit risk monitoring and amendments, including Champion / Challenger credit processes for quick transition if necessary • Suitably qualified credit risk, fraud and collections managers hired • Effective collections process in place before going live • Monthly credit policy and fraud management reviews

Risk Category	Inherent Likelihood	Inherent Impact	Mitigation
Poor Operational Controls Poor operational controls lead to financial or reputational losses	**Low** All new processes are built and tested with controls and limited exposure	**Medium** Operational control failures will lead to financial and reputational impacts	• SMEs recruited with appropriate skills and expertise to design and manage operational controls • Customer, system and financial processes to operationalise our value proposition built within a control framework. • Processes reviewed and signed off by mgt before going live • Ongoing operational controls monitoring regime implemented • Independent Audit of financials under US GAAP.
Business Disruption Natural disasters, internet and platform outages impact business operations and lead to financial and reputational losses	**Low** All platforms and service providers selected have business continuity & disaster recovery capabilities from day 1.	**High** The unavailability of resources (staff and service/technology platforms) has a direct impact on revenue and reputation	• All staff and partners can work from any device and any location • All technology is Cloud/SaaS based • All platform and Service partners have Disaster Recovery and Business Continuity Plans and capabilities
Partner Performance Failure or failure to perform will impact the business's performance and reputation.	**Low** Ensure that the partners selected have the experience and capabilities required	**Medium** Partner failure will lead to financial and reputational impacts	• Rigorous partner evaluation and selection • Partner monitoring and management against contractual KPIs and SLAs • Partner performance management or replacement

11. Implementation and Monitoring

To ensure transparency of activities and progress, we proposed the following implementation and monitoring regime:

1. Monthly reporting to the board on progress to timelines and development expenditure
2. Formal quarterly review of the plan at the board
3. Any contract expenditure over 1M AUD is to be approved by the board
4. Risks and risk management review is as per existing board practices.
5. Remuneration review of key US staff by September 2025

Appendix A: US Market Overview

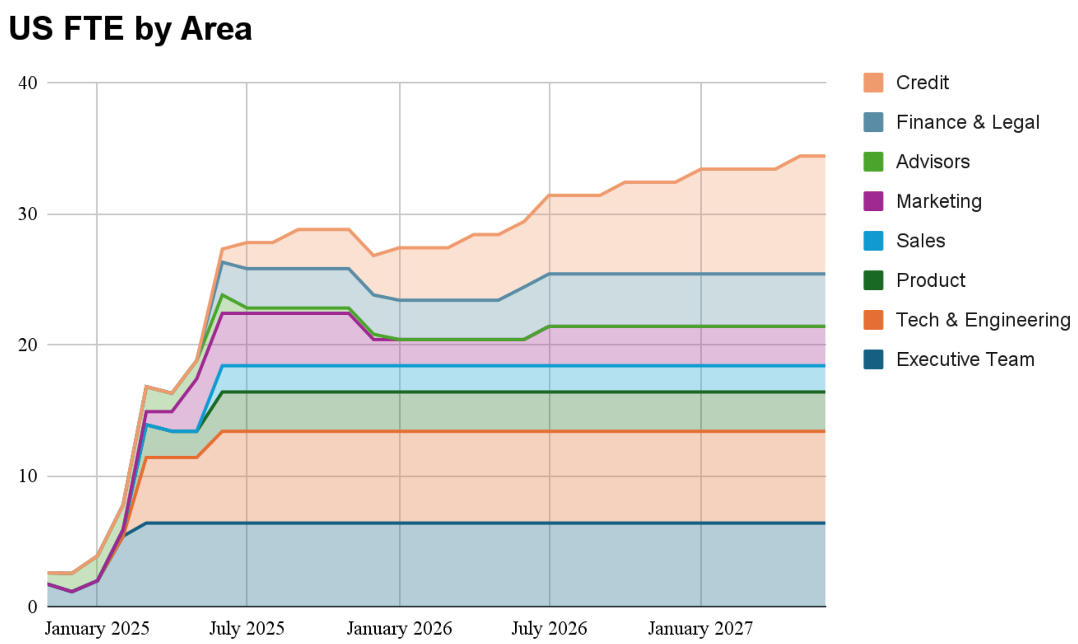
Refer to the Presentation at page 69, titled "US BNPL Market Overview".

Appendix B: Product Specifications & MVP Functionality

Refer to the document at page 91.

Appendix C: Staffing Levels

The following chart highlights the growth in staffing levels by area. It excludes the outsourced contact centre. Credit growth reflects the growth of collections agents. Both Engineering and Collections will potentially be progressively outsourced over time.



Appendix D: Monthly Financial Projections

AUD P&L																							
$M	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26
TTV $M AUD	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.182	1.487	4.243	7.241	8.911	12.485	14.846	18.321	20.755	24.780	28.254	30.938	35.786	38.332	43.524
Customers ('000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.714	5.157	12.399	18.599	24.199	30.424	36.804	43.756	50.809	58.438	66.488	74.806	83.508	92.027	100.928
Loans ('000)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.041	9.198	25.659	47.754	59.993	84.285	100.499	124.229	141.027	168.622	192.493	210.876	244.264	261.992	297.705
Revenue $M AUD																							
Issuing Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.06	0.11	0.13	0.19	0.22	0.27	0.31	0.37	0.42	0.46	0.54	0.57	0.65
Afilliate Income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.02	0.03	0.03	0.04	0.05	0.06	0.06	0.07	0.08	0.09
Subscription	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.06	0.16	0.27	0.33	0.46	0.55	0.68	0.77	0.91	1.04	1.14	1.32	1.42	1.61
Rollover Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.04	0.05	0.07	0.08	0.11	0.12	0.14	0.17	0.18	0.21	0.23	0.26
Late Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.05	0.12	0.18	0.27	0.34	0.43	0.50	0.61	0.70	0.78	0.91	0.98	1.13
Total Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.10	0.29	0.54	0.71	1.01	1.22	1.52	1.74	2.09	2.39	2.63	3.05	3.28	3.74
Cost of Sales $M AUD																							
Write Offs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	(0.02)	(0.11)	(0.21)	(0.30)	(0.38)	(0.49)	(0.52)	(0.58)	(0.68)	(0.65)	(0.76)
Provisioning	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	(0.06)	(0.17)	(0.29)	(0.35)	(0.42)	(0.36)	(0.35)	(0.33)	(0.31)	(0.32)	(0.29)	(0.17)	(0.19)	(0.22)
Payment Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	(0.00)	(0.01)	(0.03)	(0.04)	(0.05)	(0.06)	(0.08)	(0.09)	(0.11)	(0.13)	(0.14)	(0.17)	(0.18)	(0.21)
Data Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.01)	(0.03)	(0.06)	(0.06)	(0.05)	(0.06)	(0.06)	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.08)
Interest Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.03)	(0.04)	(0.66)	(0.11)	(0.12)	(0.16)	(0.17)	(0.20)	(0.22)	(0.25)	(0.30)	(0.33)	(0.38)	(0.40)	(1.90)
Total Costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.05)	(0.12)	(0.90)	(0.49)	(0.58)	(0.80)	(0.87)	(1.00)	(1.09)	(1.23)	(1.34)	(1.42)	(1.48)	(1.50)	(3.17)
Gross Profit	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(0.03)	(0.02)	(0.60)	0.06	0.12	0.21	0.36	0.53	0.65	0.86	1.06	1.21	1.57	1.78	0.56
OPEX $M																							
People and On Costs	(0.35)	(0.60)	(0.59)	(0.63)	(0.87)	(0.85)	(0.86)	(0.98)	(0.93)	(0.96)	(0.96)	(0.96)	(0.96)	(0.96)	(0.97)	(0.97)	(1.00)	(1.04)	(1.04)	(1.13)	(1.22)	(1.06)	(1.07)
Professional Services	(0.15)	(0.22)	(0.22)	(0.24)	(0.29)	(0.39)	(0.27)	(0.20)	(0.11)	(0.11)	(0.19)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.20)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.20)
Technology (Hosting, Platform, Data)	(0.09)	(0.22)	(0.19)	(0.20)	(0.23)	(0.21)	(0.21)	(0.25)	(0.32)	(0.32)	(0.32)	(0.32)	(0.32)	(0.32)	(0.32)	(0.32)	(0.33)	(0.34)	(0.35)	(0.36)	(0.38)	(0.39)	(0.40)
Marketing (advertising, merchants)	(0.06)	(0.02)	(0.02)	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.38)	(0.38)	(0.46)	(0.47)	(0.45)	(0.47)	(0.47)	(0.50)	(0.50)	(0.52)	(0.54)	(0.49)	(0.51)	(0.52)	(0.54)
Other Expenses	(0.14)	(0.14)	(0.14)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.19)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Total Opex	(0.80)	(1.19)	(1.15)	(1.26)	(1.58)	(1.65)	(1.54)	(1.63)	(1.93)	(1.96)	(2.12)	(2.02)	(1.99)	(2.02)	(2.03)	(2.06)	(2.22)	(2.18)	(2.20)	(2.25)	(2.38)	(2.24)	(2.40)
NPBT ($m)	(0.80)	(1.19)	(1.15)	(1.26)	(1.58)	(1.65)	(1.54)	(1.63)	(1.96)	(1.98)	(2.72)	(1.96)	(1.87)	(1.80)	(1.68)	(1.53)	(1.56)	(1.32)	(1.14)	(1.05)	(0.81)	(0.46)	(1.84)

AUD P&L

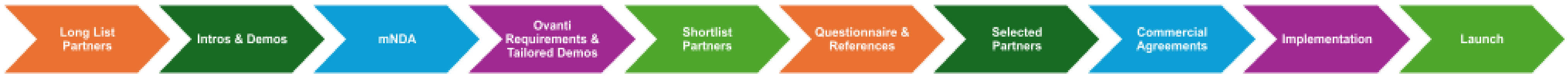
$M	Jan-27	Feb-27	Mar-27	Apr-27	May-27	Jun-27	Jul-27	Aug-27	Sep-27	Oct-27	Nov-27	Dec-27	Jan-28	Feb-28	Mar-28	Apr-28	May-28	Jun-28
TTV $M AUD	47.515	46.388	55.229	57.385	63.354	65.305	71.643	75.850	77.523	84.320	85.703	92.899	97.242	94.957	105.836	106.629	114.580	115.186
Customers ('000)	109.922	118.122	127.285	136.232	145.556	154.650	164.120	173.660	182.955	192.623	202.038	211.824	221.665	230.920	240.863	250.531	260.569	270.327
Loans ('000)	325.239	317.735	378.409	393.407	434.474	448.045	491.657	520.689	532.341	579.117	588.778	638.307	668.293	652.741	727.548	733.175	787.903	792.223
Revenue $M AUD																		
Issuing Revenue	0.71	0.70	0.83	0.86	0.95	0.98	1.07	1.14	1.16	1.26	1.29	1.39	1.46	1.42	1.59	1.60	1.72	1.73
Afilliate Income	0.10	0.10	0.11	0.12	0.13	0.14	0.15	0.16	0.16	0.18	0.18	0.20	0.21	0.20	0.23	0.23	0.25	0.25
Subscription	1.75	1.71	2.04	2.12	2.34	2.41	2.65	2.80	2.86	3.11	3.16	3.43	3.59	3.51	3.91	3.94	4.23	4.25
Rollover Fees	0.28	0.28	0.33	0.34	0.38	0.39	0.43	0.46	0.47	0.51	0.52	0.56	0.59	0.58	0.64	0.65	0.70	0.70
Late Fees	1.24	1.22	1.46	1.52	1.69	1.75	1.93	2.05	2.10	2.29	2.33	2.53	2.65	2.60	2.90	2.93	3.15	3.17
Total Revenue	4.09	4.00	4.77	4.97	5.49	5.67	6.23	6.60	6.76	7.35	7.48	8.12	8.50	8.31	9.27	9.34	10.04	10.10
Cost of Sales $M AUD																		
Write Offs	(0.85)	(0.85)	(1.04)	(1.10)	(1.24)	(1.29)	(1.44)	(1.54)	(1.59)	(1.61)	(1.43)	(1.56)	(1.65)	(1.62)	(1.82)	(1.84)	(1.99)	(2.01)
Provisioning	(0.19)	(0.33)	(0.39)	(0.38)	(0.39)	(0.38)	(0.40)	(0.40)	(0.37)	(0.02)	0.02	0.06	0.02	(0.31)	(0.34)	(0.33)	(0.34)	(0.33)
Payment Fees	(0.23)	(0.22)	(0.27)	(0.28)	(0.31)	(0.32)	(0.35)	(0.37)	(0.38)	(0.41)	(0.42)	(0.46)	(0.48)	(0.47)	(0.52)	(0.53)	(0.57)	(0.57)
Data Costs	(0.09)	(0.08)	(0.09)	(0.09)	(0.10)	(0.10)	(0.11)	(0.11)	(0.11)	(0.12)	(0.11)	(0.12)	(0.13)	(0.12)	(0.13)	(0.13)	(0.14)	(0.14)
Interest Costs	(0.48)	(0.47)	(0.55)	(0.57)	(0.66)	(0.67)	(0.73)	(0.76)	(0.78)	(0.88)	(0.89)	(0.96)	(1.00)	(0.98)	(1.13)	(1.13)	(1.20)	(1.20)
Total Costs	(1.84)	(1.96)	(2.33)	(2.42)	(2.70)	(2.77)	(3.02)	(3.19)	(3.23)	(3.04)	(2.84)	(3.04)	(3.24)	(3.51)	(3.94)	(3.96)	(4.24)	(4.25)
Gross Profit	2.25	2.04	2.44	2.55	2.80	2.90	3.21	3.41	3.53	4.32	4.65	5.08	5.27	4.80	5.33	5.38	5.80	5.85
OPEX $M																		
People and On Costs	(1.10)	(1.09)	(1.11)	(1.12)	(1.15)	(1.15)	(1.22)	(1.23)	(1.32)	(1.42)	(1.26)	(1.27)	(1.29)	(1.28)	(1.32)	(1.32)	(1.34)	(1.34)
Professional Services	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.24)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.24)	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)	(0.24)
Technology (Hosting, Platform, Data)	(0.42)	(0.43)	(0.44)	(0.45)	(0.47)	(0.48)	(0.50)	(0.51)	(0.52)	(0.54)	(0.55)	(0.56)	(0.58)	(0.59)	(0.61)	(0.62)	(0.63)	(0.65)
Marketing (advertising, merchants)	(0.55)	(0.53)	(0.57)	(0.57)	(0.60)	(0.59)	(0.62)	(0.63)	(0.63)	(0.65)	(0.65)	(0.68)	(0.69)	(0.67)	(0.71)	(0.71)	(0.74)	(0.73)
Other Expenses	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Total Opex	(2.33)	(2.31)	(2.39)	(2.41)	(2.48)	(2.65)	(2.61)	(2.64)	(2.73)	(2.88)	(2.73)	(2.95)	(2.83)	(2.81)	(2.90)	(2.91)	(2.98)	(3.15)
NPBT ($m)	(0.09)	(0.27)	0.04	0.13	0.32	0.25	0.60	0.77	0.79	1.44	1.92	2.13	2.44	1.99	2.43	2.47	2.82	2.70

Appendix E: Draft Funding Term Sheet

Refer to the document at page 98, titled "Ovanti US Inc - Revolving Asset Backed Financing".

Appendix F: Vendor/Partner Selection Process

The Ovanti Vendor/Partner selection involves the following process steps:



The Vendor/Partner due diligence involves demonstrations, questionnaires and reference checks to qualify each potential vendor/partner by assessing the following areas:

1. Company Background
2. Security & Certifications
3. Compliance
4. Functional Requirements
5. Technical Requirements
6. IT Policies
7. IP Ownership
8. Data Ownership & Privacy
9. Implementation Methodology
10. Support & Reliability
11. Disaster Recovery & Business Continuity
12. Financial & Business Stability
13. Commercial Terms
14. Agreements/Contracts

APPENDIX A

OVANTI

US BNPL Market Overview

December 2024

BNPL Scope

What is BNPL?

WHAT IS BNPL	WHAT BNPL ISNT

WHAT IS BNPL

- Unsecured Finance
- Ability for customers to finance their purchases at check out
- Ability for customers to pay off their debt in installments or over time.
- Can be an account based model (similar to a credit card but without high interest rates) or installment based (pay in X installments)
- Fast Approvals/set up (typically under 180 secs)
- Most BNPL plans are interest-free

WHAT BNPL ISNT

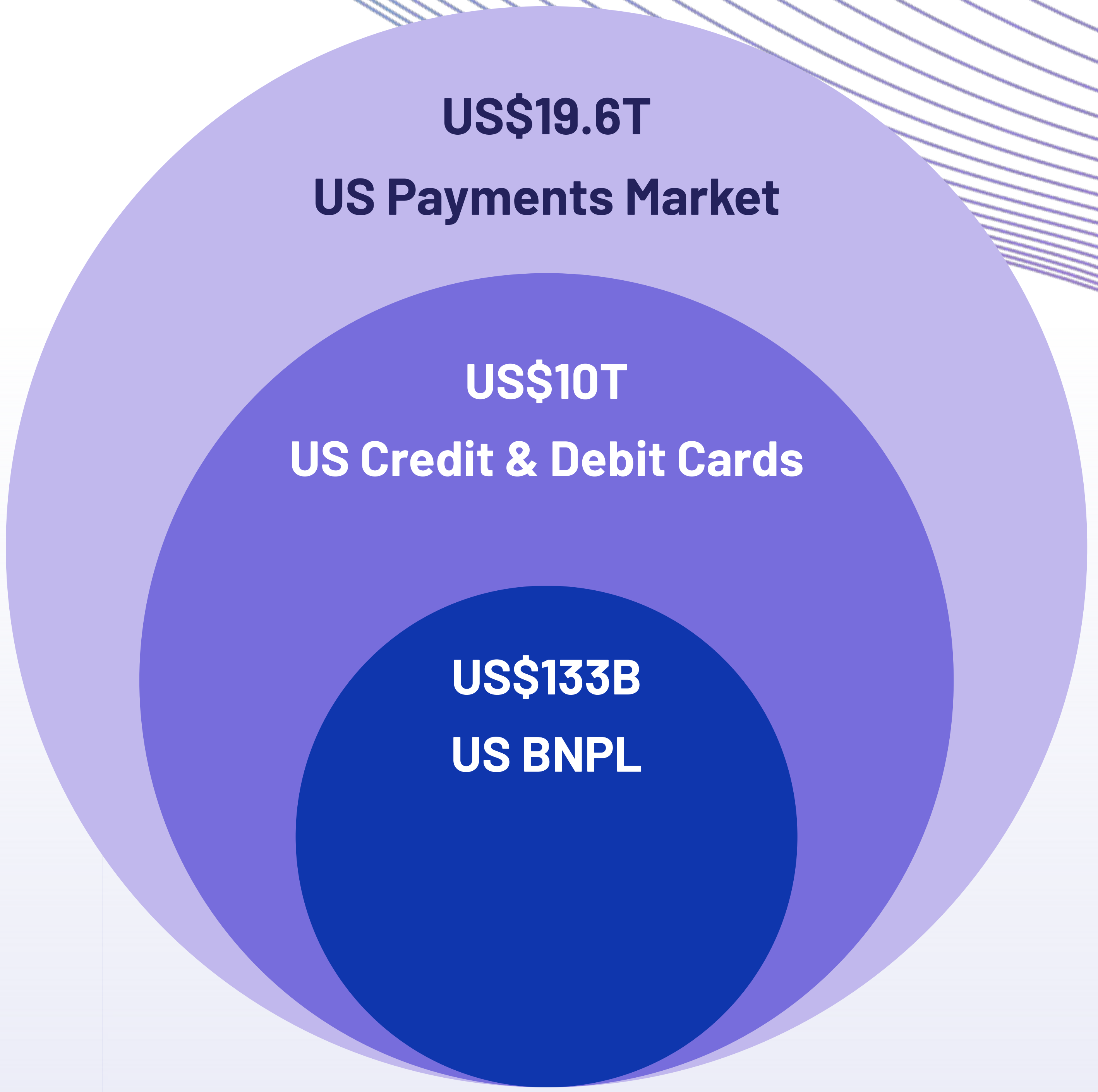
- Secured Finance - either by mortgage or underlying real asset
- A credit card - that accumulates fees or interest until customer defaults
- Payday lending that financially harms customers
- Unregulated

U.S. BNPL Market Size

BNPL is experiencing significant growth in the United States but is still at a very early stage of industry development.

BNPL adoption is driven by:

- Shift from traditional credit, particularly younger generations;
- Convenience and ease-of-use;
- Budgeting and control;
- Technology-enabled;
- Retailer adoption.



Source: Capital One Research
Motley Fool

U.S. BNPL Statistics

94m

2024 American BNPL Users

24.7%

Forecasted BNPL CAGR 2022-2030

22%

of American's have No FICO/ Low FICO

89%

BNPL Users Paying On Time

$135

Avg. BNPL Loan Amount

6

Avg. BNPL Term in Weeks

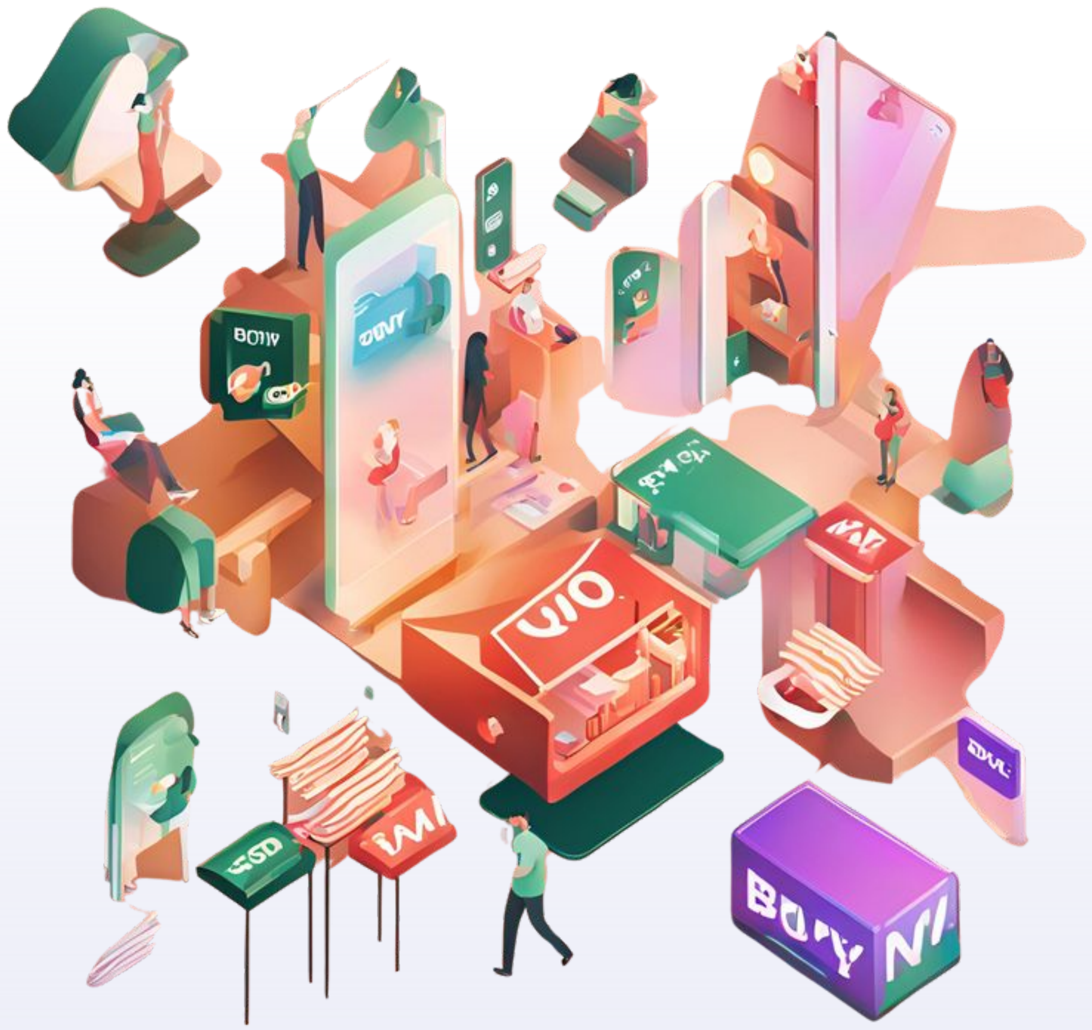
1 in 3

Americans are sub prime

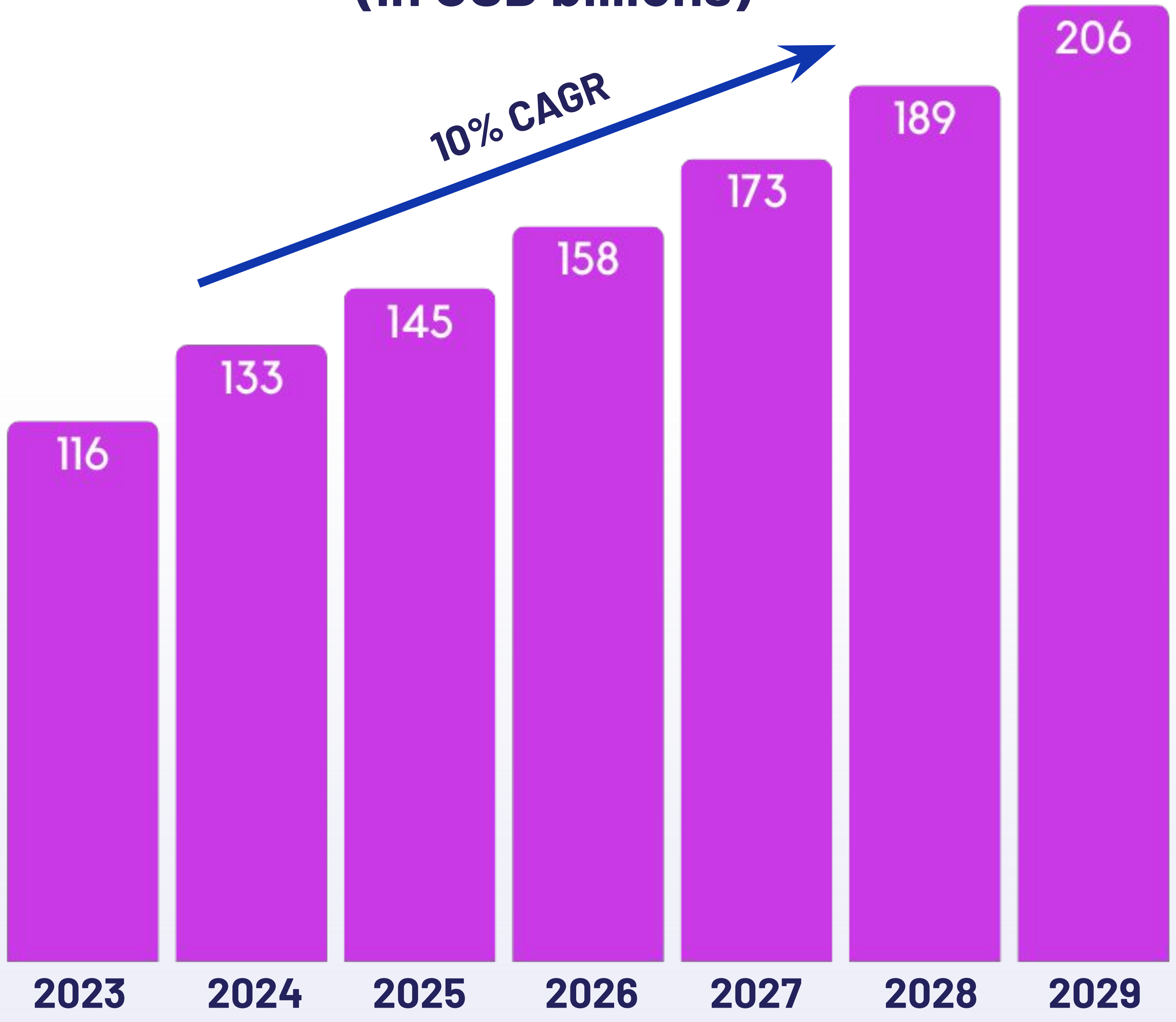
Source: Capital One Research , Motley Fool, Experian

U.S. BNPL Growth

BNPL first launched in 2019 and has grown exponentially driven largely by Millennials and Gen Z who seek an alternative to traditional credit cards.



U.S. BNPL Payment Volume (in USD billions)



Source: Capital One Research

US Competition

U.S. BNPL Competition

- US BNPL competition is dominated by 6 very large players with at least 1 million customer each
- A large number of specialist providers have emerged focused on specific industry verticals or use cases for example Health, Rent and Travel
- In the last 2 years market focus has moved from customer acquisition growth to profitability slowing down customer usage despite underlying demand
- However main competition is still disrupting credit cards with BNPL usage being less than 5% of Credit Cards demonstrating substantial room for growth
- Following pages provide a snapshot of the main competition

US BNPL Competition - Big 6

PayPal

- Most popular BNPL brand
- All paypal services represent 5% of total US checkout traffic
- 6% YoY revenue growth
- Started offer split installments Dec Qtr 2020
- Largest market share from existing customer base
- BNPL profitability unknown
- Recently claimed that they were over 50% of BNPL market

afterpay

- Acquired by Block in Jan 2022 and now operationally combined with CashApp
- 55m customers in US on cash App
- c.20m customers on BNPL
- Pay in 4 product
- First mover in fashion and high frequency discretionary items
- c240m USD pq BNPL revenue in Dec 2023
- Key merchants:

affirm

- 19.5m customers in US, 323,000 active merchants
- Two core BNPL products
  - longer term (3, 6 and 12 mths) large installments (up to 30,000 USD)
  - Pay in 4 (under shoppay brand)
- Running at $100m USD loss for Sep Qqtr 2024
- Key Merchants: Amazon, Peloton, Shopify (Shoppay)

Klarna

- 34m customers in US (total active/inactive)
- Positioned as shopping app/marketplace first, BNPL second
- Pay in 4 product
- IPO expected later this year
- Founded in 2005 in Sweden currently in 31 countries (mostly European)
- Key Merchants: Macy’s, Bloomingdales

zip

- 3.9m active customers in US, 24,000 merchants
- Two core products - Pay in 4 and pay in 8
- Strong underwriting performance 1.6% writeoffs
- negative customer growth (active customers down 1% YoY)
- Key Merchants: Shien, Fashion Nova

sezzle pay in 4

- 2.6m active customers in US
- Moved from ASX to NASDAQ listing
- Pay in Full, Pay in 2 and Pay in 4 products
- Offers tiered service with Sezzle anywhere and Sezzle premium
- Current credit provisions of 2.3%
- Key Merchants: Target

US BNPL Competition - Specialists

sunbit

- Autorepair, dental, eye, vet BNPL
- 100,000 customer
- 25,000 merchants
- mobile/POS lending

uplift

- Specialist Travel BNPL
- Monthly payments up to 18 months
- Merchants: United Airlines, Carnival

cushion

- BNPL Aggregator shows multiple BNPL transactions in single wallet
- Includes subscription and bill mgt

wisetack

- Auto Repair, dental, elective medical, home services, vet BNPL
- Monthly payments from 3 months to 5 years, APR based up to 25k USD

four

- GooglePay, ApplePay focused Pay in 4 BNPL

Zebit

- Marketplace focused on electronics, home and jewellry with embedded BNPL
- Bi-weekly payments up to 6 months

deferit

- AU/US based
- Focused on utility and regular bill payment and credit building
- Pay in 4 product
- 800,000 customers in AU and US

flex.

- Rental Payment BNPL solution
- Line of credit BNPL with pay in 2 for rent
- Credit Builder Option

credova THINK ADVENTURE

- Guns and outdoor
- Purchased by PublicSquare for 15M USD in Mar 24
- Up to 4,000 merchants including online guns stores and Pawn shops

What is common and what's changing with US BNPL providers?

WHAT IS COMMON BETWEEN BNPL COMPETITION

- Merchant focused - embedded in shopping purchasing process online
- Started with customer acquisition via origination in online check out
- Heavily focussed on shopping experience either in own apps/marketplaces or merchant checkout
- Younger shopper demographic (under 35 year olds)
- Initial soft credit checks

HOW IS THE MARKET EVOLVING

- Most BNPL are moving towards bank licensing with uncertainty of regulatory environment
- Moving away from pure merchant integration plays (closed loop) to virtual and physical card use everywhere (open loop)
- Product diversification - Pay in 2, Pay in 8, Long term, Early wage access, Debit card/transaction/checking accounts
- Partnering with other players for longer term interest bearing installment products (personal loans)
- Specialisation plays - Uplift (Travel), Credova (Guns), Wisetack/Sunbit (Auto repair, Health)
- Focus on profitability (higher existing customer usage, lower customer acquisition, less marketing fees paid to merchants)

Listed BNPL Comparables

					FY24		FY25		EV/TTV		EV/Sales	
Company	Unit*	Exchange	Price	EV	TTV (GMV)	Revenue	TTV (GMV)	Revenue	Trailing	Forward	Trailing	Forward
ZIP CO LIMITED (XASX:ZIP)	A$m	ASX	$ 3.30	$ 6,681	$ 10,100	$ 868	$ 11,258	$ 1,051	0.7	0.6	7.7	6.4
HUMM GROUP LIMITED (XASX:HUM)	A$m	ASX	$ 0.78	$ 4,931	$ 3,131	$ 619	$ 3,445	$ 686	1.6	1.4	8.0	7.2
BLOCK, INC. (XNYS:SQ)	US$m	ASX/NYSE	$ 90.79	$ 54,442	$ 241,350	$ 24,383	$ 265,485	$ 27,240	0.2	0.2	2.2	2.0
Affirm Holdings Inc (XNAS:AFRM)	US$m	Nasdaq	$ 62.06	$ 24,717	$ 26,600	$ 2,323	$ 35,378	$ 3,099	0.9	0.7	10.6	8.0
SEZZLE INC. (XNAS:SEZL)	US$m	Nasdaq	$ 399.74	$ 2,163	$ 2,345	$ 247	$ 2,640	$ 327	0.9	0.8	8.8	6.6
	*except per share data							**Mean**	0.9	0.7	7.5	6.0
	**data as of 19th Nov 2024							**Median**	0.9	0.7	8.0	6.6

Note on Block Inc:
Today Block is a diversified fintech that makes revenue from Bitcoin, subscriptions, and transactions.

Block announced plans to buy Afterpay in Aug 2021 for US$29 billion, all in Block Inc scrip. In FY21, Afterpay processed ~US$15 billion in GMV and report US$657 million in revenue. The valuation metrics at acquisition were:

EV/Sales - 44.1x

EV/GMV - 1.9x

US Customer Usage and demographics

Source: Ovanti Limited proprietary research November 2024

Summary

- In November we engaged Scaled Research to do a proprietary deep dive research into the US BNPL market and specifically a number of underserved industry verticals.
- Research targeted 1500+ consumers between 18 and 65 who were planning on purchasing in targeted categories
- This research looked at both expected expenditure categories and related BNPL usage
- Following pages are US market highlights

TL;DR

WHAT

45% of Americans aged 18-65s (~91 million) have used BNPL in the past year, with PayPal's Pay-in-4 having the highest share at 17%

7% of transactions are done via BNPL, highest for Outdoor Adventure products (12%)

BNPL is generally viewed as convenient, but **some challenges about overspending, unclear terms, and high fees persist**

Sensitive **categories like firearms and CBD products present higher reputational risks for brands** and require careful messaging to address societal sensitivities

SO WHAT

The mainstream adoption of BNPL (used by 45%) indicates its growing relevance. **Expanding into both generic and specialized categories offers path to scale**

Sensitive categories (Firearms, CBD) carry societal concerns, and Ovanti needs to address these by **emphasizing responsible use and offering transparent T&Cs**

Negative perceptions among non-users highlights the **need to educate BNPL's responsible benefits via whitepapers or PR/press**

NOW WHAT

Develop campaigns that resonate with key cohorts:

- Younger adults (18–34s), emphasizing flexibility and smarter money mngt
- Gig economy workers, Small business owners and early tech adopters

Address **concerns about overspending via responsible budgeting tools in app and education campaigns** showcasing Ovanti as a tool for financial flexibility, not debt accumulation

TL;DR

WHAT

Electronics, groceries, household essentials, travel, and apparel dominate spending, indicating a steady base for BNPL adoption in high-frequency, everyday purchases

There is emerging interest in niche areas such as **rental payments, automotive repairs, CBD products, firearms, and outdoor adventure equipment reflects untapped potential** for BNPL in discretionary and high-cost categories

Low-frequency, high-cost **categories like automotive repairs and security deposits drive occasional but significant BNPL demand**

SO WHAT

Specialized categories, (while smaller in volume), have high growth potential due to their high-ticket or discretionary nature. For example:

- Rental payments and security deposits address critical affordability needs, especially for low-credit consumers
- Automotive repairs and outdoor adventure equipment reflect demand for financing unexpected or lifestyle purchases

NOW WHAT

Prioritize electronics, groceries, and travel to drive high-freq BNPL use since these will offer good demand and low reputational risks

Expand selectively into areas like,

- **Auto repairs** for emergency or unplanned expenses
- **Rental payments and Security deposits** to address affordability

TL;DR

WHAT

There are distinct preferences for needing two different BNPL structures:

- **Pay-in-3** for low-cost, recurring expenses like groceries and fitness supplements
- **Pay-in-5** for high-ticket items such as firearms and automotive repairs

Nearly **40% are open to a $9.95 subscription-BNPL model**, signaling interest in predictable, flexible financing

Future BNPL users include younger adults (18–34), gig workers, small business owners, and those with limited or no credit history. Also skew higher on AfAm, Hispanic, and Asians

SO WHAT

American prefer **shorter repayment cycles for Essentials and longer terms for high-cost items** suggest the need for tailored repayment plans.

There's a willingness to pay a monthly subscription fee of $9.95 **reflects a good opportunity to introduce a revenue-generating model**

Under 45s and Gig economy workers are prime BNPL candidates, as are ethnically diverse segments highlights the **need for inclusive marketing strategies that resonate with ethnic financial needs and spending behaviors**

NOW WHAT

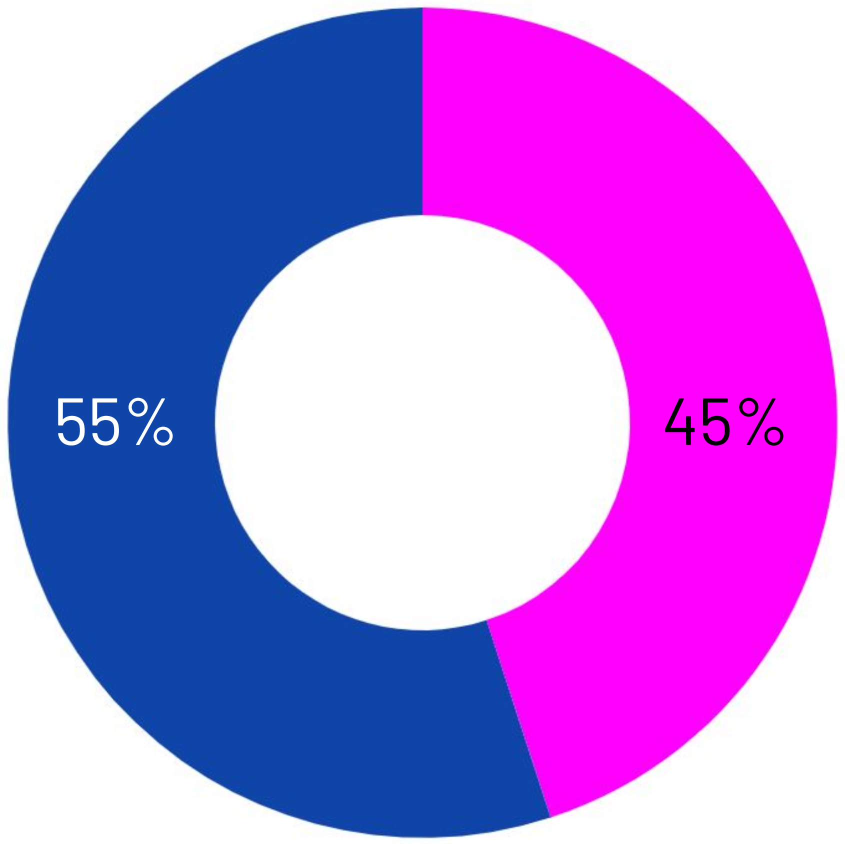
To capture maximum share, **Introduce 2 x BNPL structures**:

- **Pay-in-3** for everyday categories like groceries, fitness supplements
- **Pay-in-5** for high-cost items like automotive repairs or firearms

Offering a pay in 3 and pay in 5 will further help differentiate Ovanti in the US market; with a $9.95 subscription-BNPL model offering unlimited category use

45% Americans claim to have used BNPL in the past 12 months, equating to ~91 million people

BNPL usage in the last 12 months (%)
Base: All Americans aged 18-65



BNPL usage skews Under 45s, mix gender, African American & Hispanics, Those employed full/part-time, Small business owners, Gig workers, and Early tech adopters

Most popular BNPL brands (%)
Base: All Americans aged 18-65

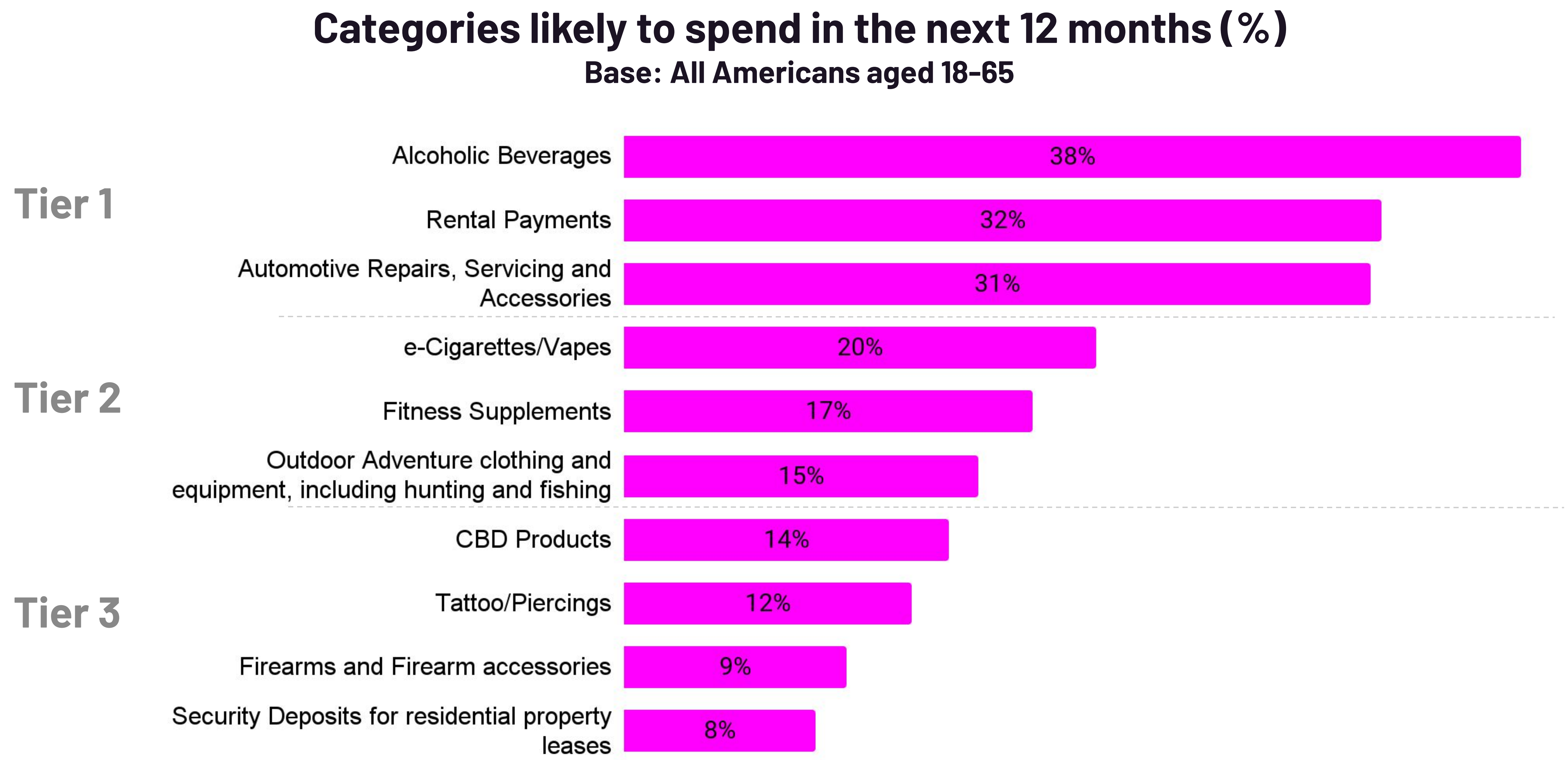
17.4% PayPal's Pay-in-4

13.7% Afterpay
11.1% Affirm
10.3% Klarna

3.7% Shop Pay Installments
3.2% Sezzle
3.0% Zip

Q. Which BNPL services have you used in the past 12 months? Select all that apply.
Population estimates based on US population of 204.5million (18-64s) as of Jul 1, 2023 (Source: US Census Bureau). Excluding Paypal's Pay in 4, BNPL usage stands at 31.4% in the past 12 months.
n=1520

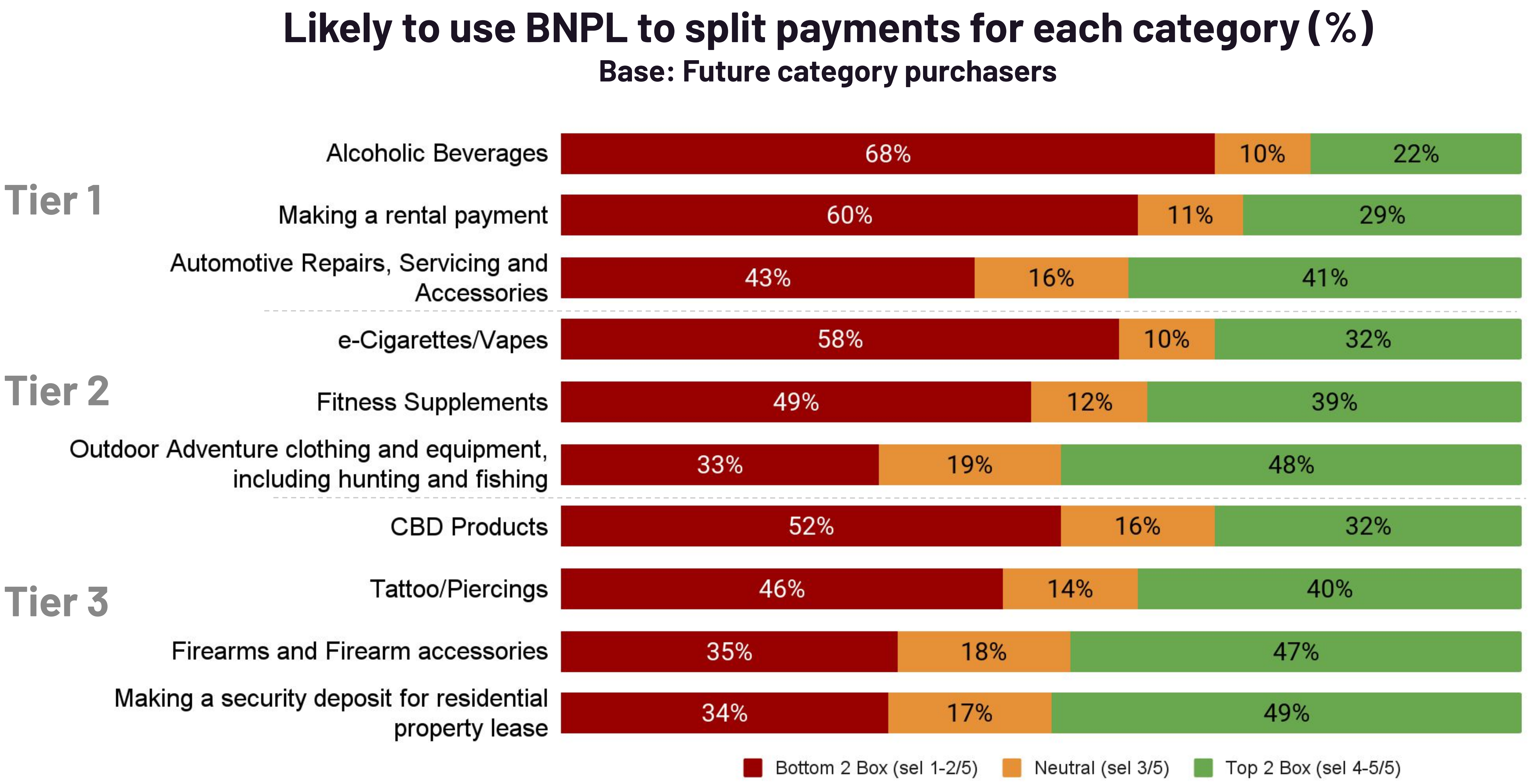
Essential and Lifestyle expenses dominate future spend across the specialized categories



- Among the specialized categories evaluated, Alcoholic Beverages, Rental Payments, and Automotive Repairs emerged as the top Tier 1 spending categories
- Purchases in e-Cigarettes/ Vapes, Fitness Supplements, and Outdoor Supplies reflect lifestyle preferences and rank as the leading Tier 2 categories

Q. Which of these are you likely to pay for in the next 12 months?
n=1520

Higher-priced spend categories drive BNPL likelihood among consumers



- Americans are more likely to use BNPL for purchases that are higher-priced, such as security deposits, firearms/accessories and outdoor adventure equipment
- Interim results show Those with ‘No FICO/No credit file’ over-index on wanting BNPL in 7 of 10 specialized categories we tested

Q. Buy Now Pay Later' (BNPL) is an interest-free service that allows you to split payments into fixed installments. How likely would you be to use a ‘Buy-now-pay-later’ (BNPL) service for each of the following...?
n=122 to n=1125 per category

US Regulatory Framework

U.S. regulation

BNPL is covered by 5 layers of regulators including:

a. **Consumer Financial Protection Bureau (CFPB):** The CFPB has been actively monitoring the BNPL market and has issued reports and market monitoring orders to BNPL providers to ensure consumer protection. It has a focus on regulating BNPL and June 2024 included BNPL under Regulation Z (Truth in Lending Act as part of the Consumer Credit Protection Act)

b. **Federal Trade Commission (FTC):** The FTC enforces consumer protection laws and ensures fair competition and that BNPL providers comply with the FTC Act, which includes making truthful claims about the costs and conditions of BNPL plans.

c. **State Regulators:** Various state regulators also oversee BNPL services, ensuring compliance with state-specific consumer protection laws and regulations. Many states require BNPL providers have a state specific license

d. **Securities and Exchange Commission (SEC)**: Oversight of securities markets and protects investors from fraud and misconduct. It is relevant here due to our potential listing and US company obligations.

e. **Federal Communications Commission (FCC)**: Regulates interstate and international communications. This is particularly relevant to customer communications such as emails and SMS.

Appendix B: MVP Functionality

Function	Name	Description
Find	Peer to Peer	UX to support for customer acquisition and sharing/inviting
Find	Merchant static web	Merchants can access the widget library to incorporate banners, EDM, product and cart assets
Find	Promo Code	Ability to apply a discount based on the promo code in the app
Get	App Store	Download from Google or Apple app store. Sign up in the app only no web sign-up
Set up	Repayment Method	Attach card on file for all direct debits from the consumer account.
Set up	Terms and Conditions	We will need to ensure, based on the state or US federal law, that all digital T&C are compliant
Set up	Confirm Mobile	Send code to mobile for validation
Set up	Confirm Email	Send confirmation email for validation
Set up	Initial Limit	Set the limit for the customer based on the credit decisioning engine and ability to repay
Set up	Direct Bank link	If the customer links their bank account, they can get a higher limit (TBC)
Set up	Customer details	The system will need to have a UID, and we will need to check on origination to not allow multiple users who are the same
Set up	DL Check	Use external DL check for ID validation
Set up	SSN check	Use external check for SSN validation
Set up	Location Services Enabled	To reduce fraud and increase comms channels require location services to be enabled at origination

Function	**Name**	**Description**
Set up	Set repayment day	The customer chooses the repayment day. If the customer does not choose then it is set for the day that the credit risk engine provides.
Use	Customer initiated payment	Customers can pay off any amount owed on the account. Co-payment can also be made if meet the risk rules
Use	Customer Direct Debit	Automated direct debit off the funding source for any scheduled Payment
Use	Delay (snooze)	The customer can delay a repayment for a fortnight/month for a fee of 1% represented as a tiered fee (for example $100 is $1). If they do delay there is a minimum repayment of $25 of the amount being delayed
Use	Auto delay (Snooze)	Customers can pre select that they would like to delay a payment in the app. Same rules apply with manual snooze (TBC)
Use	Convert to pay in 4.	The customer will the option to convert a purchase or the total amount owed into an instalment plan of 4 fortnightly repayments for a fee of $x (TBC)
Use	Auto Convert to pay in 5	Customer can set transaction or $amount limits that will convert a group of transactions or a transaction into a convert in 4 (TBC)
Use	Account Status / Utility	We would like to reward the customer based on positive behaviour with increased limit if approved by credit risk
Use	Account blocking	We would want to block a customer's card/account if they miss a repayment of any type. Or it is deemed fraudulent customer activity
Use	Spend categorisation	We would like to link spending to MCC codes so that they can be categorised in the app
Use	Budgeting /spending limits	We would like to use the spend categorisation to create a budgeting tool within the app

Function	Name	Description
Use	View Transaction list	We will want the customer to see all their recent transactions in the app associated with their purchases.
Use	Spend Limits	We want to have the app show the limit in real time adjusted with each purchase or repayment.
Use	Late Payment / Dishonour fee	Late payment fee is $7.50
Use	Block MCC categories	We will want to block MCC categories that attract fraud and fencing
Use	Refunds	We will want to allow the customer to use their card for refunds back to their account
Use	Card reveal	We will want to expose the PAN, Expiry date and CSV in the app allowing customers to use it got online transactions
Use	Provision to ApplePay or GooglePay	We will want the customer to provision directly from the app to their preferred wallet.
Use	Earn delay/snooze	We will want to allow customers to invite friends to the product. We will want to look at the reward being a free delay on repayment.
Use	Free delay/Snooze	Within the app any free delay/snoozes or Pay in 4 fees. The free delay will be triggered by the consumer of the repayment delay of their choice.
Repay	Pay off in full	We will want to allow the customer to pay us back prior to the scheduled repayment day.
Repay	Pay off a partial amount	We will want to allow the customer to make a partial payment on the account or on the pay in 4 instalments
Repay	Regular automated repayments	Automatic DD off the primary funding source

Function	Name	Description
Repay	repayment decline	Customer DD declines
Repay	Repayment higher than the limit	We will not want to allow the customer to make a repayment that is higher than the amount owed and cannot allow payment that would go over the actual account limit
Repay	Change or add a funding source	We will want to allow a customer to add additional debit or credit cards to their repayment wallet
Repay	Subscription fee	We will want to charge a monthly $10 subscription fee for the account
Repay	Funding source expiring	We will want to trigger comms to the customer that that their repayment funding source is going to expire.
Repay	Change my repayment day	We want to allow a customer to change their repayment day
Help	Contact US	We will need a chat bot and phone number for account queries
Help	Collections	Based on credit policy as the point that arrears are pushed to collections. The app and comms will need to advise the consumer
Help	Change Password	We will want to allow Standard change password flow and verification flow
Help	Change Address	We will want to let customers change their address
Stop	Customer wants to close their account	We will need a close account function within the app for a customer to offboard

Product Specification

<table>
<tr><td>Loan Size</td><td>Up to $2000 USD - expect between $300 and $500 average</td></tr>
<tr><td>Loan Term</td><td>The loan term is 2 weeks. The customer is expected to pay off loan balances in full (bullet payment)</td></tr>
<tr><td>Structure</td><td>
The customer has a visible informal limit (buying power, borrowing power etc..).
Customers can spend up to that borrowing power.
We will allow the customer to transact up to the borrowing power for a week and then group the transactions into a loan each week (Midnight COB [week day]). This loan will be due in two weeks from the [week day]. In this way, a loan is created at the end of each week for a customer that is then due in two
The customer has a fortnight to pay back the loan. They can extend the loan for another fortnight at the fortnight's end by paying a $25 instalment on the amount owed. (MVP)
</td></tr>
<tr><td>Loan Schedule</td><td>
The loan schedule is paid off in full at the end of the fortnight
If the customer wishes to extend the repayment period (refinance the loan):

They will need to pay a minimum $25 instalment repayment for two weeks. (MVP)
For a more extended loan schedule of up to 12 months - minimum instalment repayment TBD (Full)

The instalment is reflective of the size of the loan. For smaller loans, this is broken into $25
The consumer may combine multiple loans into one loan
(Example 1) - customer has a $100 loan.

They can pay back the $100 at any time.
If they wish to extend the payment, they can pay $25 and then delay the remaining $75 for another two weeks.
This process can repeat until the amount is $0

(Example 2) The customer has a loan of $167.50 loan.

They can pay back at any time.
If they wish to extend the payment of $25 and delay the remaining $142.50.
If the last amount of the loan is less than $25, then the amount under $25 is taken.
In this example, the payment would be $17.50.

</td></tr>
<tr><td>Early Repayments</td><td>Yes - partial and in full</td></tr>
</table>

Fees	• Subscription Fee: A $10 per month subscription fee for unlimited transactions/loans is charged from the end of the month of the first transaction. The subscription fee can be paused, but it is still owed at the end of the month of the pause. • Late Fee: $7.5 from initial arrears on individual loan (date of charging subject to state-based legislation). Only one $7.5 is charged for each loan until a customer is back in order • Snooze/Payment Instalment Extension: customers can defer a payment schedule by up to 14 business days for a fee of 1% of the owing amount represented as a tiered fee. For example $100 snooze is $1
Merchant Revenue	• Interchange for VCN transactions (MVP) • MDR for direct merchant integration (Full)
Affiliate Revenue	• ROKT, ThankMe or affiliate program
Repayment Method	• Debit Card (MVP), • ACH (Full)
Security	None
Credit Approval	• At each transaction • On app download • On reactivation of subscription
Borrower	Individual only
Customer Information Required	• Name • Address • DOB • Mobile Number • SSN (Reg Req) • Debit Card details • Bank Account details (Cashflow Underwriting - connect by MX, Finicity, Plaid, etc)
Credit Criteria	• Age between 18 and 70 • SSN required (regulatory requirement) • Soft pull on credit bureau (MVP) • Personal Cash Flow Underwriting • Sufficient funds for first payment (payment auth) • Target under 2.5% of transaction volume
Application Channels	• Mobile App (MVP: App login triggers application flow) • Web: Directs to download the app (MVP)
Non-Merchant Integration	• Persistent VCN card created (Full) and automatically added to Apple or Google Pay as any other credit or debit card

Collections Process	• Customers are notified 4 days in advance via App push notifications and SMS • Debit at 5 am on the day of payment • Additional debits following days/weeks (dependent on scheme rules) • Email and SMS reminder notices • After 120 days, sent to external collections (TBD sold or facilitated) • Customer in arrears is frozen from making any further transactions until they are back in order
Refunds	• VCN-related disputes with Merchants through standard rails recovery and dispute mgt process
Disputes	• Customer - Merchant disputes: typically over faulty goods or charges are lodged via scheme rails for VCN transactions on behalf of customers • Customer-company disputes: fee waiver, request for extension, etc., handled by customer service
Regulatory Framework	• Truth in Lending Act • Reg Z (Partial) • Fair Credit Reporting Act • Privacy & Data Sharing obligations • Retail Instalment Contract Legislation • Merchant Scheme restrictions (Visa/Mastercard) • AML /CTF • State-based consumer (instalment lending) licensing • The Servicemembers' Civil Relief Act of 2003
App functionality	• Balance checks • Payment schedule for each loan • Borrowing/Spending Power availability • Early repayment • Change payment method • Shopping/Purchasing search (Affiliates) • Card controls

MVP: Minimum Viable Product
Full: Target end state

APPENDIX E

Ovanti US Inc

Revolving Asset Backed Financing

Transaction	
Transaction:	Senior secured revolving credit facility (the "Facility") to finance consumer Receivables of Ovanti US Inc (the "Company") from customers located in the United States of America.
Borrower:	[TBD SPV, LLC] (the "SPV"), a bankruptcy-remote [Delaware] limited liability company to be created by the Company to hold consumer Receivables, which shall issue Loan Notes, or the equivalent, to the Lenders
Lenders:	[TBD]
Agent:	[TBD]
Use of Proceeds:	Available to (i) purchase Eligible Receivables originated by the Company or [Originating Bank], and (ii) pay transaction-related costs and expenses.
Closing Date:	[TBD]
Senior Secured Revolving Facility	
Type:	Senior Secured Revolving Facility (the "Facility")
Term:	[One year and [X] months] after the Closing Date (the "Maturity Date")
Draw Period:	Subject to covenant compliance, [one year] from the Closing Date ("Availability Period")
Amortisation Period	Upon expiration of the Availability Period, 100% of all proceeds will used to pay down the Facility
Facility Commitment:	USD [15,000,000]. The commitment may be increased at the Company's request and at Lender's sole discretion, although we would expect a USD [30,000,000] accordion feature to be referenced.
Advances:	Day 1: Minimum USD [500,000] and minimum USD [500,000] per subsequent drawdown, each a "Lender Draw".
Repayment:	Minimum USD [500,000] on [the last Thursday of each calendar month]. Given the total amount of Eligible Receivables is expected to increase over

	time, repayment prior to the end of the Availability Period is not contemplated.
Cash Interest:	Base Rate + the Margin per annum, payable monthly in cash in arrears
Margin:	[8.5-10.0] %
Base Rate:	Greater of (i) [1.0] % and (ii) one month term SOFR (forward curves are stable at 4.0% to 4.25% to 2029 and beyond)
Default Interest:	Upon the occurrence of an Event of Default, Cash Interest shall increase to the lesser of the (i) current Cash Interest plus [3.0] % and (ii) the highest lawful rate.
Unused Fee:	[1.5] % per annum on the undrawn Facility Commitment, payable monthly in arrear
Closing Fee:	[2.5] % of the Facility Commitment, payable equally in [four] instalments with the first due on the Closing Date and each of the following three instalments, on [three, six and nine months] after the Closing Date
Prepayment:	The Facility is prepayable, in whole, by the Borrower at any time subject to [thirty] days prior notice given to the Lenders.
Originators:	The Company or [Originator Bank].
Master Servicer:	The Company. The Master Servicer will service and collect the Receivables and provide ongoing reporting to the Lenders. The Master Servicer concept intends to ensure that the Company has ultimate responsibility for all aspects of servicing the Receivables.
Advance Rate:	[70] %
Product Offering:	[product description] which may be amended from time to time
Receivables:	As of any date of determination, the principal balance plus customer subscription fees, roll over fees and late fees (if applicable), relating to the Product Offering and each originated and underwritten by the Originator in accordance with its stated underwriting policies
Delinquent Receivable:	A Receivable that is greater than fourteen (14) days past due.

Eligible Receivables:	To include, but not limited to: (i) Receivables originated in in the normal course of business, (ii) Receivables that are a Delinquent Receivable, (iii) Receivables relating to a customer that has a credit limit less than USD 2,001, (iv) Receivables that do not violate applicable local consumer protection or usury laws and are in compliance with applicable licences, regulations and laws, (v) Receivables that are in compliance with the Company's approved credit/underwriting policies, (vi) Receivables not involved in litigation or subject to legal proceedings (qualified by Master Servicer's knowledge), (vii) Receivables originated to a borrower who at the time of origination had no Delinquent Receivables due to the Company, (viii) Receivables not subject to borrower dispute, (ix) Receivables to employees and affiliates, only if they are on an arm's length basis, (x) Receivables made to residents of the United States of America, and (xi) Receivables denominated in USD
Borrowing Base:	Borrowing Base compliance shall be calculated as follows: (i) The product of the Advance Rate and the total outstanding balance of Eligible Receivables, (ii) Plus, 100% of cash held by the SPV, (iii) Plus, 100% of credit balances held in Collection Accounts, or accounts over which the SPV has security.
Availability:	The outstanding balance drawn under the Facility may at no time exceed the Borrowing Base availability. Borrowing Base compliance shall be tested no less than [weekly on each TBD]] and on each new Lender Draw based on the most recent Collection Period.
Collection Period:	[week ending on each Tuesday or [TBD] Business Days after the previous Collection Period end date (to be modelled to ensure optimal cash efficiency through holiday periods).
Collections:	Customers shall remit payment to specified collection accounts (each a "Collection Account") held in the name of the Company.
Recycling of Collections:	The Company may instruct Collections to be used to purchase new Eligible Receivables, as if the collections resided in an account of the SPV. Any credit balance on any Collection Account that is not recycled to purchase new Eligible Receivables within [one] Business Day will be swept to an account in the name of the SPV, or an account over which the SPV has security.

Security and Ranking:	The Loan Notes shall be secured by: (i) A perfected first priority lien on all current and future assets of the Borrower (note the intention is not to notify customers of the sale of their loans to the Borrower, as is consistent with these style of transactions) (ii) A first priority pledge of any and all capital stock and/or equity interests held directly or indirectly in the Borrower, and (iii) Cash dominion over the Borrower's bank accounts or accounts over which security has been granted (see Recycling of Collections)
Backup Servicer:	The Agent, on instruction of a simple majority of the Lenders, shall have the right to appoint a backup servicer, with costs borne by the Borrower. The Agent and Company will use commercially reasonable efforts to mutually select a third party servicer, when applicable.
Receivable Covenants:	Customary affirmative and negative covenants for a transaction of this nature, including but not limited to: (i) Maximum Loan to Value: Loan Notes outstanding shall not exceed the Borrowing Base (ii) Maximum Delinquency Roll Rate: TBD (iii) [Minimum Excess Spread: TBD and subject to modelling through Receivable ramp up and steady state adjustments] A first priority
Financial Covenants:	Customary affirmative and negative covenants for a transaction of this nature, including but not limited to: (i) Minimum Unrestricted Company Cash: TBD
Accelerated Amortisation Events:	TBD
Events of Default:	TBD
Audit Rights:	The Agent, on instruction of a simple majority of the Lenders, shall have the right to audit the Borrower, with costs borne by the Borrower.
Costs and Expenses:	The Borrower and Company shall reimburse the Agent and Lenders for all reasonable costs incurred in connection with the transaction.
Governing Law:	[TBD/Delaware]