CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Pursuant to Regulation D, Rule 506(c)

PAVE FINANCE, INC.

FINANCE, INC.

MINIMUM INVESTMENT AMOUNT: $2,500

UP TO $2,000,000

SIMPLE AGREEMENT FOR FUTURE EQUITY (SAFE)

This is a private offering of a simple agreement for future equity ("SAFE Securities"), of Pave Finance, Inc., a Delaware corporation ("Pave"). Pave is selling up to $2,000,000 in SAFE Securities in this offering. There is no public market for our capital stock or our debt securities.

Pave is an "emerging growth company" as defined under the federal securities laws and, as such, we have elected to conform our disclosures to such regulations where appropriate. See, Defined Terms and Key Legislative Acts, infra, for further terms used in this confidential private placement memorandum.

Investing in our SAFE Securities involves risks. See "Risk Factors" beginning on page 28 to read about factors you should consider before buying our SAFE Securities.

This private offering may close in a series of closings. The first closing of this offering will at the discretion of the officers of the Company with no required minimum aggregate sale of securities of the offering. Pave reserves the right to increase the size of this offering by up to 100% at the discretion of its Board of Directors.

Neither the U.S. Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this confidential private placement memorandum. Any representation to the contrary is a criminal offense.

The date of this confidential private placement memorandum is March 31, 2025.

PAVE PRO SOFTWARE

AI/Software-Based Individual Wealth Management Solutions

Personalized Solutions Tailored for Individal Wealth Management

Institutional Quality Platform

Discretionary Asset Management

Customizable Proprietary Portfolio Outperforms the S&P 500[1]

Compliance and Risk Management

Affordable SaaS Licensing, Transaction Pricing and Advisory Fee Financial Model

Note 1: Past performance is no guarantee of future results.

Pave Pro

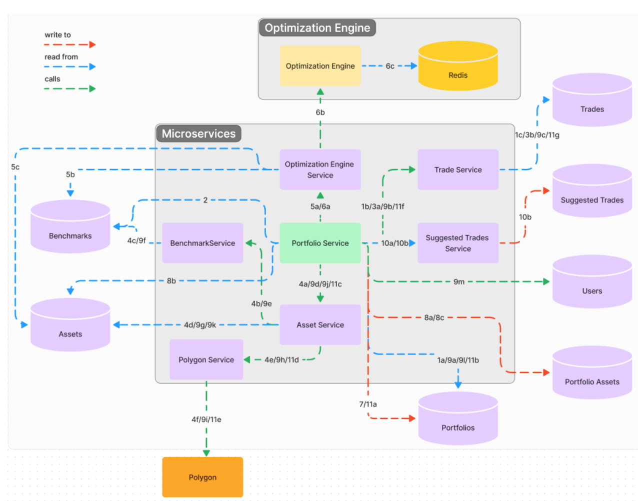
- Full Portfolio Management Solution that Uses a Propritary Asset Scoring System, Optimization Engine and Trading Platform
- Discretionary Asset Management Platform
- Key Benefits:
  - Personalized Solutions to Meet Client Demands
  - Automated (Discretionary) Asset Management
  - Tracks All Stocks and Assets Traded Globally
  - Compliance and Risk Management Features
  - Easily Integratable with Existing Tools
  - Time Savings and Low Cost
  - Drives Growth in AUM for RIAs
  - Increases Profitability
- Custom Direct Indexing in Underlying Assets

PAVE ALPHA SCORING SYSTEM AND OPTIMIZATION ENGINE

Asset Scoring System

- Ingests and analyzes over 150 data points for 9,000+ assets weekly (1.3M+ data points per week)
- Utilizes proprietary models to permute data into proprietary risk and return factors for each asset
- Engages proprietary AI/ML model overlays to aggregate first order factors into higher order factors
- A combination of first order and higher order factors are fed into the optimization engine

Optimization Engine



PAVE PRO: PERFORMANCE VS. THE S&P 500

Pave Pro	1 Year	3 Years	5 Years	10 Years	Inception
vs. S&P 500 (bps)	+815	+337	+444	+306	+296

Note: From April 30, 2010 to June 30, 2024.

PAVE FINANCE REVENUE MODEL

License Fees

$3,000 Base Monthly License Fee for Pave Pro for RIAs

Automatic Renewal on an Annual Basis

First Month Free

Software Licensing Gross Margins (99% to 100%)

Revenue Recognized by Pave Labs, LLC

Broker-Dealer Fees

Transaction and Trading Fees

Securities Lending Fees and Fee Spreads for Credit and Debit Balances

Fee Split with Other Custodian and Clearing Brokers

Broker-Dealer Gross Margins on Net Revenue (95% to 99%)

Revenue Recognized by Pave Securities, LLC

Discretionary Asset Management Fees

Advisory Fees

Fixed or Percentage-Based Fees Based on Performance

First Year Free

Discretionary Asset Management Gross Margins (95% to 99%)

Revenue Recognized by Pave Investment Advisors, LLC

Near-Term Revenue Growth (License Fees; Broker-Dealer Fees)

Future Revenue Growth (Discretionary Asset Management Fees)

PAVE FINANCE MANAGEMENT TEAM

Chris Ainsworth
Chief Executive Officer

Co-Head of the Americas for Deutsche Bank Private Wealth. Managed $16B at US Trust. COO, CFO, & CCO for several hedge funds. Co-Founder and Chairman of CalAlts

25 Years+ Experience

Steve Evans
Chief Investment Officer

Portfolio manager for U.S Trust and Merrill Lynch. Generated 99th percentile returns for more than a decade using proprietary quant models. Received MBA with distinction from Rider University

30 Years+ Experience

Peter Corey
Chief Market Strategist

Founder and CIO of the 6th best performing hedge fund in the world. Consulted for billion-dollar hedge funds. Graduated from Wharton with an MBA and BS in Finance and Econometrics

30 Years+ Experience

Ed Tedeschi
Head of Strategic Relationships

Co-founder of Morgan Stanley Services, which includes prime brokerage and equity finance. Led KPMG's alternative asset group. Served as COO & CFO for several asset management firms

30 Years+ Experience

Pascal Cevaer-Corey
Executive VP

McKinsey consultant focused on digital growth strategy for major financial institutions. Silicon Valley product manager. BS in Product Design & Computer Science from Stanford

5 Years+ Experience

Auden Ehringer
EVP Head of Engineering

Senior engineer at Google working on global site reliability services for YouTube Discovery (search, machine learning) and Shorts. Embedded software at Amazon Lab126. Double BS in Computer Science & Electrical Engineering from Stanford.

5 Years+ Experience

Jay Gould
External General Counsel

Former chief counsel for E*TRADE Global Asset Management and as senior counsel to Bank of America NT&SA. Also served as VP for TransAmerica Life Companies and as an attorney with the SEC and major international law firms.

30 Years+ Experience

Shannon Soqui
Chief Financial Officer

Senior financial executive with 30+ years experience as an investment banker with UBS and Credit Suisse (DLJ), as a lawyer with Brobeck Phleger & Harrison and Gunderson Dettmer and as a CPA with KPMG;

30 Years+ Experience

Note: Mr. Soqui currently acts as a consultant to Pave Finance and intends to join Pave Finance as the full-time Chief Financial Officer by June 1, 2025.

PAVE FINANCE, INC.

Parent Company

Pave FINANCE, INC. | INVESTMENT ADVISORS, LLC
SECURITIES, LLC
LABS, LLC

Wholly-Owned Subsidiaries

Pave LABS, LLC	Pave SECURITIES, LLC	Pave INVESTMENT ADVISORS, LLC
Owner of Pave Pro Software	**Pave Broker-Dealer**	**Pave Investment Advisor**
SaaS License Fee Business Model	**Trading, Securities Lending, Credit and Debit Balance Spreads and Excess Cash Fees**	**Discretionary Asset Management Fees Based on AUM**

PAVE YOUR WAY
TO A BRIGHTER
FINANCIAL FUTURE™

Powered by Pave

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IMPORTANT NOTICES

This confidential private placement memorandum (this "***Memorandum***" or "***PPM***") has been prepared in connection with a private offering (the "***Offering***") of a simple agreement for future equity (the "***SAFE***" or the "***Securities***") to accredited investors in reliance on Regulation D, Rule 506(c) under the Securities Act of 1933, as amended (the "***Securities Act***"). The Offering will be conducted via https://republic.com/pave-finance [republic.com] (the "***Platform***") which is operated for the benefit of OpenDeal Broker LLC dba Capital R ("***ODB***"). ODB is a registered FINRA/SEC broker-dealer.

Each investor ("***Investor***" or "***Purchaser***") will be required to electronically deliver to Pave Finance, Inc. (the "***Issuer***") a fully completed, dated and signed copy of the subscription agreement (the "***Subscription Agreement***") through the Platform, together with any (i) exhibits and (ii) documents requested by the Issuer and its agents, including ODB and its representatives, for the purpose of satisfying the Issuer and ODB's customer identification and due diligence obligations prior to the Offering Deadline (as defined below) and send full payment of any consideration to the Issuer to effect its purchase of the Securities. Investors will not be provided wire or other payment instructions until completion of ODB's know your customer ("***KYC***"), anti-money laundering ("***AML***"), and Reg BI (as defined below) policies, as well as verification of accredited investor status, after which Investors may send full payment of any consideration to the Issuer.

Potential Conflicts of Interest. This Memorandum does not purport to identify all conflicts of interest. ODB or its affiliates, from time to time, may enter into other transactions not specifically described in this Memorandum with affiliates, officers, managers, members, employees, agents and representatives. Republic Capital Adviser LLC an affiliate of ODB and an SEC-registered investment adviser may advise vehicles that have invested in securities issued by the Issuer. Those investments may be of a different class or type, with different rights and preferences, than those offered herein. Those other vehicles may have rights of first refusal, preemptive rights, voting rights or other rights in respect of the investment. Further, OpenDeal Portal LLC dba Republic, an affiliate of ODB and an SEC-registered crowdfunding portal, may hold securities issued by the Issuer earned as a commission for securities crowdfunding services. Those investments may be of a different class or type, with different rights and preferences, than those offered herein.

Closing Requirements. In order to complete the closing process in this Offering, each Purchaser will be required to complete such documentation as may be requested by ODB on behalf of the Issuer, which may include, without limitation: (1) the execution and delivery of the Subscription Agreement; (2) completion of purchaser qualification requirements (status as an Accredited Investor under Regulation D under the Securities Act of 1933, as amended) and KYC/AML or know your business ("***KYB***") (if applicable) screening requirements; (3) clearance from ODB's regulation best interest requirements, and (4) confirmation by ODB of receipt of funds (collectively, the "***Closing Requirements***"). The proceeds of this Offering will be disbursed to the Issuer following the Offering Deadline (as defined below), provided that all applicable Closing Requirements associated with such proceeds must be satisfied prior to disbursement.

This Memorandum has been prepared on a strictly confidential basis to enable the recipient to evaluate the offering of the Securities described therein. Each recipient, by accepting delivery of this Memorandum, agrees not to make a copy of the same or to divulge the contents hereof to any person other than a legal, business, investment or tax advisor in connection with obtaining the advice of any such persons with respect to this Offering.

Unless the context requires otherwise, in this Memorandum the terms "***Issuer***", "***Pave***", "***we***", "***us***", and "***our***" refer to Pave Finance, Inc. and its wholly-owned subsidiaries, where applicable. Purchasers of Securities are sometimes referred to herein as "***Purchasers,***" "***Investors***" or "***you.***"

Each recipient hereof acknowledges and agrees that (i) the contents of this Memorandum constitute proprietary and confidential information, (ii) the Issuer and its affiliates derive independent economic value from such confidential information not being generally known, and (iii) such confidential information is the subject of reasonable efforts to maintain its secrecy. The recipient further agrees that the contents of this Memorandum are a trade secret, the disclosure of which is likely to cause substantial and irreparable competitive harm to the Issuer. Any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of its contents, without the prior written consent of the Issuer, is prohibited. The existence and nature of all conversations regarding the Issuer and this Offering must be kept confidential. Each recipient hereby agrees to destroy any copies (including electronic copies) of this Memorandum promptly upon request of the Issuer.

This Memorandum contains a summary of the terms of the Securities and certain other documents referred to herein. However, the summaries in this Memorandum do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant documents. Each prospective Purchaser should review the form of Subscription Agreement attached as **Exhibit A** and such other documents for complete information concerning the rights, privileges and obligations related to a purchase of the Securities. If any of the terms, conditions or other provisions of the Subscription Agreement or such other documents are inconsistent with or contrary to the descriptions or terms in this Memorandum, the Subscription Agreement or such other documents shall control. The Issuer reserves the right to modify the terms of this Offering, and the Securities described in this Memorandum, and the Securities are offered subject to the Issuer's ability to reject any commitment in whole or in part.

An investment in the Securities involves a high degree of risk, volatility and illiquidity. A prospective Purchaser should thoroughly review the confidential information contained herein and the terms of the Subscription Agreement and carefully consider whether an investment in the Securities is suitable to the Purchaser's financial situation and goals. Investors should make their own investigations and evaluations of the Securities that will be delivered pursuant thereto, including the merits and risks involved in an investment therein. Prior to any investment, the Issuer will give Investors the opportunity to ask questions of and receive answers and additional information from it concerning the terms and conditions of this Offering and other relevant matters to the extent the Issuer possesses the same or can acquire it without unreasonable effort or expense. Investors should inform themselves as to the legal requirements applicable to them in respect of the acquisition, holding and disposition of the Securities upon their delivery, and as to the income and other tax consequences to them of such acquisition, holding and disposition.

This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the United States Securities and Exchange Commission (the "***SEC***") nor any other federal, state or foreign regulatory authority has approved an investment in the Securities. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum, nor is it intended that the foregoing authorities will do so. Any representation to the contrary is a criminal offense. This Memorandum is not, and under no circumstances is to be construed as a prospectus or advertisement for a public offering of the Securities referred to therein.

Engagement Agreement with ODB

We are currently party to an offering agreement, effective as of May 16, 2025 (the "***Engagement Agreement***"), with ODB, who has agreed to provide certain offering facilitation services, including executing and delivering evidence of the Securities sold in this Offering to each Investor and the use of the Platform. ODB has made no commitment to purchase all or any part of the Securities. The term of the Engagement Agreement will continue until the later of the Securities are no longer being listed on the Platform or all fees due to ODB being remitted unless otherwise terminated by either party upon thirty (30) days' prior written notice or for cause pursuant to the Engagement Agreement. ODB is not purchasing any of the Securities in this Offering and is not required to sell any specific number or dollar amount of the Securities but will instead arrange and manage this Offering on the Platform.

Fees and Commission. We have agreed to pay ODB a business advisory services fee of $15,000 as part of the Engagement Agreement. In addition, we have agreed to pay ODB in cash the greater of (a) $12,000 or (b) 5.0% of the dollar value of the Securities issued to Investors pursuant to the Offering (collectively, the "***Cash Commission***"), plus a securities commission equivalent to 2.0% of the dollar value of the Securities issued to Investors pursuant to the combined proceeds of the Offering at the time of closing (the "**Securities Commission**", and together with the Cash Commission, the "**ODB Commissions**"). Such Securities shall be of the same type as those issued by the Issuer in and through each Offering. ODB will comply with Lock-Up Restrictions (defined herein) required by FINRA Rule 5110(e)(1) and FINRA Rule 5110(g). All Securities Commissions due to ODB shall be issued pursuant to the registration exemption provided by Section 4(a)(2) of the Securities Act unless otherwise qualified or registered under such.

We will pay the same Cash Commission for Securities sold Off-Platform (as defined in the Engagement Agreement). We have also agreed to pay $5.00 per Investor per Custodial Account (as defined in the Engagement Agreement) per year as outlined in the Engagement Agreement (the "***Custodial Fees***"), *provided*, *however*, that ODB will cover the Custodial Fee for the first 1,000 Custodial Accounts in the first five calendar years commencing at the closing date of the Offering.

While ODB's management may promote the Issuer and this Offering, no other commissions will be paid to anyone in connection with facilitating this Offering. Any other fees that we may pay to ODB or other third parties will not be commissions or considered as underwriting compensation. ODB has reserved the right to enter into posting agreements with equity crowdfunding firms not associated with FINRA member firms in connection with this Offering, for which we may pay non-contingent fees as compensation. ODB has agreed to waive bad actor checks and Escrow Account (as defined below) set-up fees. We have also agreed to pay ODB certain payment processing and administrative fees (see below).

Escrow. Cash received in connection with purchases may be placed into an escrow account established by the Issuer with an escrow agent designated by ODB for the benefit of the Offering (the "***Escrow Account***"). Purchasers in the Offering will not have the right to revoke their purchase at any time. If a purchase is rejected for any reason, it will be refunded without interest or deduction save any applicable wire fees. Purchasers will follow instructions for completing payment when making their investment via the Platform that is operated for the benefit of the offering. Any purchase made through the Platform may have the consideration directed and immediately be deposited into the bank account of an escrow agent designated by ODB (the "***Escrow Agent***"). Alternatively, cash received in connection with purchases may be sent directly to the Issuer based on instruction from ODB.

Administrative Fees. ODB may, in its sole discretion, charge a 2.5% cash fee on gross subscriptions made by each Investor who subscribes to the Offering through the Platform, with a standard minimum amount of $5.00 and a maximum of $250.00 per subscription.

Reimbursable expenses in the event of termination by Issuer. In the event the Offering has launched on the Platform, and we cancel or decide not to pursue the Offering prior to the final closing of the Offering, we have agreed to a termination fee of $7,500. In such case, we would also be liable for any incurred payment processing fees; except that if circumstances beyond the control of the Issuer make a closing impossible, or if the termination is for cause due to ODB's uncured breach, then this fee will not apply.

Indemnification and Control

We have agreed to indemnify ODB against liabilities relating to any investigation, claim, or proceeding stemming from the Offering, liabilities arising from breaches of some or all of the representations and warranties contained in the Engagement Agreement, and to contribute to payments that ODB may be required to make for these liabilities.

ODB and their respective affiliates are engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. ODB and their respective affiliates may in the future perform various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

Procedures for Subscribing to the Offering

We plan to market this Offering to potential Investors through the Platform. We will hold an initial closing on any number of subscriptions for Securities at any time during the Offering after we have received notification of approval when we and ODB determine to do so and thereafter may hold one or more additional closings until we determine to cease having any additional closings during the Offering. We will close on proceeds based upon the order in which they are received and accepted. We will consider various factors in determining the timing of any additional closings following the initial closing, including the amount of proceeds received at the initial closing and any prior additional closings. Investment commitments are not binding on the Issuer until they are accepted by the Issuer. Once accepted by the Issuer, purchases are irrevocable.

ODB HAS NOT INVESTIGATED (NOR HAVE ANY OF ITS AFFILIATES INVESTIGATED) THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. ODB AND ITS AFFILIATES MAKE NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. ODB'S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

We are offering the Securities on a "best efforts" basis with no prescribed Offering minimum. Purchase proceeds will be available for use by us as soon as the funds are released from escrow following the Offering Deadline.

Except as otherwise noted, all references herein to "$" or monetary amounts refer to United States ("***U.S.***") dollars.

EXCLUSIVE NATURE OF THIS MEMORANDUM

The Issuer has not authorized any person to provide any information or to make any representations except to the extent contained in this Memorandum. If any such representations are given or made, such information and representations (including any media or social media posts) must not be relied upon as having been authorized by the Issuer.

The Securities have not been, nor shall they be registered under the Securities Act, or any other law or regulation governing the offering, sale or exchange of securities in the United States or any other jurisdiction. This Offering is being made to "accredited investors" as defined in Rule 501(a) of Regulation D of the Securities Act. Prospective Investors must acknowledge the fact that the Securities are treated as securities by U.S.-based regulators, including the SEC and that accordingly they will be subject to mandatory securities holding periods that apply to restricted securities, which can only be transferred subject to certain SEC rules, such as but not limited to SEC Rule 144. See 'Additional Notice; Reliance Upon Specific Registration Exemptions, 'Restrictions on Transfer' and 'Risk Factors.' We will not be required, nor do we currently intend to offer to exchange the Securities for any securities registered under the Securities Act or any other law or register the Securities for resale under the Securities Act. The Issuer will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the "***Investment Company Act***"). Consequently, Investors will not be afforded the protections of the Investment Company Act.

RESTRICTIONS ON TRANSFER

The Securities may not be sold or transferred unless they are registered under the Securities Act or an exemption from that registration under the Securities Act and under any other applicable securities law registration requirements are available. The Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time. There is no public market for the Securities, and no public market is expected to develop in the future.

NASAA UNIFORM DISCLOSURE

IN MAKING AN INVESTMENT DECISION PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO RESIDENTS OF COLORADO

THIS INFORMATION IS DISTRIBUTED PURSUANT TO AN EXEMPTION FOR SMALL OFFERINGS UNDER THE RULES OF THE COLORADO SECURITIES DIVISION. THE SECURITIES DIVISION HAS NEITHER REVIEWED NOR APPROVED ITS FORM OR CONTENT. THE SECURITIES DESCRIBED MAY ONLY BE PURCHASED BY "***ACCREDITED INVESTORS***" AS DEFINED BY RULE 501 OF SEC REGULATION D AND THE RULES OF THE COLORADO SECURITIES DIVISION.

NOTICE TO RESIDENTS OF CONNECTICUT

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO RESIDENTS OF FLORIDA

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES ACT. EACH OFFEREE WHO IS A FLORIDA RESIDENT SHOULD BE AWARE THAT SECTION 517.061(11)(A)(5) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ANY SALE IN FLORIDA MADE PURSUANT TO SECTION 517.061(11) IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER. THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061 OF THE FLORIDA ACT IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE.

NOTICE TO RESIDENTS OF GEORGIA

THESE SECURITIES HAVE BEEN ISSUED OR SOLD IN RELIANCE ON PARAGRAPH (13) OF CODE SECTION 10- 5-9 OF THE "***GEORGIA SECURITIES ACT OF 1973,***" AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

NOTICE TO RESIDENTS OF NEW HAMPSHIRE

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE NEW HAMPSHIRE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER NEW HAMPSHIRE RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO RESIDENTS OF MARYLAND

THE SECURITIES REPRESENTED BY THIS DOCUMENT HAVE BEEN ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM THE REGISTRATION PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION PROVISIONS OF APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM.

NOTICE TO RESIDENTS OF NEW MEXICO

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO RESIDENTS OF NEW YORK

THIS IS NOT A FIRM OFFER IN THE STATE OF NEW YORK. NO FIRM OFFER MAY BE MADE IN NEW YORK, AND NO PURCHASE PAYMENT, DEPOSIT, OR PURCHASE COMMITMENT MAY BE RECEIVED UNLESS AN EXEMPTION IS GRANTED FROM THE FILING OF AN OFFERING STATEMENT OR PROSPECTUS UNDER NEW YORK LAW. THIS PRELIMINARY OFFERING LITERATURE IS SUBJECT TO REVISION AND AMENDMENT.

NOTICE TO RESIDENTS OF NORTH DAKOTA

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO RESIDENTS OF OREGON

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. YOU WILL NOT BE ABLE TO TRANSFER OR RESELL THESE SECURITIES EXCEPT PURSUANT TO REGISTRATION UNDER THE FEDERAL SECURITIES ACT OF 1933 OR AN EXEMPTION FROM REGISTRATION IF AVAILABLE. CONSEQUENTLY, YOU MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO RESIDENTS OF PENNSYLVANIA

ACCORDING TO SECTION 207(M)(2) OF THE PENNSYLVANIA SECURITIES ACT OF 1972: “IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES AND HAVE RECEIVED A WRITTEN NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(M)(2) OF THE PENNSYLVANIA SECURITIES ACT OF 1972, YOU MAY ELECT, WITHIN TWO BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF YOUR BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER YOU MAKE THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED, TO WITHDRAW YOU ACCEPTANCE AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL OF ACCEPTANCE WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A WRITTEN NOTICE (INCLUDING A NOTICE BY FACSIMILE OR ELECTRONIC MAIL) TO THE ISSUER (OR PLACEMENT AGENT IF ONE IS LISTED ON THE FRONT PAGE OF THE OFFERING MEMORANDUM) INDICATING YOUR INTENTION TO WITHDRAW.

NOTICE TO RESIDENTS OF SOUTH CAROLINA

THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER ONE OR MORE SECURITIES ACTS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSIONER OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO RESIDENTS OF TENNESSEE

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO RESIDENTS OF VIRGINIA

THE SECURITIES REPRESENTED BY THIS DOCUMENT HAVE BEEN ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM THE REGISTRATION OR QUALIFICATION PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS AND SHALL NOT BE SOLD OR TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OF QUALIFICATION PROVISIONS OF APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM.

PROHIBITED STATES FOR DISTRIBUTION

ARKANSAS AND VERMONT

FOR ALL NON-U.S. INVESTORS

NO ACTION HAS BEEN OR WILL BE TAKEN IN ANY JURISDICTION OUTSIDE THE UNITED STATES OF AMERICA THAT WOULD PERMIT AN OFFERING OF THE SECURITIES, OR POSSESSION, OR DISTRIBUTION OF OFFERING MATERIAL IN CONNECTION WITH THE ISSUE OF THE SECURITIES, IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. IT IS THE RESPONSIBILITY OF ANY PERSON WISHING TO PURCHASE THE SECURITIES TO SATISFY HIMSELF OR HERSELF AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES OF AMERICA IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.

YOUR INVESTMENT WILL BE DENOMINATED IN UNITED STATES DOLLARS ($) AND, THEREFORE, WILL BE SUBJECT TO ANY FLUCTUATION IN THE RATE OF EXCHANGE BETWEEN UNITED STATES DOLLARS ($), THE CURRENCY OF YOUR OWN JURISDICTION AND THE CURRENCY OF THE JURISDICTION IN WHICH ANY FUND PORTFOLIO ASSET OPERATES OR GENERATES INVESTMENT PROCEEDS, AS APPLICABLE. SUCH FLUCTUATIONS MAY HAVE AN ADVERSE EFFECT ON THE VALUE, PRICE OR INCOME OF YOUR INVESTMENT.

DEFINED TERMS AND KEY LEGISLATIVE ACTS

"Advisors Act" means the U.S. Investment Advisers Act of 1940, as amended.

"AI" means artificial intelligence.

"AML" means anti-money laundering.

"AUM" means assets under management.

"API" means Application Programming Interface.

"AWS" means Amazon Web Services.

"Best Execution" means a legal requirement for broker-dealers.

"Board" means the board of directors of Pave Finance, Inc.

"BSA" means the Bank Secrecy Act.

"Cash Commission" means the cash commission to be earned by ODB in the Offering.

"CCPA" means the California Consumer Privacy Act.

"**Change of Control**" means (i) a transaction or series of related transactions in which any "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Issuer having the right to vote for the election of members of the Issuer's board of directors, (ii) any reorganization, merger or consolidation of the Issuer, other than a transaction or series of related transactions in which the holders of the voting securities of the Issuer outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Issuer or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Issuer.

"CMA" means the Competition & Markets Authority (UK).

"Class A Common Stock" means Pave Finance stock with $0.0001 par value per share, and one vote per share.

"Class P Common Stock" means Pave Finance stock with $0.0001 par value per share, and 100 votes per share.

"Closing Requirements" means the requirements needed to effect a closing in the Offering.

"Code" means the U.S. Internal Revenue Code of 1986.

"Common Stock" means Pave Finance's Class A Common Stock and Class P Common Stock combined.

"Company" means Pave Finance, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

"Conversion Cap" means $100,000,000.

"CPRA" means the California Privacy Rights Act.

"**Custodian**" means BitGo Trust Company, Inc. and its successors and assigns.

"Custodial Fees" means the custodial fees to be paid as part of the Offering.

"Cybersecurity Breach" means unauthorized access to sensitive data.

"DGCL" means the Delaware General Corporation Law.

"**Direct Listing**" means, the Issuer's initial listing of its Common Stock on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Issuer with the SEC that registers shares of existing Equity Securities of the Issuer for resale, as approved by the Issuer's board of directors. For the avoidance of doubt, a Direct Listing will not be deemed to be an underwritten offering and will not involve any underwriting services.

"**Dissolution Event**" means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Issuer's creditors, (iii) the commencement of a case (whether voluntary or involuntary) seeking relief under Title 11 of the United States Code, or (iv) any other liquidation, dissolution or winding up of the Issuer (excluding a Liquidity Event), whether voluntary or involuntary.

"DOJ" means the U.S. Department of Justice.

"DTC" means the Depository Trust Company.

"EBITDA" means earnings before interest, taxes, depreciation, and amortization.

"EC" means the European Commission.

"Engagement Agreement" means the contract between the Issuer and ODB for services rendered in the Offering.

"**Equity Financing**" shall mean the next sale (or series of related sales) by the Issuer of its Equity Securities to one or more third parties following the date of this instrument from which the Issuer receives gross proceeds of not less than $10,000,000 in cash or cash equivalent (excluding the conversion of any instruments convertible into or exercisable or exchangeable for Equity Securities, such as SAFEs or convertible promissory notes) with the principal purpose of raising capital.

"**Equity Financing Price**" shall mean (x) if the pre-money equity valuation of the Issuer immediately prior to the Equity Financing is less than <u>or</u> equal to the Pre-Money Equity Valuation Cap, then the lowest price per share of the Equity Securities sold in the Equity Financing or (y) if the pre-money equity valuation of the Issuer immediately prior to the Equity Financing is greater than the Pre-Money Equity Valuation Cap, then the SAFE Price.

"**Equity Securities**" shall mean Capital Stock (whether Common Stock or Preferred Stock), any other capital or profits interest of the Issuer or any securities convertible into, exchangeable for or conferring the right to purchase (with or without additional consideration) Common Stock or Preferred Stock, except in each case, (i) any security granted, issued and/or sold by the Issuer to any director, officer, employee, advisor or consultant of the Issuer in such capacity for the primary purpose of soliciting or retaining his, her or its services, (ii) any convertible promissory notes issued by the Issuer, and any SAFEs issued.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Escrow Account" means the escrow account used in the closing of the Offering, if any.

"Escrow Agent" means the escrow agent for the Escrow Account.

"ETF" means Exchange Traded Funds, which are comingled investment vehicles that are traded on U.S. stock exchanges.

"Exchange Act" means the U.S. Securities Exchange Act 0f 1934, as amended.

"FCPA" means the Foreign Corrupt Practices Act.

"FINRA" means the Financial Industry Regulatory Authority.

"Founder Voting Agreement" means an agreement related to the control of voting shares.

"FTC" means the U.S. Federal Trade Commission.

“FTC Act” means the Federal Trade Commission Act.

“FTT” means a financial transaction tax.

“**Fully Diluted Capitalization**” shall mean the aggregate number, as of immediately prior to the Equity Financing, of issued and outstanding Equity Securities, assuming full conversion or exercise of all convertible and exercisable securities then outstanding, including convertible Preferred Stock and all outstanding vested or unvested options or warrants to purchase Equity Securities, but excluding (i) the issuance of all Equity Securities reserved and available for future issuance under any of the Issuer’s existing equity incentive plans, (ii) any SAFEs, and (iii) any Equity Securities that are issuable upon conversion of any outstanding SAFEs.

“GLBA” means the Gramm-Leach-Bliley Act.

“GPU” means graphics processing unit.

“HTML” means Hyper Text Markup Language.

“**Intermediary**” means OpenDeal Portal LLC (CRD# 291387), a registered broker-dealer, or a qualified successor.

“Investor” means the purchaser of the Securities issued in the Offering.

“Investment Advisers Act” means the U.S, Investment Advisers Act of 1940, as amended.

“Investment Company Act” means the U.S. Investment Company Act of 1940, as amended.

“IP” means intellectual property.

“**IPO**” means: (A) the completion of an underwritten initial public offering of Equity Securities by the Issuer pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the U.S. or of a province of Canada, or (II) a registration statement which has been filed with the SEC and is declared effective to enable the sale of Equity Securities by the Issuer to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (B) the Issuer’s initial listing of its Equity Securities (other than Equity Securities not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Issuer with the SEC that registers existing Equity Securities of the Issuer for resale, as approved by the Issuer’s board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (C) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting Issuer in the U.S. or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Equity Securities of the Issuer.

“IRS” means the U.S. Internal Revenue Service.

“Issuer” means Pave Finance, Inc.

“KYB” means Know Your Business.

“KYC” means Know Your Customer.

“**Liquidity Capitalization**” means the number, as of immediately prior to the Liquidity Event, of the Issuer’s Equity Securities (on an as-converted basis) outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding: (i) the Unissued Option Pool; (ii) any SAFEs; and (iii) any Equity Securities that are issuable upon conversion of any outstanding SAFEs.

“**Liquidity Event**” means a Change of Control, a Direct Listing, or an IPO.

“**Liquidity Price**” means the price per unit equal to (x) the Pre-Money Equity Valuation Cap divided by the Liquidity Capitalization.

"**Lock-up Period**" means the period commencing on the date of the final prospectus relating to the Issuer's IPO and ending on the date specified by the Issuer and the managing underwriter(s). Such period shall not exceed 180 days, or such other period as may be requested by the Issuer or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports, and (ii) analyst recommendations and opinions.

"Margin Lending" means a financial service allowing investors to borrow against securities.

"Memorandum" means this confidential private placement memorandum.

"ML" means machine learning.

"NASAA" means the National Association Securities Administration Association.

"NASDAQ" means the Nasdaq Stock Market.

"NOL" means Net Operating Loss.

"NSCC" means the National Securities Clearing Corporation.

"NYSE" means the New York Stock Exchange.

"OCC" means the Options Clearing Corporation.

"ODB" means OpenDeal Broker LLC dba Capital R.

"ODB Commissions" means the Cash Commission and Securities Commission to be earned by ODB in the Offering.

"OECD" means the Organization for Economic Cooperation and Development.

"OFAC" means the Office of Foreign Assets Control.

"Offering" means this offering of Securities.

"Pave Finance" or "Pave" means Pave Finance, Inc., a Delaware corporation, and its wholly-owned subsidiaries.

"Pave Investments" means Pave Investment Advisors, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Pave Finance.

"Pave Labs" means Pave Labs, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Pave Finance.

"Pave Securities" means Pave Securities, LLC, a limited liability company and a wholly-owned subsidiary of Pave Finance.

"PFOF" means Payment for Order Flow.

"Platform" means the ODB platform for the purchasing of securities in private offerings.

"PPM" means this confidential private placement memorandum.

"Preferred Stock" means Pave Finance's preferred stock, $0.0001 par value per share.

"Principal Stockholders" means those that own 5.0% or more of Pave Finance's capital stock.

"**Proceeds**" means cash and other assets (including without limitation stock consideration) that are proceeds from the Liquidity Event or the Dissolution Event, as applicable, and legally available for distribution.

"**Promised Options**" means promised but ungranted Options that are the greater of those (i) promised pursuant to agreements or understandings made prior to the execution of, or in connection with, the term sheet or letter of intent for the Equity Financing or Liquidity Event, as applicable (or the initial closing of the Equity Financing or consummation of the Liquidity Event, if there is no term sheet or letter of intent), (ii) in the case of an Equity Financing, treated as outstanding Options in the calculation of the price per share, or (iii) in the case of a Liquidity Event, treated as outstanding Options in the calculation of the distribution of the Proceeds.

"Purchaser" means the investor who is purchase the Securities sold in the Offering.

"Reg BI" means Regulation Best Interests implemented by the SEC.

"Reg D" means Regulation D implemented by the SEC.

"RIA" means Registered Investment Advisor.

"**RQA**" means Risk and Quantitative Analysis.

"RR" means Registered Representative.

"**SAFE**" means any simple agreement for future equity (or other similar agreement), including a SAFE, which is issued by the Issuer for bona fide financing purposes, and which may convert into Equity Securities in accordance with its terms.

"**SAFE Price**" means the price per unit equal to (x) the Conversion Cap divided by (y) the Fully Diluted Capitalization.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities" means the SAFE sold in this offering.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Securities Commission" means the securities to be issued to ODB as a fee for services rendered under the Engagement Agreement.

"SFTP" means secure file transfer protocol.

"Short Positions" means a trading strategy involving borrowed shares.

"SIPC" means the Securities Investor Protection, a non-profit corporation that is intended to protect investors from risk of loss related to brokerage activity.

"S&P" is a credit rating agency.

"SRO" means Self-Regulatory Organization.

"Subscription Agreement" means the agreement used to subscribe to this Offering.

"Uniform Net Capital Rule" means Rule 15c3-1 under the Exchange Act.

"**Unissued Option Pool**" means all Equity Securities that are reserved, available for future grant and not subject to any outstanding Options or Promised Options (but in the case of a Liquidity Event, only to the extent Proceeds are payable on such Promised Options) under any equity incentive or similar Issuer plan.

"USA PATRIOT Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This PPM contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

Forward looking statements contained in this PPM include statements about:

- our forecasted results of operations and key performance metrics for future periods;
- our estimates of the size of our market opportunities;
- our ability to effectively manage our growth;
- our ability to successfully enter new markets, including any expansion into international markets, and comply with any applicable laws and regulations;
- our ability to invest in and develop our products and services to operate with changing technology;
- the expected benefits of our products to our customers and the impact of our products on our business;
- the effects of increased competition from our market competitors;
- the success of our marketing efforts and the ability to grow brand awareness and maintain, protect and enhance our brand;
- the impact of negative publicity, if any, on our brand and reputation;
- our ability to attract and retain our customers;
- our ability to maintain the security and availability of our platform;
- our ability to attract and retain key personnel and highly qualified personnel;
- our expectations regarding the impacts of accounting guidance;
- our expectations regarding future litigation, if any, and regulatory proceedings;
- our expectations regarding equity-based compensation;
- our ability to collect, store, share, disclose, transfer, receive, use and otherwise process customer information and other data, and compliance with laws, rules and regulations related to data privacy, protection and security;
- our ability to comply with modified or new laws and regulations applying to our business or adjust our business model in response thereto, and potential harm to our business as a result of those laws and regulations;
- the impact of adverse economic conditions; and
- our anticipated uses of net proceeds from this offering.

The forward-looking statements in this PPM are only predictions and are based largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements speak only as of the date of this PPM and are subject to a number of known and unknown risks, uncertainties and assumptions, including those described in the section titled “Risk Factors.” Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the future events and trends discussed in this PPM may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely upon these forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance or achievements. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this PPM or to conform these statements to actual results or revised expectations, except as required by law. The forward-looking statements contained in the PPM are excluded from the safe harbor protection provided by the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act.

You should read this PPM and the documents that we reference in this PPM and have made available in our online data room with the understanding that our actual future results, performance and events and circumstances may be materially different from what we expect.

PPM SUMMARY

This summary highlights selected information contained elsewhere in this PPM. This summary does not contain all the information you should consider before investing in our Securities. You should read this entire PPM carefully, including "Special Note Regarding Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" before making an investment decision.

Company Overview

Pave Finance is a provider of portfolio management software solutions and services that enable wealth advisors to create customized client portfolios while keeping risk consistent with a stated benchmark. Over the last 14 years, Pave Finance's standard model has outperformed the S&P 500 by, on average, 296 basis points, and by 450 basis points in 2024. Pave Finance enables wealth advisers to optimize to nine different U.S. equity indices and seven different multi-asset class indices. Examples include the four S&P 500 based indices (growth, value, dividend, and the main S&P 500), the Russell 1000, Russell 2000, NASDAQ 100, S&P 400 and S&P 600 indices, and global multi-asset class allocations from 95% equity and 5% fixed income to 5% equity and 95% fixed income.

Pave Finance's proprietary software platform, Pave Pro, is a full portfolio management solution that uses a proprietary alpha scoring algorithm, investment optimization engine and trading platform that enables users to maximize return while seeking to minimize downside volatility. With Pave Pro, wealth advisors are able to personalize and customize their wealth management services to each client based on their clients' preferences and risk profile. Pave Pro integrates into a wealth adviser's custodian, enabling onboarding within a few days without requiring any client assets to be moved or re-custodied.

Pave Pro currently tracks every publicly traded stock in the world and enables U.S. wealth advisers to manage equity portfolios and multi-asset class portfolios, with a plan to service global wealth advisors in the future and expanding the universe of indices and asset allocations. Wealth advisers can easily exclude any sectors, industries, or assets and manage around a client's existing asset base and tax situation while optimizing for their desired risk tolerance. As market conditions change, Pave Pro provides buy or sell recommendations to keep the client's portfolio well-positioned and consistent with their preferences. Pave Pro can then place recommended trades within client accounts.

Pave Pro users are also able to create customized portfolios of securities that are designed to keep risk consistent with a chosen benchmark, while meeting their investment objectives for risk and volatility. Pave Pro can execute all trading activities and partners with third-party providers for clearing and custodian services.

Market Opportunity: The Problem

According to Statista, assets under management in the global wealth management market are projected to reach $168.2 trillion in 2025, with a compounded annual growth rate, or CAGR, of 1.9% from 2025 to 2029, resulting in a $181.6 trillion market by 2029. According to Allied Analytics, the global wealth management market is projected to generate $3.4 trillion in revenue by 2030, growing at a CAGR of 10.7% from 2021 to 2030.

Given the evolution of digital technologies, along with the emergence of artificial intelligence and machine learning technologies, existing wealth and portfolio management solutions have been slow to adapt and continue to suffer from the following limitations:

- *Lack of Performance vs. Market Benchmarks.* Most wealth and portfolio managers underperform vs. the S&P 500 index and other key market benchmarks. In 2024, approximately 90% of the active wealth advisors and asset managers failed to outperform the S&P 500 on a trailing long-term basis.

- *Lack of Personalization*. Most wealth and portfolio management clients are dissatisfied with their wealth and portfolio management services and the lack of personalization in professional wealth management advice.

- *Limited Automation.* Most wealth and portfolio management solutions lack automation for trading, updates and reporting and often require a high level of resources and administrative action to meet client needs.

- *Use of Third-Party Managers to Create a Customized Portfolio*. Wealth managers often use third-party portfolio managers to create customized portfolios for clients, which include additional fees and expenses.

- *Incomplete Solutions that are Complex.* Most existing solutions entail adopting disjointed software products that only address bits and pieces of a wealth adviser's workflow and fail to reduce operational complexity or save time.

- *Limited Compliance and Risk Features.* Most wealth and portfolio management solutions have limited compliance and risk management features, including failing to archive all relevant communications related to investment transactions.

- *Inefficient and Costly.* Most wealth and portfolio management solutions are inefficient, very expensive to deploy, and require a third-party manager or in-house resources, which are very expensive.

In most cases with existing wealth and portfolio management solutions, wealth advisers are left struggling to grow their bottom line. Existing solutions are built using antiquated systems that increase reliance on large Wall Street firms and their infrastructure. Wealth advisors need a wealth and portfolio management solution that embraces modern technologies, including artificial intelligence, machine learning and data analytics, in order to improve the level of service provided to their clients.

The Problem With Current Investment Optimization Engines

Investment optimization engines are available in the public market but given the cost and cumbersome nature of the products, they are predominantly used by institutions and large professional wealth advisors. Investment optimization engines generally enable a user to first select an index then load in any securities currently owned as well as available cash. The software will then consider the current securities and cash and tell this user the changes needed to bring the portfolio in line with the index. Investment optimization software is commonly used by index managers and managers that run tax managed portfolios to replicate an index and mitigate tax consequences. This is commonly referred to as direct indexing.

The two primary providers of optimization software require a large amount of input and work from the manager for each portfolio to generate results. This has become a cumbersome process, which is why most of these managers require large minimums to run separate accounts. Additionally, these systems are extremely expensive on a per-user basis. For example, one provider has a tiered pricing structure that starts at approximately $60,000 per year, but most users end up paying well over $100,000 per year. The second provider charges $250,000 per year for just one license. These licenses allow one user to run one portfolio at a time through the software. The cost and work involved prevents wealth advisors from scaling their business without incurring significant costs in software and personnel.

The Pave Finance Solution: Pave Pro Software

Pave Pro software leverages artificial intelligence and machine learning technologies to personalize, simplify and automate the wealth management process for wealth advisors.

Key Pave Pro Benefits to Wealth Advisors:

- *Proven Track Record of Outperformance*. Pave Pro's standard model has outperformed the S&P 500 over the last 14 years by, on average, 296 basis points, and by 450 basis points in 2024.

- *Personalized Solutions to Meet Client Demands.* Enables wealth advisors to personalize the management of assets and customize portfolio management to meet specific needs of their wealth management clients based on their risk/return profile.

- *Automated (Discretionary) Asset Management*. Automates portfolio management to free up adviser time so they can focus on more productive outcomes such as larger accounts and more clients.

- *Institutional Quality Platform*. Robust and comprehensive investment management and trading platform to meet all of the needs of asset management clients including trade execution, clearing and third-party custodian services.

- *Compliance and Risk Management Features*. Comprehensive compliance and risk management features, including data retention, logging of all inputs, outputs and changes, monitoring and alerts, oversight and approval functions, and other protective features.

- *Tracks All Stocks and Assets Traded Globally*. Comprehensive coverage of almost all publicly traded securities globally. Missing assets and additional assets added on a weekly basis based on client requests.

- *Recommendation Tracking*. Enables tracking of all recommendations and the resulting performance over selected periods and against selected market benchmarks.

- *Easily Integrates with Existing Tools*. Easily integrates into existing back-office systems, clearing houses, trading platforms, and other financial systems commonly used by providers in the market.

- *Time Savings and Low Cost*. Enables significant time and cost savings with simplified client organization and monitoring capabilities and the reduction or elimination of third-party advisory portfolio fees.

- *Drives Growth in AUM*. Enables wealth advisors to increase their level of business with existing clients and attract new clients for active asset management by freeing up time from portfolio construction and management or research on third-party managers.

- *Minimizes Turnover*. Only places impactful trades, controlling trading fees paid by a client and making sure large positions are not unwound all at once.

- *Increases Profitability*. Drives profitability for wealth advisors by increasing the level of active management with each client, and the level of trading on the platform, versus using third-party providers.

- *Trading Flexibility with Outsourced Clearing and Custodianship*. Enables trading through client preferred broker-dealers, if desired, and connects with third-party custodians and organizes client accounts to seamlessly manage all clients in one place.

- *Custom Direct Indexing in Underlying Assets*. Enables wealth advisors to create custom direct indexing of underlying assets for selected clients.

Pave Pro is part of Pave Finance's securities trading and automated investment platform that includes a fully-disclosed introducing broker-dealer platform, Pave Securities, and an investment advisory platform, Pave Investments. Pave Pro enables automated trading and the execution and settlement of trades into client accounts through Pave Securities without requiring advisor involvement.

Alpha Scoring Algorithm and Investment Optimization Engine

The Pave Pro alpha scoring algorithm and investment optimization engine ingests and analyzes, on a weekly basis, more than 150 data points, or factors, for 10,000+ securities, including more than 2.5 million data points based on company specific, industry and economic factors in ranking securities for investment. The alpha scoring algorithm and investment optimization engine utilizes proprietary models to permute, or arrange, data into proprietary risk and return factors for each asset class and engages proprietary artificial intelligence and machine learning model overlays to aggregate first order factors into higher order factors. Pave Pro then ranks stocks based on price movement and factor movement and selects stocks with the best return profile with minimal price movement to the benchmark, which occurs every week. By feeding a combination of first order and higher order factors into the investment optimization engine, the alpha scoring algorithm is optimized for outperformance versus a targeted benchmark.

On a weekly basis, Pave Pro goes through a systematic process of ranking six different investment styles based on 58 factors. This process enables Pave Pro to determine which investment styles are overperforming and what are underperforming at that time. Pave Pro then creates a covariance matrix (price movement) on ~10,000 global publicly traded stocks and breaks the stocks into 88 additional factors based on each stock's unique characteristics and categories they relate to based on the six different investment styles.

Pave Pro leverages unbiased and objective analytics based on the factors used in a covariance matrix to optimize the performance of the alpha scoring algorithm. The covariance matrix is a price movement matrix that looks at each stock's upside and downside capture over the prior week. In addition to the covariance matrix, a factor exposure model is created for each security that analyzes the beta of each stock versus a range of factors. Finally, Pave Pro uses a decay factor of prior data and machine learning algorithms to project forward expectations of each security to ensure Pave creates optimal portfolios while seeking to reduce turnover.

Pave Securities: Fully-Disclosed Introducing Broker-Dealer

Pave Securities is a registered broker-dealer with the SEC and FINRA. Pave Securities intends to offer trading and securities lending services and intends to receive a spread on credit and debit balance in Pave Pro client accounts. This business is expected to grow as the assets on the Pave Pro software reach tens of billions of dollars.

Pave Investments: Registered Investment Advisor

Pave Investments is a registered investment adviser with the SEC and is highly regulated and manages clients' assets as a fiduciary, though Pave Investments does not engage in any proprietary trading activities. Pave Investments serves a diverse mix of institutional and retail clients in the U.S. and clients may include high net worth individuals, hedge funds, family offices, other discretionary asset managers, and institutional investors including pension funds, foundations and endowments, insurance companies, financial institutions, tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, and third-party fund sponsors and retail intermediaries. At the launch of Pave Pro in March 2024 until today, Pave Finance has not charged any fees for the automated management of assets. In late 2025 or first half of 2026, Pave Investments will begin charging a management fee for the use of the Pave Pro automation feature.

Our Growth Strategy

Pave Finance's future growth will be driven by the following strategic initiatives:

- *Proliferation of Pave Pro With Leading Wealth Advisor Platforms*. Pave Finance will target business development efforts with leading wealth management advisors to distribute Pave Pro amongst their independent investment advisers and internal registered representatives. By partnering with leading wealth advisor platforms, Pave Finance will be able to more efficiently attract and onboard a large number of wealth advisors onto the Pave Pro platform.

- *Adoption of Pave Pro by Wealth Advisors.* Pave Finance will focus marketing efforts on the virtues of Pave Pro versus alternative wealth management platforms, and will offer discounts for early adoption, such as the first month free and trial periods.

- *Onboarding of Wealth Advisors Clients onto Pave Pro.* Pave Finance will focus operational efforts on streamlining and simplifying the client onboarding process for wealth advisors and asset managers.

- *Adoption of Pave Pro's "Autopilot" Feature.* Pave Finance will promote Pave Pro's "Autopilot" feature to wealth advisors by offering the feature without a fee at the initial launch of the service. In late 2025 or early 2026, Pave Finance intends to launch the fee program for the "Autopilot" feature and will attempt to grow the amount of discretionary AUM.

- *Adoption of Pave Securities' Securities Lending, Credit and Debit Balance Services.* Pave Securities will promote the availability of securities lending and credit and debit balance services to clients on the Pave Pro platform.

- *Continued Outperformance Versus the Leading Market Benchmarks.* Pave Finance will continue to leverage artificial intelligence and machine learning technologies to improve the performance of the Pave Pro alpha scoring algorithm versus standard industry benchmarks.

- *Continue to Improve Personalization and Customization Features.* Pave Finance will continue to improve Pave Pro's personalization and customization features for the benefit of wealth management clients.

- *Addition of Enhanced Features to Pave Pro*. Pave Finance will continue to add features and functionality to Pave Pro including broader classes of assets, such as debt-related securities, international markets, digital assets and the ability to sell short on the platform.

- *Expansion Internationally*. Pave Finance will pursue expansion into selected international markets, including Asia, Europe and the Middle East.

- *White-Label Licensing*. Pave Finance intends to pursue business development opportunities with large financial institutions to offer Pave Pro under their own brand in exchange for license fees and royalties.

Our Competitive Strengths

Pave Finance has the following competitive strengths:

- *Management Expertise in Quantitative Investment Analysis*. Pave Finance is led by senior management that individually, on average, have 20 to 30 years of experience in investment management and quantitative investment analysis with some of the leading asset management firms in the world.

- *Track Record of Outperforming the Market.* Pave Pro's underlying algorithm has outperformed the S&P 500 by, an average, 296 basis points over the last 14 years, and by 450 basis points in 2024.

- *Alpha Scoring Algorithm and Optimization Engine*: Pave Pro's alpha scoring algorithm and optimization engine, which is supported by decades of research, data and analytics, are at the core of Pave Pro's investment approach. This software models and suggests the optimal portfolio for the best risk-adjusted returns based on current economic and market conditions. The alpha scoring algorithm and optimization engine underpin the ability for a broader product set and future innovation.

- *Personalization and Customization*. Pave Pro enables users to personalize the account for a particular client and customize portfolios based on the specific risk and return profile of the client.

- *Full Automation.* Pave Pro allows full automation for asset management, updates and reporting for clients. Users can select various parameters in the investment preferences, from risk profile and volatility to index tracking from an aggressive or conservative approach.

- *Compliance and Risk Features.* Pave Pro includes compliance and risk management features that archive recommendations and trading activity, along with other transactional details.

- *Efficiency and Cost Savings.* Pave Pro enables wealth advisors to more efficiently manage assets and communicate transparently with clients. In addition, wealth advisors will be able to discontinue costly third-party advisor fees and reduce in-house resources.

Key Pave Pro Operational Metrics as of March 31, 2025:

- Enterprise Platforms on Pave Pro: 17
- Pave Pro Seat Licenses: 41 Licenses (Paying or In Trials; Representing 85+ Potential Licenses)
- Pending Enterprises (Waiting for Connection with NFS/ Fidelity): 13 (Representing 500+ Potential Licenses)
- Client Accounts on Pave Pro: 3,000
- Assets Feeding into Pave Pro: $8.0 billion
- Assets Under Management on Pave Pro: $800 million

Corporate History and Historical Sources of Funding

Pave Finance’s business units include: (i) Pave Labs, LLC, a Delaware limited liability company (“Pave Labs”), which provides Pave Pro, a portfolio management software platform; (ii) Pave Securities, LLC, a Delaware limited liability company (“Pave Securities”), which is a fully-disclosed introducing broker-dealer; and (iii) Pave Investment Advisers, LLC, a Delaware limited liability company (“Pave Investments”), which is an SEC registered investment adviser. Pave Finance’s business model derives three primary streams of revenue: (i) software licensing revenue for Pave Pro, which is priced using a SaaS licensing model with users paying a monthly license fee; (ii) broker-dealer revenues including, trading, securities lending, spreads on credit and debit balances; and (iii) investment advisory fees for the automated management of assets under Pave Pro’s “Autopilot” feature.

Pave Pro’s proprietary artificial intelligence and machine learning-based asset scoring algorithm was developed by one of our founders in 1997, in conjunction with a proprietary multi-scaled convex optimization engine. Pave Finance was founded and incorporated in June 2021, currently has 27 personnel and is headquartered in New York, New York.

Pave Finance was initially financed in Q3 2022 with the initial issuance of a series of convertible promissory notes as part of a $13,000,000 financing. From Q3 2022 to March 2024, Pave Finance was a development stage company with no material revenues and a focus on product development and customer adoption.

THE OFFERING

Issuer	Pave Finance, Inc. (the "Company").
Amount Financed:	Up to $2.0 million. Pave Finance reserves the right to increase the size of this offering by up to 100% at the discretion of its Board.
Security Offered:	A simple agreement for future equity ("SAFE").
SAFE Conversion and Pre-Money Equity Valuation Cap:	The SAFE will convert into the Company's Series A Preferred Stock, or similar security, upon the closing of a qualified financing of such security, as defined in the SAFE. The SAFE will convert into such security on a pre-money basis at the lower of: (i) the closing price of the such security; or (ii) $100 million.
Use of Proceeds:	We estimate that the net proceeds to Pave Finance from this offering will be approximately $1.7 million, assuming the full amount offered is sold and the offering amount is not increased. The net proceeds are expected to be used as follows over the next six months from the closing of the Offering: • Product development and engineering expenses including personnel and third-party software licenses of approximately $0.6 million; • Sales and marketing expenses including personnel and promotions of approximately $0.2 million; • General and administrative expenses including personnel and overhead of approximately $0.6 million; • Capital expenditures of approximately $0.1 million for data center equipment, including compute servers, storage servers and third-party software; and • The remainder of $0.2 million will be used for cash operating reserves, working capital and general corporate purposes.
Liquidation Preference:	The SAFE will have a liquidation preference ahead of all Common Stock of the Company.
Dividend Policy:	We have no current plans to pay dividends on our capital stock and our ability to pay dividends on our capital stock may be limited by covenants in any future debt obligations that Pave Finance may issue.
Protective Provisions:	The SAFE will have standard protective provisions, including a series vote for any changes to the rights of the SAFE, and restrictions on corporate actions related to the rights of the SAFE.

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RISK FACTORS

Investing in our SAFE involves risks. You should carefully consider the risks and uncertainties described below before deciding to invest in our SAFE. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the value of your SAFE could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently see as immaterial may also adversely affect our business.

Risks Related to Our Early Stage of Development

We have a limited operating history, which makes it difficult to evaluate our business and prospects and increases the risks associated with an investment in our SAFE.

We began operations in 2022 and launched Pave Pro commercially in the first quarter of 2024. To date, we have very little historical revenue. As a result, our business model has not been proven and we have limited financial data that can be used to evaluate our current business and future prospects, which subjects us to a number of uncertainties, including our ability to plan for, model and manage future growth and risks. We have also encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing and heavily regulated industries, including achieving market acceptance of our products and services, attracting and retaining customers, complying with laws and regulations that are subject to evolving interpretations and application and increasing competition and expenses as we expand our business. We cannot be sure that we will be successful in addressing these and other challenges we may face, and our business may be adversely affected if we do not manage these risks successfully. In addition, we may not achieve sufficient revenue to maintain positive cash flows from operations or profitability in any given period, or at all.

If we are unable to manage our forecasted growth effectively, our financial performance may suffer, and our business may be harmed.

We have limited operating experience at our current size and scale. Our forecasted growth could strain our existing resources, and we could experience ongoing operating difficulties in managing our business across numerous jurisdictions, including difficulties in hiring, training and managing a dispersed and growing employee base. Competition for skilled personnel in our industry is intense, and if we are unable to recruit and retain enough suitable personnel to support our growth as we seek to expand our operations, we may be unable to successfully expand or maintain our operations or achieve our corporate objectives.

Our growth strategy contemplates significant expenditures for marketing, investing in customer support, expansion into new countries and markets, enhancements to our current offerings and development of new products and services, and we cannot guarantee that we will be successful in these efforts. In addition, our business is highly dependent on our technology platform, and we also rely on certain third-party service providers and computer systems. Any failure to maintain or upgrade our technology or network infrastructure effectively to support our growth, particularly as our customer base grows and we experience any corresponding surges in trading volume, or any interruption in the third-party services or deterioration in the quality of their service or performance, could result in unanticipated system disruptions, platform outages or other performance problems which have in the past and may in the future result in degraded service, or partial or full service outages on our platforms, costly litigation, regulatory and U.S. Congressional inquiries, examinations and investigations, customer dissatisfaction, arbitration and complaints and reputational harm and may have an adverse effect on our business.

Further, any growth must be accomplished in a manner that is consistent with regulatory requirements that apply to our business. If we do not adapt to meet these evolving challenges and requirements, or if our management team does not effectively scale with our growth, we may experience erosion to our brand, the quality of our products and services may suffer, we may face regulatory obstacles, including adverse enforcement actions, other regulatory restrictions or limitations or failure to obtain regulatory approvals required for certain types of growth, and our company culture may be harmed. We may also experience difficulties in providing adequate customer support for our growing customer base. Failure to improve, maintain or increase customer support now or in the future may inhibit our growth.

Because we have limited experience operating our business at its current scale, it is difficult to evaluate our current business and future prospects, including our ability to plan for and model future growth. Our limited operating experience on this scale, combined with the rapidly evolving nature of the market for our products and services, substantial uncertainty concerning how these markets may develop, the complex regulatory regimes applicable to different aspects of our business and other factors beyond our control, reduces our ability to accurately forecast quarterly or annual revenue and to predict the risks and challenges we may encounter. Failure to manage our future growth effectively could have an adverse effect on our business, financial condition and results of operations.

Our results of operations and other operating metrics may fluctuate from quarter to quarter, which makes these results and metrics difficult to forecast.

Our results of operations are heavily reliant on the number of customers using our software and the performance of our software in managing wealth. Additionally, our limited operating history makes it difficult to forecast our future results. As a result, period-to-period comparisons of our results of operations may not be meaningful, and our past results of operations should not be relied on as indicators of future performance. Further, we are subject to additional risks and uncertainties that are frequently encountered by companies in rapidly evolving markets.

Our financial condition and results of operations in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control, which could include:

- the continued market acceptance of our products and services;
- our ability to retain existing customers and attract new customers;
- our continued development and improvement of our products and services, including our intellectual property, proprietary technology and customer support functions;
- the timing and success of new product and service introductions by us or our competitors, or other changes in the competitive landscape of our market;
- increases in marketing, sales and other operating expenses that we may incur to grow and expand our operations and to remain competitive;
- the timing and amount of non-cash expenses, such as stock-based compensation and asset impairment;
- the success of our expansion into new markets, products and services, such as short positions and international capabilities;
- decreased trading in global markets or decreased demand for financial services products generally;

- system disruptions, outages and other performance problems or interruptions on our platform, or breaches of security or privacy;
- changes in the legislative or regulatory environment, scope or focus of regulatory investigations and inquiries, or interpretations of regulatory requirements;
- our development of any unique features or services that may be the subject of regulatory criticism or form the basis for regulatory enforcement action, including regulatory actions to prohibit certain practices or features;
- the overall tax rate for our business, which may be affected by any changes to our valuation allowance, domestic deferred tax assets, and the effects of changes in our business;
- changes in tax laws or judicial or regulatory interpretations of tax laws, which are recorded in the period such laws are enacted, or interpretations are issued, and may significantly affect the effective tax rate of that period;
- changes in accounting standards, policies, guidance, interpretations or principles;
- changes in requirements imposed on us by regulators or by our counterparties;
- volatility in the overall market which could, among other things, impact demand for our services, and our growth strategy and business more generally; and
- general economic conditions in either domestic or international markets, including the impact of legacy COVID-19 pandemic or future pandemics.

Any one of the factors above or the cumulative effect of some of the factors above may result in significant fluctuations in our business and results of operations.

We have incurred operating losses in the past and may not reach and/or maintain profitability in the future.

We incurred operating losses each year since our inception in 2022 through 2024, including net losses of $4.9 million and $5.0 million for 2023 and 2024, respectively. We expect our operating expenses to continue to increase in the future as we increase our sales and marketing efforts, continue to invest in research and development, further develop our products and services, improve and expand our customer support functions and expand into new geographies. These efforts and additional expenses may be more costly than we expect, and we cannot guarantee that we will be able to increase our revenue by an amount sufficient to offset our increased operating expenses or to become profitable.

Our revenue growth may slow or our revenue may decline for a number of other reasons, which could include slowing demand for our platform, insufficient growth in the number of customers that utilize our platform, increasing competition, a decrease in the growth of our overall market, our failure to continue to capitalize on growth opportunities, including as a result of our inability to scale to meet such growth, an insufficient number of market makers or the unwillingness or inability of our existing market makers to execute our customers' trade orders as order volumes increase, increasing regulatory costs, increasing capital requirements imposed by regulators and SROs, economic conditions that reduce financial activity and the maturation of our business, among others. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition and results of operations could be adversely affected. If we are unable to generate adequate revenue growth and offset our operating expenses, we may continue to incur significant losses and may not be able to maintain profitability in the future.

Risks Related to Transaction-Related Revenue.

Because some of our forecasted revenue is transaction-based, receiving spreads in securities lending, credit and debit balances, reduced levels of securities activity generally, changes in our business relationships with market makers and any new regulation of, or any bans of certain types of securities businesses may result in reduced profitability, increased compliance costs and expanded potential for negative publicity. The majority of our forecasted revenue from Pave Securities is expected to be transaction-based, in that we expect to receive revenue based on securities trading and lending. Our transaction-based revenue could be harmed by decreased levels of trading and security borrowing generally.

Risks Related to our Business Relationships with Market Makers.

Our Transaction Revenue with market makers is a matter of practice and business understanding and not documented under binding contracts. If any of these market makers, or any other market makers with whom we do business, were unwilling to continue to receive orders from us or to pay us for those orders (including, for example, as a result of unusually high volatility), we may have little to no recourse and, if there are no other market makers that are willing to receive such orders from us or to pay us for such orders, or if we are unable to find replacement market-makers in a timely manner, our transaction-based revenue would be impacted negatively. Furthermore, if market makers decide to alter our fee structure or to enter into more favorable fee structures with our competitors, our transaction-based revenue could be impacted negatively. Any decrease in transaction-based revenue from market makers could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Negative Publicity Associated with PFOF or our Market Makers.

Additionally, any negative publicity surrounding PFOF or Transaction Rebate practices generally, or our implementation of these practices, could harm our brand and reputation. Furthermore, as registered broker-dealers, market makers must comply with rules and regulations that are generally intended to prohibit them from taking advantage of information they obtain while executing orders (e.g., through the prohibition on “front running”). Market makers also have a duty to seek "best execution" of customers’ equity and option orders we send to them. If the market makers we use to execute our customers’ equity and option trades were to violate such rules and regulations and use this data for their own benefit in violation of applicable rules and regulations, it could result in negative publicity for us by association.

If our customers begin to disfavor PFOF and Transaction Rebate practices generally or the specific market markers with whom we do business due to any negative media attention, they may have an adverse view of our business model and decide to limit or cease the use of our platform. Additionally, some customers may prefer to invest through our competitors that do not engage in PFOF or Transaction Rebate practices or engage in them differently than we do. Any such loss of customer engagement as a result of any negative publicity associated with PFOF and Transaction Rebate practices could have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Investment Advisory Business

Our investment management business may be affected by the poor investment performance of our investment process or results or a client preference for investment programs other than those which we offer or for products that generate lower fees.

Poor investment returns in our investment management business, due to either general market conditions or underperformance (relative to our competitors or to benchmarks) by funds or accounts that we manage or the investment products or advice that we design or sell, affects our ability to retain existing assets and to attract new clients or additional assets from existing clients and could affect the management and other fees that we earn on assets under management. To the extent that our clients choose to invest in products that we do not currently offer, we will suffer outflows and a loss of management fees. Further, if, due to changes in investor sentiment or the relative performance of certain asset classes or otherwise, clients invest in products that generate lower fees, our investment management business could be adversely affected.

***Our investment advisory contracts may be terminated or may not be renewed on favorable terms*.**

We expect to derive a significant portion of our revenue from providing investment advisory services. The advisory or management contracts we have entered into with clients, including the agreements that govern the provision of our investment products and advice, provide investors or, in some cases, the independent directors of applicable investment funds, with significant latitude to terminate such contracts, withdraw funds or liquidate funds with limited notice or penalty. Our fee arrangements under any advisory or management contracts may be reduced. In addition, if a number of our clients terminate their contracts, liquidate funds or fail to renew management contracts on favorable terms, the fees we earn could be reduced, which may cause our assets under management, revenue and earnings to decline.

We are dependent upon third-party approvals.

Many of the investment advisers through which we distribute our investment products or advice are affiliated with independent broker-dealers or other networks, which have regulatory responsibility for the adviser's practice. As part of the regulatory oversight, these broker-dealers or networks must approve the use of our investment products or advice by affiliated advisers within their networks. Failure to receive such approval, or the withdrawal of such approval, could adversely affect the marketing of our investment offerings.

We are dependent on third-party pricing services for the valuation of securities in our investment products.

The majority of the securities held by our investment products are valued using quoted prices from active markets gathered by external third-party pricing services. Securities for which market prices are not readily available are valued in accordance with procedures applicable to that investment product. These procedures may utilize unobservable inputs that are not gathered from any active markets and involve considerable judgment. If these valuations prove to be inaccurate, our revenues and earnings from assets under management could be adversely affected.

Our investment management operations may subject us to legal liability for client losses.

Our operations include complex activities and including functions such as recordkeeping and accounting, security pricing, corporate actions processing, compliance with investment restrictions, daily net asset value computations, account reconciliations, and required distributions to fund shareholders. Failure to properly perform operational tasks or the misrepresentation of our services and products could subject us to regulatory sanctions, penalties or litigation and result in reputational damage, liability to clients, and the termination of investment management or administration agreements and the withdrawal of assets under our management.

In the management and administration of funds and client accounts, we use models and other tools and resources to support investment decisions and processes, including those related to risk assessment, portfolio management, trading and hedging activities and product valuations. Errors in the design, function, or underlying assumptions used in these models and tools, particularly if we fail to detect the errors over an extended period, could subject us to claims of a breach of fiduciary duty and potentially large liabilities for make-whole payments, litigation, and/or regulatory fines.

Commentary citing concerns about the scale of its index investing business, as well as purported competition issues relating to the common ownership theory, has begun by regulators.

The growth of index investing has attracted commentary citing concerns about the scale and influence on the stock in such indices. Some commentators have argued that continued growth of index funds has the potential to impact stock market competitiveness by exacerbating stock price moves and market volatility. Some commentators, regulators and lawmakers have also argued that index managers have accumulated outsized influence through the proxy voting power their clients have assigned them. Some have proposed limitations on the ability of index fund managers to vote on behalf of their clients, or that voting and engagement on certain topics should trigger changes in regulatory status. Additional commentary focuses on the common ownership theory, an academic theory stating that minority ownership of multiple companies within a single industry by the same investor leads to anticompetitive effects. This theory purports to link aggregated equity positions in certain industries with higher consumer prices and executive compensation and lower wages and employment rates, among other things. In the US, the FTC cited common ownership as a disqualifying factor in a proposed exemption from pre-merger notification rules and as a consideration underlying its consultation on rules applying to acquisitions of voting securities by investment entities. In 2021, the FTC identified common ownership as a key enforcement area and passed a resolution empowering individual commissioners to investigate shareholder conduct in connection with common ownership. In 2023, the FTC and DOJ released new merger guidelines recognizing that common ownership may reduce competitive incentives. Common ownership may be given greater consideration in regulatory investigations, studies, rule proposals, policy decisions and/or the scrutiny of mergers and acquisitions. The debate on common ownership is still on the agenda of competition regulators globally, and common ownership may continue to be a consideration for the EC, among others, including in the assessment of mergers and investigations. For example, EC and European Parliament reports in 2020 suggested that more evidence was required on the impact of common ownership on competition, and a committee of the Australian House of Representatives held an inquiry in 2021 on the implications of common ownership and capital concentration on Australian companies and markets. In 2023, the UK Competition & Markets Authority ("CMA") established a new economic research unit which identified common ownership as a potential research topic. There is substantial literature casting doubt on the assumptions, data, methodology and conclusions associated with the common ownership theory and competition regulators, including at the FTC and CMA, have acknowledged that the debate around the theory remains unsettled. Nevertheless, some commentators have proposed remedies, including limits on the ownership stakes of common owners that, if enacted into policy, could have a negative impact on the capital markets, as well as increase costs and limit the availability of products for investors. Such policy solutions could, in turn, adversely affect Pave Finance.

Risks Related to Our Broker-Dealer Business

As a registered broker-dealer, Pave Securities is subject to "best execution" requirements under SEC guidelines and FINRA rules. We could be penalized if Pave Securities does not comply with these requirements and these requirements could be modified in the future in a way that could harm our business.

As a registered broker-dealer, Pave Securities is subject to "best execution" requirements under SEC guidelines and FINRA rules, which require Pave Securities to obtain the best reasonably available terms for customer orders. In part, this requires broker-dealers to use reasonable diligence so that the price to the customer is as favorable as possible under prevailing market conditions, taking into account, among other things, the character of the market for the security, the size and type of the transaction, the number of markets checked, accessibility of quotations and the terms and conditions of the order as communicated by the broker-dealer's customer. Although a broker-dealer is not required to examine every customer order individually for compliance with its duty of best execution, it must undertake regular and rigorous reviews of the quality of its customer order executions. We cannot guarantee that we will not face investigations or penalties in the future related to allegations about our best execution practices.

We also may be adversely affected in the future by regulatory changes related to our obligations with regard to best execution. Any such regulation could have a material impact on our business and our primary source of revenue.

We may require additional capital to satisfy our liquidity needs and support business growth and objectives, and this capital might not be available to use on reasonable terms, if at all, may result in stockholder dilution, and may be delayed or prohibited by applicable regulations.

Maintaining adequate liquidity is crucial to our securities brokerage business operations. We meet our liquidity needs primarily from working capital and cash generated by customer activity. Increases in the number of customers, fluctuations in customer cash or deposit balances, as well as market conditions or changes in regulatory treatment of customer deposits, may affect our ability to meet our liquidity needs. Pave Securities is subject to Rule 15c3-1 under the Exchange Act, the Uniform Net Capital Rule, which specifies minimum capital requirements intended to ensure the general financial soundness and liquidity of broker-dealers, and Pave Securities is subject to Rule 15c3-3 under the Exchange Act, which requires broker-dealers to maintain certain liquidity reserves. As a fully-disclosed, introducing broker, Pave Securities net capital requirement is $5,000.

A reduction in our liquidity position could reduce our customers' confidence in us, which could result in the withdrawal of customer assets and loss of customers, or could cause us to fail to satisfy broker-dealer or other regulatory capital guidelines, which may result in immediate suspension of securities activities, regulatory prohibitions against certain business practices, increased regulatory inquiries and reporting requirements, increased costs, fines, penalties or other sanctions, including suspension or expulsion by the SEC, FINRA or other SROs or state regulators, and could ultimately lead to the liquidation of our broker-dealers or other regulated entities. Factors which may adversely affect our liquidity positions include temporary liquidity demands due to timing differences between brokerage transaction settlements and the availability of segregated cash balances, fluctuations in cash held in customer accounts, increased regulatory capital requirements, changes in regulatory guidance or interpretations, other regulatory changes or a loss of market or customer confidence resulting in unanticipated withdrawals of customer assets.

In addition to requiring liquidity for our securities brokerage business and our other regulated businesses, we may also require additional capital to continue to support the growth of our business and respond to competitive challenges, including the need to promote our products and services, develop new products and services, enhance our existing products, services and operating infrastructure, and acquire and invest in complementary businesses and technologies.

When available cash is not sufficient for our liquidity and growth needs, we may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such additional funding will be available on terms attractive to us, or at all, and our inability to obtain additional funding when needed could have an adverse effect on our business, financial condition and results of operations. If additional funds are raised through the issuance of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new shares we issue in connection therewith could have rights, preferences and privileges superior to those of our current stockholders. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue future business opportunities.

Risks Related to Our Brokerage and our RIA Products and Services

If we do not maintain the capital levels required by regulators and SROs, our broker-dealer business may be restricted and we may be fined or subject to other disciplinary or corrective actions, which could harm our business, financial condition, operating results, cash flows and prospects. In a worst-case scenario, failure to maintain these requirements could lead to our broker-dealer business being liquidated or wound down.

The SEC, FINRA and various other SROs have stringent rules with respect to the maintenance of specific levels of net capital and clearinghouse deposits by securities broker-dealers. Our failure to maintain the required net capital levels could result in immediate suspension of securities activities, suspension or expulsion by the SEC or FINRA, restrictions on our ability to expand our existing business or to commence new businesses and could ultimately lead to the liquidation of our broker-dealer entities and winding down of our broker-dealer business. If such net capital rules are changed or expanded, if there is an unusually large charge against net capital, or if we make changes in our business operations that increase our capital requirements, operations that require an intensive use of capital could be limited. A large operating loss or charge against net capital could have adverse effects on our ability to maintain or expand our business.

Where we have subsidiaries that are or will be licensed and regulated in certain U.S. states or non-U.S. jurisdictions, those entities are or will be subject to their own regulatory capital rules and requirements that they, and we as a group, need to or will need to comply with to avoid censure, fines, or other adverse consequences. Changes in those rules, or changes in our business operations, may result in changes to the amount of capital that is needed by those entities, which could have an adverse effect on the operational costs of running those businesses or to the viability of those businesses.

Our compliance and risk management policies and procedures as a regulated financial services company may not be fully effective in identifying or mitigating compliance and risk exposure in all market environments or against all types of risk.

As a financial services company operating in the securities industry, among others, our business exposes us to a number of heightened risks. We have devoted significant resources to develop our compliance and risk management policies and procedures and will continue to do so, but there can be no assurance these are sufficient, especially as our business is rapidly growing and evolving. Nonetheless, our limited operating history, evolving business and rapid growth make it difficult to predict all of the risks and challenges we may encounter and may increase the risk that our policies and procedures to identify, monitor and manage compliance risks may not be fully effective in mitigating our exposure to all market environments or against all types of risk. Further, some controls are manual and are subject to inherent limitations and errors in oversight. This could cause our compliance and other risk management strategies to be ineffective. Other compliance and risk management methods depend upon the evaluation of information regarding markets, customers, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated. Insurance and other traditional risk-shifting tools may be held by or available to us in order to manage certain exposures, but they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency. Any failure to maintain effective compliance and other risk management strategies could have an adverse effect on our business, financial condition, and results of operations.

We are also exposed to heightened regulatory risk because our business is subject to extensive regulation and oversight in a variety of areas, and such regulations are subject to evolving interpretations and application and it can be difficult to predict how they may be applied to our business, particularly as we introduce new products and services and expand into new jurisdictions. Also, due to market volatility, it is difficult to predict how much capital we will need in the future to meet net capital and deposit requirements. Any perceived or actual breach of laws and regulations could negatively impact our business, financial condition, or results of operations. It is possible that these laws and regulations could be interpreted or applied in a manner that would prohibit, alter, or impair our existing or planned products and services.

General Business Risks

Risks Related to our Customer Concentration

We are dependent on our broker-dealer clients, and their RIAs, who are not restricted from using their own proprietary or third-party platforms to actively manage assets and conduct securities transactions. We could lose significant sources of revenue and trading volume if we lose any of our significant broker-dealer clients.

Harm to our brand and reputation could adversely affect our business.

Our brand and our reputation are two of our most important assets. Our reputation, brand and ability to build trust with existing and new customers may be adversely affected by complaints and negative publicity about us, our platform and customers that utilize our platform or our competitors' platforms, even if factually incorrect or based on isolated incidents. Our ability to attract and retain customers is highly dependent upon external perceptions of our company, and damage to our brand and reputation may be caused by:

- actual or perceived system disruptions, outages, interruptions or other performance problems of our platform or similar incidents, cybersecurity attacks, privacy or data security breaches, or other security incidents, payment disruptions or other incidents that impact the reliability of our platform;
- complaints or negative publicity about us, our platform, our management team, our other employees or contractors, our customers or third-party service providers;
- litigation involving, or regulatory actions or investigations into, our platform or our business;
- a failure to comply with legal, tax and regulatory requirements;
- any perceived or actual weakness in our financial strength or liquidity;
- a failure by Pave Securities to meet any capital requirements imposed by regulators and SROs, such as the SEC and FINRA, or any cash deposit and collateral requirements imposed by certain other SROs such as the DTC, NSCC and OCC, especially in the event of high volatility in market conditions or individual securities, unusually high trading volume or account sign-ups or a high concentration of net buying in a particular stock, which could lead to our temporarily restricting trading in stocks in order to limit clearinghouse deposit requirements;

- any regulatory action that results in changes to, or prohibits us from offering, certain features or services;

- changes to our policies, features or services that customers or others perceive as overly restrictive, unclear, inconsistent with our values or mission, or not clearly articulated;

- a failure to operate our business in a way that is consistent with our values and mission;

- inadequate or unsatisfactory customer support experiences, including as a result of our inability to successfully and timely improve, maintain or increase our customer support capabilities. For example, we do not currently provide general customer support by telephone, which may limit potential or existing customers' access to support; we currently offer callback phone support (which customers can request in-app) only for certain use cases, such as options trading, account security, selling issues and assistance with transfers and withdrawals;

- negative responses by customers or regulators to our business model;

- negative responses by customers or regulators to new features or services, or changes to existing features or services, on our platform;

- a failure to adapt to new or changing customer preferences;

- a sustained downturn in U.S. equity markets or in general economic conditions, which could cause our existing customers to incur losses and, as a result, affect our existing and potential new customers' interest in our products and services; and

- any of the foregoing with respect to our competitors, to the extent the resulting negative perception affects the public's perception of us or our industry as a whole.

These and other events that may harm our brand and reputation could diminish customer confidence in, and use of, our products and services and could have an adverse effect on our business, financial condition and results of operations.

Our business and reputation may be harmed by changes in business, economic or political conditions that impact global financial markets, or by a systemic market event.

As a financial services company, our business, results of operations and reputation are directly affected by elements beyond our control, such as economic and political conditions, changes in the volatility in financial markets (including volatility as a result of the COVID-19 pandemic), significant increases in the volatility or trading volume of particular securities or cryptocurrencies, broad trends in business and finance, changes in volume of securities trading generally, changes in the markets in which such transactions occur and changes in how such transactions are processed. These elements can arise suddenly, and the full impact of such conditions can remain uncertain. A prolonged weakness in equity markets, such as a slowdown causing reduction in trading volume in securities or derivatives markets, may result in reduced revenues and would have an adverse effect on our business, financial condition and results of operations. Significant downturns in the securities markets or in general economic and political conditions may also cause customers to be reluctant to adopt our software and thus decrease the demand for our products and services and could also result in our customers reducing their engagement and active management with our platform. Conversely, significant upturns in the securities markets or in general economic and political conditions may cause individuals to be less proactive in seeking ways to improve the returns on their trading or investment decisions and, thus, decrease the demand for our products and services. Any of these changes could cause our future performance to be uncertain or unpredictable, and could have an adverse effect on our business, financial condition and results of operations.

In addition, some market participants could be overleveraged. In case of sudden, large price movements, such market participants may not be able to meet their obligations to their respective brokers who, in turn, may not be able to meet their obligations to their counterparties. As a result, the financial system or a portion thereof could suffer, and the impact of such an event could have an adverse effect on our business, financial condition and results of operations.

In addition, a prolonged weakness in the U.S. equity markets or equity securities or a general economic downturn could cause our customers' clients to incur losses, which in turn could cause our brand and reputation to suffer. If our reputation is harmed, the willingness of our existing customers, and potential new customers, to do business with us could be negatively impacted, which would adversely affect our business, financial condition and results of operations.

We conduct our brokerage and our investment advisory business operations through subsidiaries and may in the future rely on dividends from our subsidiaries for a substantial amount of our cash flows.

We may in the future depend on dividends, distributions and other payments from our subsidiaries to fund payments on our obligations, including any debt obligations we may incur. Regulatory and other legal restrictions may limit our ability to transfer funds to or from certain subsidiaries, including Pave Securities and Pave Investments. In addition, certain of our subsidiaries are subject to laws and regulations that authorize regulatory bodies to block or reduce the flow of funds to us, or that prohibit such transfers altogether in certain circumstances. These laws and regulations may hinder our ability to access funds that we may need to make payments on our obligations, including any debt obligations we may incur and otherwise conduct our business by, among other things, reducing our liquidity in the form of corporate cash. In addition to negatively affecting our business, a significant decrease in our liquidity could also reduce investor confidence in us. Certain rules and regulations of the SEC and FINRA may limit the extent to which our broker-dealer subsidiaries may distribute capital to us. For example, under FINRA rules applicable to Pave Securities, a dividend in excess of 10% of a member firm's excess net capital may not be paid without FINRA's prior written approval. Compliance with these rules may impede our ability to receive dividends, distributions and other payments from Pave Securities and Pave Investments.

Future acquisitions of, or investments in, as applicable, other companies, products, technologies or specialized employees could require significant management attention, disrupt our business, dilute stockholder value and adversely affect our results of operations.

As part of our business strategy, we may make acquisitions of, or investments in, as applicable, specialized employees or other compatible companies, products or technologies. We also may enter into relationships with other businesses in order to expand our products and services. Negotiating these transactions can be time-consuming, difficult and expensive and our ability to close these transactions may be subject to third-party approvals, such as government and other regulatory approvals, which are beyond our control. Further, we may not be able to find suitable acquisition or investment candidates and we may not be able to complete acquisitions on favorable terms, if at all. Moreover, these kinds of acquisitions or investments may result in unforeseen operating difficulties and expenditures, including disrupting our ongoing operations, diverting management from their primary responsibilities, subjecting us to additional liabilities, increasing our expenses and adversely impacting our business, financial condition and results of operations. If we acquire businesses or technologies, we may not be able to integrate the acquired personnel, operations and technologies successfully, or effectively manage the combined business following the acquisition. Moreover, we cannot assure that the anticipated benefits of any acquisition or investment would be realized or that we would not be exposed to unknown liabilities.

In connection with these types of transactions, we may issue additional equity securities that would dilute our stockholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges. These challenges related to acquisitions or investments could have an adverse effect on our business, financial condition and results of operations.

We may expand into international markets, which will expose us to significant new risks, and our international expansion efforts may not be successful.

We may further expand our operations to other countries outside of the United States, which will require significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in the United States. There are significant risks and costs inherent in doing business in international markets, including:

- difficulty establishing and managing international operations and the increased operations, travel, infrastructure and legal and compliance costs associated with locations in different countries or regions;

- the need to understand and comply with local laws, regulations and customs in multiple jurisdictions, including laws and regulations governing broker-dealer and RIA practices, some of which may be different from, or conflict with, those of other jurisdictions, and which might not permit us to operate our business or collect revenues in the same manner as we do in such other jurisdictions;

- our interpretations of local laws and regulations, which may be subject to challenge by local regulators;

- difficulties or delays in obtaining and/or maintaining the regulatory permissions, authorizations, licenses or consents that may be required to offer certain products in one or more international markets;

- difficulties in managing multiple regulatory relationships across different jurisdictions on complex legal and regulatory matters;

- if we were to engage in any merger or acquisition activity internationally, this is complex and would be new for us and subject to additional regulatory scrutiny;

- the need to vary products, pricing and margins to effectively compete in international markets;

- the need to adapt and localize products for specific countries, including obtaining rights to third-party intellectual property used in each country;

- increased competition from local providers of similar products and services;

- the challenge of positioning our products and services to meet a demand in the local market (also known as “product-market fit”);

- the ability to obtain, maintain, protect, defend and enforce intellectual property rights abroad;
- the need to offer customer support and other aspects of our offering (including websites, articles, blog posts and customer support documentation) in various languages;
- compliance with anti-bribery laws, such as the FCPA and equivalent anti-bribery and anti-corruption requirements in local markets, by us, our employees and our business partners, and the potential for increased complexity due to the requirements on us as a group to follow multiple rule sets;
- complexity and other risks associated with current and future legal requirements in other countries, including laws, rules, regulations and other legal requirements related to cybersecurity and data privacy frameworks and labor and employment laws;
- the need to enter into new business partnerships with third-party service providers in order to provide products and services in the local market, which we may rely upon to be able to provide such products and services or to meet certain regulatory obligations;
- varying levels of internet technology adoption and infrastructure, and increased or varying network and hosting service provider costs and differences in technology service delivery in different countries;
- fluctuations in currency exchange rates and the requirements of currency control regulations, which might restrict or prohibit conversion of other currencies into U.S. dollars;
- taxation of our international earnings and potentially adverse tax consequences due to requirements of or changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- political or social unrest or economic instability in a specific country or region in which we operate.

We have limited experience with international regulatory environments and market practices, and we may not be able to penetrate or successfully operate in the markets we choose to enter. In addition, we may incur significant expenses as a result of our international expansion, and we may not be successful. We may launch products that lack local product-market fit, face local competition from pre-existing companies offering similar products and/or face limited brand recognition in certain parts of the world, any of which could lead to non-acceptance or delayed acceptance of our products and services by customers in new markets. Product adoption and growth rates may vary significantly across different markets. We are subject to income taxes and other taxes in the United States and other countries in which we transact or conduct business, and such laws and tax rates vary by jurisdiction. We are subject to review and audit by U.S. federal, state, local and foreign tax authorities. Such tax authorities may disagree with tax positions we take, and if any such tax authority were to successfully challenge any such position, our financial condition or results of operations could be materially and adversely affected. Our failure to successfully manage these risks could harm our international operations in the markets we choose to enter into and have an adverse effect on our business, financial condition and results of operations.

Risks Related to Regulation and Litigation

Our business is subject to extensive, complex and changing laws and regulations, and related regulatory proceedings and investigations. Changes in these laws and regulations, or our failure to comply with these laws and regulations, could harm our business.

The securities industry is subject to extensive regulation by federal, state and non-U.S. regulators and SROs, and broker-dealers, RIAs, and financial services companies are subject to laws and regulations covering all aspects of the securities industry. The substantial costs and uncertainties related to complying with these regulations continue to increase, and our introduction of new products or services, expansion of our business in certain jurisdictions or subindustries, acquisitions of other businesses that operate in similar regulated spaces or other actions that we may take may subject us to additional laws, regulations or other government or regulatory scrutiny. Regulations are intended to ensure the integrity of financial markets, appropriate capitalization of broker-dealers, RIAs and other financial services companies and the protection of customers and their assets. These regulations may serve to limit our business activities through capital, customer protection and market conduct requirements, as well as restrictions on the activities that we are authorized to conduct.

Federal, state and non-U.S. regulators and SROs, including the SEC and FINRA, among other things, can investigate, censure or fine us, issue cease-and-desist orders or otherwise restrict our operations, require changes to our business practices, products or services, limit our acquisition activities or suspend or expel a broker-dealer or RIA, or any of their officers or employees. Similarly, state attorneys general and other state regulators, including state securities and financial services regulators, can bring legal actions on behalf of the citizens of their states to assure compliance with state laws. In addition, criminal authorities such as state attorneys general or the U.S. Department of Justice may institute civil or criminal proceedings against us for violating applicable laws, rules, or regulations. Despite our efforts to comply with applicable legal requirements, like all companies in our industry, we must adapt to frequent changes in laws and regulations, and face complexity in interpreting and applying evolving laws and regulations to our business, heightened scrutiny of the conduct of financial services firms and increasing penalties for violations of applicable laws and regulations. We may fail to establish and enforce procedures that comply with applicable legal requirements and regulations. We may be adversely affected by new laws or regulations, changes in the interpretation of existing laws or regulations or more rigorous enforcement. For example, our ability to generate fees from spreads on credit and debit balances may be limited substantially by new or revised laws or regulations, which would materially decrease our transaction-based revenue, or banned entirely, which could require us to make significant changes to our revenue model, and such changes may not be successful. We also may be adversely affected by other regulatory changes related to our obligations with regard to suitability of financial products, supervision, sales practices, application of fiduciary or best interest standards (including the interpretation of what constitutes an "investment recommendation" for the purposes of the SEC's "Regulation Best Interest" and state securities laws) and best execution in the context of our business and market structure, any of which could limit our business, increase our costs and damage our reputation.

We are also subject to laws, rules, regulations, policies, industry standards and contractual obligations regarding data privacy and security, and we may be subject to litigation, regulatory proceedings or other investigations regarding any actual or perceived non-compliance with such obligations.

We are subject to governmental laws and requirements regarding economic and trade sanctions, anti-money laundering and counter-terror financing that could impair our ability to compete in international markets or subject us to criminal or civil liability if we violate them.

Although our operations are currently concentrated in the United States, in the future we may seek to expand internationally and will become subject to additional laws and regulations and will need to implement new regulatory controls to comply with applicable laws. We are currently required to comply with U.S. economic and trade sanctions administered by OFAC and we have processes in place to comply with the OFAC regulations. As part of our onboarding process, in accordance with the Customer Identification Program rules, which are required by Section 326 of the USA PATRIOT ACT of 2001, we screen all potential customers against the OFAC watchlists and continue to screen all customers, vendors and employees daily against the OFAC watchlists. While we currently only offer services to U.S. citizens and permanent residents with a legal address within the United States or Puerto Rico, and while our application includes features designed to block access to our services from sanctioned countries, our application could potentially be illegitimately accessed from anywhere in the world. If our services are accessed from a sanctioned country in violation of the trade and economic sanctions, with our knowledge or otherwise, we could be subject to enforcement actions. Additionally, to the extent a customer accesses our application or services from outside the United States, we could also become subject to regulations in that local jurisdiction, including requirements that we become licensed, registered or authorized in such jurisdiction. A regulator's conclusion that we are servicing customers in their jurisdiction without being appropriately licensed, registered or authorized could result in fines or other enforcement actions. Our broker-dealer and RIA subsidiaries are registered in the United States but are not licensed, authorized or registered in any other jurisdiction.

We are also subject to various anti-money laundering and counter-terrorist financing laws and regulations around the world that prohibit, among other things, our involvement in transferring the proceeds of criminal activities. In the U.S., most of our services are subject to anti-money laundering laws and regulations, including the BSA, and similar laws and regulations. The BSA is the primary U.S. anti-money laundering law and has been amended to include certain provisions of Title III of the USA Patriot Act to detect, deter and disrupt terrorist financing networks. Regulators in the United States and globally continue to increase their scrutiny of compliance with these obligations.

If we expand our services internationally, we will become subject to additional non-U.S. laws, rules, regulations and other requirements regarding economic and trade sanctions, anti-money laundering, and counter-terror financing. In that case, we would need to further revise or expand our compliance program, including the procedures we use to verify the identity of our customers and to monitor transactions on our system, including payments to persons outside of the U.S. The need to comply with multiple sets of laws, rules, regulations and other requirements could substantially increase our compliance costs, impair our ability to compete in international markets, and subject us to risk of criminal or civil liability for violations.

We are subject to anti-corruption, anti-bribery and similar laws, and non-compliance with such laws can subject us to criminal or civil liability and harm our business.

We are subject to the FCPA, U.S. domestic bribery laws and other U.S. and foreign anti-corruption laws. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering or providing, directly or indirectly, improper payments or benefits to recipients in the public sector. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. Although our operations are currently based in the U.S., as we develop an international cross-border business and expand operations abroad, we will engage with business partners and third-party intermediaries to market our services and to obtain necessary permits, licenses and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. The failure to comply with any such laws could subject us to criminal or civil liability, cause us significant reputational harm and have an adverse effect on our business, financial condition and results of operations.

We cannot ensure that all of our personnel and agents will comply with our internal policies and applicable law, including anti-corruption, anti-bribery and similar laws. We may be ultimately held responsible for any such non-compliance. As we increase our international business, our compliance risks may increase.

Detecting, investigating and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption or anti-bribery laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties, injunctions, suspension or debarment from contracting with certain persons, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas are received or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal proceeding, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Risks Related to Our Industry, Customers, Products and Services

We operate in highly competitive markets, and many of our competitors have greater resources than we do and may have products and services that may be more appealing than ours to our current or potential customers.

The markets in which we compete are evolving and highly competitive, with multiple participants competing for the same customers. Our current and potential future competition principally comes from incumbent wealth management platforms, discount brokerages, established financial technology companies, venture-backed financial technology firms, banks, asset management firms and technology platforms. The majority of our competitors have longer operating histories and greater capital resources than we have and offer a wider range of products and services. The impact of competitors with superior name recognition, greater market acceptance, larger customer bases or stronger capital positions could adversely affect our results of operations and customer acquisition and retention. Our competitors may also be able to respond more quickly to new or changing opportunities and demands and withstand changing market conditions better than we can, especially larger competitors that may benefit from more diversified product and customer bases. We may also be subject to increased competition as our competitors enter into business combinations or partnerships, or established companies in other market segments expand to become competitive with our business.

In addition, we compete in a technology-intensive market characterized by rapid innovation. Some of our competitors in this market, including new and emerging competitors, are not subject to the same regulatory requirements or scrutiny to which we are subject, which could place us at a competitive disadvantage, in particular in the development of new technology platforms or the ability to rapidly innovate. We may be unable to effectively use new technologies, adapt our products and services to emerging market standards or develop or introduce and market enhanced or new products and services. If we are not able to update or adapt our products and services to take advantage of the latest technologies and standards or are otherwise unable to tailor the delivery of our services to the latest personal and mobile computing devices preferred by our customers or to provide products or services that are of a quality preferred by our customers, it could have an adverse effect on our business, financial position and results of operations.

Our ability to compete successfully in the financial services market depends on a number of factors, including, among other things:

- providing easy-to-use, innovative and attractive products and services, as well as effective customer support;
- maintaining and expanding our market position;
- attracting and retaining customers;
- our reputation and the market perception of our brand and overall value;
- maintaining our relationships with our counterparties;
- maintaining competitive pricing;
- the effectiveness, reliability and stability of our technology, products and services;
- innovating effectively in launching new or enhanced products and services;
- adjusting to a dynamic regulatory environment;
- the differences in regulatory oversight regimes to which we and our competitors are subject; and
- general economic and market trends, including customer demand for financial products and services.

Our competitive position within our markets could be adversely affected if we are unable to adequately address these factors, which could have an adverse effect on our business, financial condition and results of operations.

If we fail to retain existing customers or attract new customers, or if our customers decrease their use of our products and services, our growth could be slower than we expect, and our business may be harmed.

We have experienced significant customer growth since the launch of Pave Pro. Our continued business and revenue growth is dependent on our ability to attract new customers, retain existing customers, increase the amount that our customers use our products and services and sell our premium services, and we cannot be sure that we will be successful in these efforts. There are a number of factors that could lead to a decline in our number of customers or their usage of our products and services, or that could prevent us from increasing our number of customers, including:

- our failure to introduce new products or services, or our introduction of new products or services, or changes in our existing products or services, that are not favorably received;
- pricing for our products and services;
- harm to our brand and reputation, or decreases in the perceived quality, reliability or usefulness of our products and services;

- our customers engaging with competitive products and services;
- our customers experiencing security breaches, account intrusions or other unauthorized access as a result of actions by us or our business partners;
- our failure to provide adequate customer service to our customers;
- a cybersecurity attack, data breach or other security incident resulting in loss of customer confidence;
- our inability to manage network or service outages, interruptions and internet disruptions, including during times of high trading activity, or other performance or technical problems that prevent our customers from accessing and managing their accounts or assets in a rapid and reliable manner;
- changes in our customers' investment strategies or level of interest in investing;
- regulatory changes that have the effect of limiting or prohibiting our existing business practices;
- the enactment of proposed legislation that would impose taxes on certain financial transactions;
- changes mandated by legislation, regulatory authorities or litigation that adversely affect our products and services, or our ability to provide them for our customers;
- any restrictions on trading that we impose on our platform as a result of the capital requirements and cash deposit and collateral requirements to which Pave Securities is subject as a fully-disclosed introducing broker-dealer; and
- deteriorating general economic conditions, including as a result of a pandemic or a general downturn in the U.S. equity markets.

As we expand our business operations and enter new markets, new challenges in attracting and retaining customers will arise that we may not successfully address. Our success, and our ability to increase revenues and operate profitably, depends in part on our ability to cost-effectively acquire new customers, to retain existing customers and to keep existing customers engaged so that they continue to use our products and services. Our customers may choose to cease using our platform, products and services at any time, and may choose to transfer their accounts to another broker-dealer.

All of our customers are first-time users of our software, and our revenues could be reduced if these customers stopped using our platform for their investment activities.

Our success, and our ability to increase revenues and operate profitably, depends in part on our customers continuing to utilize our platform, even as global social and economic conditions shift. However, our customers do not have long-term contractual arrangements with us and can utilize our platform on a monthly basis and may also cease to use our platforms at any time. We may face particular challenges in retaining these customers due to increasing availability of competing products that seek to target our customers. Any significant loss of customers or a significant reduction in their use of our platform could have a material impact on our trading volumes and revenues, and materially adversely affect our business, financial condition and results of operations.

Our introduction of new products and services, or changes to existing products and services, could fail to attract or retain customers or generate growth and revenue.

Our ability to attract, engage and retain our customers and to increase our revenue depends heavily on our ability to continue to maintain and evolve our existing products and services and to create successful new products and services. We may introduce significant changes to our existing products and services or acquire or introduce new and unproven products and services, including using technologies with which we have little or no prior development or operating experience. We continue to incur substantial costs, and we may not be successful in continuing to generate profits, in connection with these efforts. In addition, the introduction of new products and services, or changes to existing products and services, may result in new or enhanced governmental or regulatory scrutiny or other complications that could adversely affect our business and results of operations. If our new or enhanced products and services fail to attract customers, or if our business plans are unsuccessful, we may fail to attract or retain customers or to generate sufficient revenue, operating margin or other value to justify our investments, and our business may be adversely affected.

If we do not keep pace with industry and technological changes and continue to provide new and innovative products and services, our business may become less competitive and our business may be adversely impacted.

Rapid and significant technological changes continue to confront the financial services industry, including developments in the methods in which securities are traded. If we fail to innovate and deliver products and services with market fit and differentiation or fail to do so quickly enough as compared to our competitors, we may not be able to keep pace with industry and technological changes in our industry and we may face difficulty in competing within our market, which could harm our business.

We expect new technologies, products, services and industry norms to continue to emerge and evolve, and we cannot predict the effects of technological changes or industry practices on our business. Further, new technologies introduced in our markets may be superior to, or render obsolete, the technologies we currently use in our products and services. Incorporating new technologies into our products and services may require substantial expenditures and take considerable time, and we may not be successful in realizing a return on these development efforts in a timely manner or at all. Our ability to successfully adopt new products and services and to develop and incorporate new technologies may be inhibited by industry-wide standards, changes to laws and regulations, changing customer expectations, demands and preferences or third-party intellectual property rights. If we are unable to enhance our products and services or to innovate or to develop new products and services that achieve market acceptance or that keep pace with rapid technological developments and evolving industry standards or practices, our business could be adversely affected.

Because our products and services are designed to operate on a variety of systems, we will need to continuously modify, enhance and improve our products and services to keep pace with changes in internet-related hardware and other software, communication, browser and database technologies. We may not be successful in either developing these modifications, enhancements and improvements or in bringing them to market quickly or cost-effectively in response to market demands. Furthermore, uncertainties about the timing and nature of new network platforms or technologies, or modifications to existing platforms or technologies, could increase our research and development expenses. Any failure of our products and services to keep pace with technological changes or to innovate or to operate effectively with future network platforms and technologies, or to do so in a timely and cost-effective manner, could reduce the demand for our products and services, result in customer dissatisfaction and negative publicity, reduce our competitive advantage and harm our business and reputation.

If we are unable to successfully monetize our products and services, our financial condition and results of operations may be adversely affected.

We are continuously striving to deliver innovative products and features to customers. As we expand into new business lines and markets, we may find that it is more difficult for us to monetize products and features delivered at attractive prices due to economic, political, competitive or market-structure considerations. If we are not successful in our monetization efforts or if we expend significant resources to launch new products and services that we are unable to monetize, our financial condition and results of operations may be adversely affected.

Risks Related to Our Platform, Systems and Technology

Our platform has been, and may in the future be, subject to interruption and instability due to operational and technological failures, whether internal or external.

We rely on technology, including the internet, to conduct much of our business activity and allow our customers to conduct financial transactions on our platform. Our systems and operations, including our primary and disaster recovery data center operations, as well as those of the third parties on which we rely to conduct certain key functions, are vulnerable to disruptions from natural disasters, power and service outages, interruptions or losses, computer and telecommunications failures, software bugs, cybersecurity attacks, computer viruses, malware, distributed denial of service attacks, spam attacks, phishing or other social engineering, ransomware, security breaches, credential stuffing, technological failure, human error, terrorism, improper operation, unauthorized entry, data loss, intentional bad actions and other similar events and we have experienced such disruptions in the past. Further, we may be particularly vulnerable to any such internal technology failures because we rely heavily on our own software platform, proprietary order routing system, data platform and other back-end infrastructure for our operations, and any such failures could have an adverse effect on our reputation, business, financial condition and results of operations.

In addition, surges in trading volume on our platform may in the future cause our systems to operate at diminished speed or even fail, temporarily or for a more prolonged period of time, which would affect our ability to process transactions and potentially result in some customers' orders being executed at prices they did not anticipate or executed incorrectly or not executed at all. Disruptions to, destruction of, improper access to, breach of, instability of or failure to effectively maintain our information technology systems (including our data processing systems and order routing system) or external technology of third parties with whom we do business that allow our customers to use our products and services could result in customer attrition, costly litigation and regulatory and U.S. Congressional inquiries, negative publicity and reputational harm, and may have an adverse effect on our business. Frequent or persistent interruptions in our products and services could cause customers to believe that our products and services are unreliable, leading them to switch to our competitors or to otherwise avoid our products and services. Additionally, our insurance policies may be insufficient to cover a claim made against us by any such customers affected by any disruptions, outages, or other performance or infrastructure problems.

While we have made, and continue to make, significant investments designed to enhance the reliability and scalability of our platform and operations as well as our customer support functions, we do not have fully redundant systems and we cannot assure that these investments will be successful or that we will be able to maintain, expand and upgrade our systems and infrastructure to meet future requirements and mitigate future risks on a timely basis. It may become increasingly difficult to maintain and improve the availability of our platform, especially as our platform and product offerings become more complex, our customer base grows, and we experience surges in trading volume on our platform. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed, or continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our reputation, business, financial condition and results of operations could be adversely affected.

Our products and internal systems rely on software that is highly technical, and if these systems contain errors, bugs or vulnerabilities, or if we are unsuccessful in addressing or mitigating technical limitations or vulnerabilities in our systems, our business could be adversely affected.

Our products and internal systems rely on software, including software developed or maintained internally and by third parties, which is highly technical and complex. In addition, our platform and our internal systems depend on the ability of such software, which includes machine learning models, to collect, store, retrieve, transmit, manage and otherwise process immense amounts of data. The software on which we rely may contain errors, bugs or vulnerabilities, and our systems are subject to certain technical limitations that may compromise our ability to meet our objectives. Some errors, bugs or vulnerabilities inherently may be difficult to detect and may only be discovered after code has been released for external or internal use. Errors, bugs, vulnerabilities, design defects or technical limitations within the software on which we rely may lead to negative customer experiences (including the communication of inaccurate information to customers), compromised ability of our products to perform in a manner consistent with customer expectations, delayed product introductions, compromised ability to protect the data (including personal data) of our customers and our intellectual property or an inability to provide some or all of our services. Such errors, bugs, vulnerabilities or defects could also be exploited by malicious actors and result in exposure of data of customers on our platform or otherwise result in a security breach or other security incident. We may need to expend significant financial and development resources to analyze, correct, eliminate, or work around errors or defects or to address and eliminate vulnerabilities. Any failure to timely and effectively resolve any such errors, bugs, vulnerabilities or defects in the software on which we rely, and any associated degradations or interruptions of service, could result in damage to our reputation, loss of customers, loss of revenue, regulatory or governmental inquiries, civil litigation, or liability for damages, any of which could have an adverse effect on our business, financial condition and results of operations.

Our success depends in part upon effective operation with networks, technologies, products, hardware and standards that we do not control.

We are dependent on the interoperability of our software with popular networks, technologies, products, hardware and standards that we do not control. Any changes, bugs or technical issues in such systems or in their terms of service or policies that degrade the functionality of our software, give preferential treatment to competitive products, limit our ability to target or measure the effectiveness of applications, or impose fees or other charges related to our delivery of our application could adversely affect customer usage of our software.

We rely on third parties to perform certain key functions, and their failure to perform those functions could adversely affect our business, financial condition and results of operations.

We rely on certain third-party computer systems or third-party service providers, including cloud technology providers such as AWS, internet service providers, payment services providers, market and third-party data providers, regulatory services providers, clearing firms, market makers, exchange systems, banking systems, co-location facilities, communications facilities and other facilities to run our platform, facilitate trades by our customers and support or carry out certain regulatory obligations. In addition, external content providers provide us with financial information, market news, charts, option and stock quotes, and other fundamental data that we provide to our customers. These providers are susceptible to operational, technological and security vulnerabilities, including security breaches, which may impact our business, and our ability to monitor our third-party service providers' data security is limited. In addition, these third-party service providers may rely on subcontractors to provide services to us that face similar risks. Any interruption to these third-party services, or deterioration in the quality of their service or performance, could be disruptive to our business.

Any failure or security breaches by or of our third-party service providers or their subcontractors that result in an interruption in service, unauthorized access, misuse, loss or destruction of data or other similar occurrences could interrupt our business, cause us to incur losses, result in decreased customer satisfaction and increase customer attrition, subject us to customer complaints, significant fines, litigation, disputes, claims, regulatory investigations or other inquiries and harm our reputation. Through contractual provisions and third-party risk management processes, we take steps to require that our providers, and their subcontractors, protect our data and information, including personal data. However, due to the size and complexity of our technology platform and services, the amount of data that we store and the number of customers, employees and third-party service providers with access to personal data, we, our third-party service providers and their subcontractors are potentially vulnerable to a variety of intentional and inadvertent cybersecurity breaches and other security-related incidents and threats, which could result in a material adverse effect on our business, financial condition and results of operation. Any contractual protections we may have from our third-party service providers may not be sufficient to adequately protect us against such consequences, and we may be unable to enforce any such contractual protections.

In addition, there is no assurance that our third-party service providers or their subcontractors will be able to continue to provide these services to meet our current needs in an efficient, cost-effective manner or that they will be able to adequately expand their services to meet our needs in the future. An interruption in or the cessation of service by our third-party service providers or their subcontractors, coupled with our possible inability to make alternative arrangements in a smooth, cost-effective and timely manner, could have adverse effects on our business, financial condition and results of operations.

Further, if there were deficiencies in the oversight and control of our third-party relationships, and if our regulators held us responsible for those deficiencies, it could have an adverse effect on our business, reputation and results of operations.

We primarily rely on Amazon Web Services to deliver our services to customers on our platform, and any disruption of or interference with our use of AWS could adversely affect our business, financial condition and results of operations.

We currently host our platform and support our operations on datacenters provided by AWS, a third-party provider of cloud infrastructure services. Our operations depend on protecting the virtual cloud infrastructure hosted in AWS by maintaining its configuration, architecture and interconnection specifications, as well as the information stored in these virtual data centers and which third-party internet service providers transmit. Furthermore, we do not have physical access to or control over the operations of the facilities of AWS that we use. AWS' facilities are vulnerable to damage or interruption from natural disasters, cybersecurity attacks, terrorist attacks, power outages, and similar events or acts of misconduct. Our platform's continuing and uninterrupted performance is critical to our success. We have experienced, and expect that in the future we will experience, disruptions, interruptions, delays, and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints. Although we carry business interruption insurance, it may not be sufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business that may result from interruptions to our services or products.

In addition, any changes in AWS' service levels may adversely affect our ability to meet the requirements of customers on our platform. Since our platform's continuing and uninterrupted performance is critical to our success, sustained or repeated system failures would reduce the attractiveness of our platform. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times, as we expand and the usage of our platform increases. Any of the above circumstances or events or any negative publicity arising from such disruptions may harm our reputation and brand, reduce the availability or usage of our platform, lead to a significant short-term loss of revenue, increase our costs, and impair our ability to attract new customers, any of which could adversely affect our business, financial condition and results of operations.

Our commercial agreement with AWS will remain in effect until terminated by AWS or us pursuant to such agreement. AWS may terminate the agreement for convenience by providing us with at least two years' prior written notice. AWS may also terminate the agreement for cause upon a material breach of the agreement, subject to AWS providing prior written notice and a 30-day cure period. If AWS reasonably determines that our or any end users' use of its services poses a security risk or threat to the function of their service offerings, AWS may also terminate the agreement for cause upon 90 days' prior written notice and a 90-day cure period. AWS may also terminate the agreement upon 30 days' prior written notice in order to comply with applicable law or requirements of governmental entities. Even though our platform is entirely in the cloud, we believe that we could transition to one or more alternative cloud infrastructure providers on commercially reasonable terms. In the event that our agreement with AWS is terminated or we add additional cloud infrastructure service providers, we may experience significant costs, interruptions in access to our website or online app or downtime in connection with the transfer to, or the addition of, new cloud infrastructure service providers.

A failure to effectively manage the development and use of AI, combined with an evolving regulatory environment, could have an adverse effect on our growth, reputation or business.

Pave Finance uses machine learning and AI in its business and expects to continue to expand its AI capabilities, including through analytical and generative AI. AI methods are complex and rapidly evolving, and the introduction of AI into new or existing processes may result in new or enhanced governmental or regulatory scrutiny, IP or other litigation, data protection, confidentiality or information security risks, social or ethical concerns, competitive harm or other complications. For example, the use of datasets to develop and test AI models, the content generated by AI systems, or the application of AI systems may be found to be insufficient, biased or harmful, or lead to adverse business decisions or operating errors. In addition, IP ownership and license rights, including copyright, surrounding AI technologies have not been fully addressed by US courts or federal, state or non-US laws or regulation. Furthermore, regulation of AI technologies is evolving globally. Efforts around the use of these technologies require additional investment in operational controls and procedures, development and implementation of appropriate protections and safeguards for handling the use of data with AI, including with respect to data leakage, and regulatory compliance costs. Any failure to successfully integrate AI technologies, respond to client or market demands or effectively manage the related risks could harm Pave Finance's growth and reputation, adversely impact product offerings, client interactions or business initiatives, and expose the Company to legal and regulatory liabilities and additional costs, including regulatory fines or sanctions, which may cause its AUM, revenue and earnings to decline.

Risks Related to Human Capital

Our future success depends on the continuing efforts of our key employees and our ability to attract and retain highly skilled personnel and senior management.

Our future success depends, in part, on our ability to continue to identify, attract, develop, integrate and retain qualified and highly skilled personnel. In particular, our Chief Executive Officer ("CEO"), Christopher Ainsworth, our Co-Founder and Chief Investment Officer, Steve Evans, our Co-Founder and Chief Investment Officer, and Peter Corey, our Co-Founder and Chief Market Strategist, have been critical to the development of our business, vision and strategic direction. In addition, we have heavily relied, and expect we will continue to heavily rely, on the services and performance of Mssrs. Ainsworth, Evans and Corey and our senior management team, which provides leadership, contribute to the core areas of our business and help us to efficiently execute our business. If the senior management team, including any new hires that we make, fails to work together effectively and to execute our plans and strategies on a timely basis then our business and future growth prospects could be harmed.

Additionally, the loss of any key personnel could make it more difficult to manage our operations and research and development activities, reduce our employee retention and impair our ability to compete. Although we have entered into employment offer letters with our key personnel, these agreements have no specific duration and constitute at-will employment. We do not maintain key person life insurance policies on any of our employees.

Competition for highly skilled personnel is often intense. We may not be successful in attracting, integrating or retaining qualified personnel to fulfill our current or future needs. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. If we are unable to attract and retain qualified personnel to fulfill our needs as we expand our operations, our business and growth prospects could be harmed. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our common stock declines, it may adversely affect our ability to hire or retain highly skilled employees. Further, we may periodically change our equity compensation practices, which may include reducing the number of employees eligible for equity awards or reducing the size of equity awards granted per employee. If we are unable to attract, integrate or retain the qualified and highly skilled personnel required to fulfill our current or future needs, our business and future growth prospects could be harmed.

The potential for human error in connection with Pave Finance's operational systems could disrupt operations, cause losses, lead to regulatory fines or damage the Company's reputation and may cause Pave Finance's AUM, revenue and earnings to decline.

Many of Pave Finance's operations are highly complex and are dependent on the Company's ability to process and monitor a large number of transactions, many of which occur across numerous markets and currencies at high volumes and frequencies. Although Pave Finance expends considerable resources on systemic controls, supervision, technology and training in an effort to ensure that such transactions do not violate client guidelines and applicable rules and regulations or adversely affect clients, counterparties or the Company, Pave Finance's operations are dependent on its employees. From time-to-time, employees make mistakes that are not always immediately detected by systems, controls, policies and procedures intended to prevent and detect such errors. These can include calculation errors, errors in software implementation or development, failure to ensure data security, follow processes, patch systems or timely report issues, or errors in judgment. Such risks may be exacerbated in times of increased market volatility, high trading volumes or workforce turnover. Human errors, even if promptly discovered and remediated, may disrupt operations or result in regulatory fines and/or sanctions, breach of client contracts, reputational harm or legal liability, which, in turn, may cause Pave Finance's AUM, revenue and earnings to decline.

Fraud, the circumvention of controls or the violation of risk management and workplace policies could have an adverse effect on Pave Finance's reputation, which may cause the Company's AUM, revenue and earnings to decline.

Pave Finance seeks to foster a positive workplace culture, has adopted a comprehensive risk management framework and continues to enhance various controls, procedures, policies and systems to monitor and manage risks. Notwithstanding these measures, Pave Finance cannot ensure that its workplace culture or such controls, procedures, policies and systems will successfully identify and manage internal and external risks. In addition, Pave Finance is subject to the risk that its employees, contractors or other third parties may in the future deliberately or recklessly seek to circumvent established controls to commit fraud, pay or solicit bribes or otherwise act in ways that are inconsistent with the Company's controls, policies, procedures, workplace culture or principles. This risk may be heightened as Pave Finance expands into new markets and increases the breadth of its business offerings, all of which introduce additional complexity to its risk management program. The changing nature of the office environment, such as return to office arrangements and remote and alternative work models, could cause employees to become disconnected with corporate culture and policies, which may increase operational issues. Persistent attempts to circumvent policies and controls or repeated incidents involving fraud, conflicts of interests or transgressions of policies and controls could have an adverse effect on Pave Finance's reputation, cause adverse publicity, and result in litigation, regulatory inquiries, fines and/or sanctions, which may cause the Company's AUM, revenue and earnings to decline.

The failure to recruit, train and retain employees and develop and implement effective executive succession could lead to the loss of clients and may cause AUM, revenue and earnings to decline.

Pave Finance's success is largely dependent on the talents and efforts of its highly skilled workforce and the Company's ability to plan for the future long-term growth of the business by identifying and developing those employees who can ultimately transition into key roles within Pave Finance. The global market for qualified fund managers, investment analysts, technology and risk specialists and other professionals is highly competitive, and factors that affect Pave Finance's ability to attract, train and retain highly qualified and diverse employees include the Company's reputation and workplace culture, the immigration and public health policies in the jurisdictions in which Pave Finance has offices, its approach to remote and alternative work models, the compensation and benefits it provides, and its commitment to effectively managing executive succession, including the development and training of qualified individuals.

In addition, a percentage of the deferred compensation that Pave Finance pays to certain of its employees is tied to the Company's financial performance. As such, decreases in Pave Finance's financial performance could impair the retention value of such deferred compensation. There can be no assurance that the Company will continue to be successful in its efforts to recruit and retain employees and effectively manage executive succession. If Pave Finance is unable to offer competitive compensation or otherwise attract, develop and retain talented individuals, or if it fails to effectively manage executive succession, the Company's ability to compete effectively and retain its existing clients may be materially impacted.

Risks Related to Cybersecurity and Data Privacy

Our business could be materially and adversely affected by a cybersecurity breach or other attack involving our computer systems or data or those of our customers or third-party service providers.

Our systems and those of our customers and third-party service providers have been and may in the future be vulnerable to hardware and cybersecurity issues. We, like other financial technology organizations, routinely are subject to cybersecurity threats and our technologies, systems and networks have been and may in the future be subject to attempted cybersecurity attacks. Such issues are increasing in frequency and evolving in nature.

Concerns about security increase when we transmit information (including personal data) electronically. Electronic transmissions can be subject to attack, interception, loss or corruption. In addition, computer viruses and malware can be distributed and spread rapidly over the internet and could infiltrate our systems or those of our customers or third-party service providers. Infiltration of our systems or those of our customers or third-party service providers could in the future lead to disruptions in systems, accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of confidential, sensitive or otherwise protected information (including personal data) and the corruption of data.

Cybersecurity attacks and other malicious internet-based activity continue to increase, and financial technology platform providers have been and are expected to continue to be targeted. Further, advances in computer capabilities, new discoveries in the field of cryptography, inadequate facility security or other developments may result in a compromise or breach of the technology we use to protect customer data. As the breadth and complexity of the technologies we use and the software and platforms we develop continue to grow, including as a result of the use of cloud services, open-source software, social media and the increased reliance on devices connected to the internet (known as the "Internet of Things"), the potential risk of security breaches and cybersecurity attacks also increases. Despite ongoing efforts to improve our ability to protect data from compromise, we may not be able to protect all of our data across our diverse systems. Our efforts to improve security and protect data from compromise may also identify previously undiscovered instances of security breaches or other cyber incidents. Our policies, employee training (including phishing prevention training), procedures and technical safeguards may also be insufficient to prevent or detect improper access to confidential, proprietary or sensitive data, including personal data.

Additionally, due to the COVID-19 pandemic, there is an increased risk that we may experience cybersecurity-related incidents as a result of our employees, service providers and other third parties working remotely on less secure systems and environments. Controls employed by our information technology department and our customers and third-party service providers, including cloud vendors, could prove inadequate.

Information security risks for financial service providers are increasing, in part because of the use of the internet to conduct financial transactions. In addition, the highly automated nature of our products and services, as well as the liquidity offered by products and services, make us and our customers a target for illegal or improper uses, including fraudulent transactions. Those committing fraud using stolen or fabricated account numbers, or other deceptive or malicious practices, potentially can steal significant amounts of money from businesses and customers like ours. In providing products and services to customers, we rely on our ability to manage, use, store, disclose, transfer and otherwise process a large volume of customer data, including personal information and other sensitive information.

While we take efforts to protect our systems and data, including establishing internal processes and implementing technological measures designed to provide multiple layers of security, and contract with third-party service providers to take similar steps, there can be no assurance that our safety and security measures (and those of our third-party service providers) will prevent damage to, or interruption or breach of, our information systems, data (including personal data) and operations. We have recently taken steps to expand and enhance our cybersecurity controls and practices and, as cybersecurity-related threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, our remediation efforts may not be successful. Certain measures that could increase the security of our systems take significant time and resources to deploy broadly, and such measures may not be deployed in a timely manner or be effective against an attack. The inability to implement, maintain and upgrade adequate safeguards could have a material and adverse impact on our business, financial condition and results of operations.

Moreover, there could be public announcements regarding any cybersecurity-related incidents and any steps we take to respond to or remediate such incidents, and if customers perceive these announcements to be negative, it could, among other things, have a substantial adverse effect on the use of our software. Further, any publicized security problems affecting our businesses or those of third parties with whom we are affiliated or otherwise conduct business may discourage consumers from doing business with us, which could have a material and adverse effect on our business, financial condition and results of operations.

It is difficult or impossible to defend against every risk being posed by changing technologies, as well as criminals' intent to commit cyber-crime, and these efforts may not be successful in anticipating, preventing, detecting or stopping attacks, or reacting in a timely manner. The increasing sophistication and resources of cyber criminals and other non-state threat actors and increased actions by nation-state actors make it difficult to keep up with new threats and could result in a breach of security. Additionally, we cannot guarantee that our insurance coverage would be sufficient to cover all losses.

To the extent the operation of our systems relies on our third-party service providers, through either a connection to, or an integration with, third parties' systems, the risk of cybersecurity attacks and loss, corruption, or unauthorized access to or publication of our information or the confidential information and personal data of customers and employees may increase. Third-party risks may include insufficient security measures, data location uncertainty, and the possibility of data storage in inappropriate jurisdictions where laws or security measures may be inadequate, and our ability to monitor our third-party service providers' data security practices are limited. Although we generally have agreements relating to cybersecurity and data privacy in place with our third-party service providers, they are limited in nature and we cannot guarantee that such agreements will prevent the accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data (including personal data) or enable us to obtain adequate or any reimbursement from our third-party service providers in the event we should suffer any such incidents. Due to applicable laws and regulations or contractual obligations, we may be held responsible for any information security failure or cybersecurity attack attributed to our vendors as they relate to the information we share with them. A vulnerability in a third-party service provider's software or systems, a failure of our third-party service providers' safeguards, policies or procedures, or a breach of a third-party service provider's software or systems could result in the compromise of the confidentiality, integrity or availability of our systems or the data housed in our third-party solutions.

We collect, store, share, disclose, transfer, use and otherwise process customer information and other data, including personal data, and an actual or perceived failure by us or our third-party service providers to protect such information and data or respect customers' privacy could damage our reputation and brand, negatively affect our ability to retain customers and harm our business, financial condition, operating results, cash flows and prospects.

The operation of our platform involves the use, collection, storage, sharing, disclosure, transfer and other processing of customer information, and the information of their wealth management clients, including personal data, and security breaches and other security incidents could expose us to a risk of loss or exposure of this information, which could result in potential liability, investigations, regulatory fines, penalties for violation of applicable laws or regulations, litigation, and remediation costs, as well as reputational harm. Any or all of the issues above could adversely affect our ability to attract new customers and continue our relationship with existing customers, cause our customers to stop using our products and services, result in negative publicity or subject us to governmental, regulatory or third-party lawsuits, disputes, investigations, orders, regulatory fines, penalties for violation of applicable laws or regulations or other actions or liability, thereby harming our business, financial condition, operating results, cash flows, and prospects. Any accidental or unauthorized access to or disclosure, loss, destruction, disablement or encryption of, use or misuse of or modification of data, including personal data, cybersecurity breach or other security incident that we, our customers or our third-party service providers experience or the perception that one has occurred or may occur, could harm our reputation, reduce the demand for our products and services and disrupt normal business operations. In addition, it may require us to expend significant financial and operational resources in response to a security breach, including repairing system damage, increasing security protection costs by deploying additional personnel and modifying or enhancing our protection technologies, investigating, remediating or correcting the breach and any security vulnerabilities, defending against and resolving legal and regulatory claims, and preventing future security breaches and incidents, all of which could expose us to uninsured liability, increase our risk of regulatory scrutiny, expose us to legal liabilities, including litigation, regulatory enforcement, indemnity obligations or damages for contract breach, divert resources and the attention of our management and key personnel away from our business operations, and cause us to incur significant costs, any of which could materially adversely affect our business, financial condition, and results of operations. Moreover, there could be public announcements regarding any such incidents and any steps we take to respond to or remediate such incidents, and if customers perceive these announcements to be negative, it could have an adverse effect on the use of our software.

Future security incidents may result in unauthorized access to, loss of or unauthorized disclosure of this data, regulatory enforcement actions, litigation, indemnity obligations and other possible liabilities, as well as negative publicity. A breach of our security that results in unauthorized access to our data could expose us to a disruption or challenges relating to our daily operations, as well as to data loss, litigation, disputes, regulatory investigations, orders, damages, fines and penalties, indemnity obligations, damages for contract breach, penalties for violation of applicable laws and regulations, significant increases in compliance costs and reputational damage, any of which could have a material and adverse effect on our business, financial condition, operating results, cash flows and prospects.

We are subject to stringent laws, rules, regulations, policies, industry standards and contractual obligations regarding data privacy and security and may be subject to additional related laws and regulations in jurisdictions into which we expand. Many of these laws and regulations are subject to change and reinterpretation and could result in claims, changes to our business practices, monetary penalties, increased cost of operations or other harm to our business.

We are subject to a variety of federal, state, local, and non-U.S. laws, directives, rules, policies, industry standards and regulations, as well as contractual obligations, relating to privacy and the collection, protection, use, retention, security, disclosure, transfer and other processing of personal data and other data, including the GLBA, Section 5(c) of the FTC Act and the CCPA. The regulatory framework for data privacy and security worldwide is continuously evolving and developing and, as a result, interpretation and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. New laws, amendments to or reinterpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations, and may require us to change how we use, collect, store, transfer or otherwise process certain types of personal data and to implement new processes to comply with those laws and our customers' exercise of their rights thereunder.

In the U.S., federal law, such as the GLBA and its implementing regulations, restricts certain collection, processing, storage, use and disclosure of personal data, requires notice to individuals of privacy practices and provides individuals with certain rights to prevent the use and disclosure of certain nonpublic or otherwise legally protected information. These rules also impose requirements for the safeguarding and proper destruction of personal data through the issuance of data security standards or guidelines. The U.S. government, including Congress, the FTC and the Department of Commerce, has announced that it is reviewing the need for greater regulation for the collection, use and other processing of information concerning consumer behavior on the internet, including regulation aimed at restricting certain targeted advertising practices. There is also a risk of enforcement actions in response to rules and regulations promulgated under the authority of federal agencies and state attorneys general and legislatures and consumer protection agencies. In addition, privacy advocates and industry groups have proposed and may propose new and different self-regulatory standards that either legally or contractually apply to us. If we fail to follow these security standards, even if no customer information is compromised, we may incur significant fines or experience a significant increase in costs.

Numerous states have enacted or are in the process of enacting state-level data privacy laws and regulations governing the collection, use, and other processing of state residents' personal data. For example, the CCPA, which took effect on January 1, 2020, established a new privacy framework for covered businesses such as ours, and may require us to modify our data processing practices and policies and incur compliance related costs and expenses. The CCPA provides new and enhanced data privacy rights to California residents, such as affording California residents the right to access and delete their information and to opt out of certain sharing and sales of personal information. The law also prohibits covered businesses from discriminating against California residents (for example, charging more for services) for exercising any of their CCPA rights. The CCPA imposes severe civil penalties and statutory damages as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action is expected to increase the likelihood of, and risks associated with, data breach litigation. However, it remains unclear how various provisions of the CCPA will be interpreted and enforced. In November 2020, California voters passed the CPRA. Effective in most material respects starting on January 1, 2023, the CPRA will impose additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding the CCPA with additional data privacy compliance requirements that may impact our business. The CPRA also establishes a regulatory agency dedicated to enforcing the CCPA and the CPRA. The effects of the CPRA, the CCPA, other similar state or federal laws and other future changes in laws or regulations relating to privacy, data protection and information security, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer or disclosure, are significant and may require us to modify our data processing practices and policies and could greatly increase the cost of providing our offerings, require significant changes to our operations or even prevent us from providing certain offerings in jurisdictions in which we currently operate and in which we may operate in the future or incur potential liability in an effort to comply with such legislation.

The CPRA and the CCPA may lead other states to pass comparable legislation, with potentially greater penalties and more rigorous compliance requirements relevant to our business. For example, many state legislatures have adopted legislation that regulates how businesses operate online, including measures relating to privacy, data security, data breaches and the protection of sensitive and personal information. Laws in all 50 states require businesses to provide notice to customers whose personally identifiable information has been disclosed as a result of a data breach. The laws are not consistent, as certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information than federal, international or other state laws, and such laws may differ from each other, which may complicate compliance efforts. Compliance in the event of a widespread data breach may be costly.

The NYDFS also issued Cybersecurity Requirements for Financial Services Companies, which took effect in 2017, and which require banks, insurance companies and other financial services institutions regulated by the NYDFS, to establish and maintain a cybersecurity program designed to protect consumers and ensure the safety and soundness of New York State's financial services industry. The cybersecurity regulation adds specific requirements for these institutions' cybersecurity compliance programs and imposes an obligation to conduct ongoing, comprehensive risk assessments. Further, on an annual basis, each institution is required to submit a certification of compliance with these requirements. We have in the past and may in the future be subject to investigations and examinations by the NYDFS regarding, among other things, our cybersecurity practices.

We may face particular privacy, data security, and data protection risks as we continue to expand into international markets.

Other countries have also passed or are considering passing laws requiring local data residency or restricting the international transfer of data. These changes may lead to additional costs and increase our overall risk exposure. Any inability to adequately address data privacy or security-related concerns, even if unfounded, or to comply with applicable laws, regulations, standards and other obligations relating to data privacy and security, could result in litigation, breach notification obligations, regulatory or administrative sanctions, additional cost and liability to us, harm to our reputation and brand, damage to our relationships with customers and have an adverse effect on our business, financial condition and results of operations.

Risks Related to Our Intellectual Property

Any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could adversely affect our business, financial condition and results of operations.

Our success and ability to compete depend in part upon our ability to obtain, maintain, protect, defend and enforce our intellectual property rights and technology. Unauthorized use of our intellectual property or a violation of our intellectual property rights by third parties may damage our brand and our reputation. We rely on a combination of trademark, patent, copyright, and trade secret laws in the U.S. and internationally, our terms and conditions, other contractual provisions and technological measures to protect our intellectual property rights from infringement, misappropriation or other violation to maintain our brand and competitive position. Various factors outside our control pose a threat to our intellectual property rights, as well as to our products, services and technologies.

The steps we take to protect our intellectual property rights may not be sufficient to effectively prevent third parties from infringing, misappropriating, diluting or otherwise violating our intellectual property rights or to prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information. We make business decisions about when to seek patent protection for a particular technology and when to rely upon trade secret protection, and the approach we select may ultimately prove to be inadequate. There can be no assurance our intellectual property rights will be sufficient to protect against unauthorized parties offering products or services that are substantially similar to ours and compete with our business or attempting to copy aspects of our technology and use information that we consider proprietary.

In addition, to registered intellectual property rights, we rely on non-registered proprietary information and technology, such as trade secrets, confidential information and know-how. We attempt to protect our intellectual property, technology, and confidential information by requiring our employees, contractors, consultants, corporate collaborators, advisors and other third parties who develop intellectual property on our behalf to enter into confidentiality and invention assignment agreements, and third parties we share information with to enter into nondisclosure and confidentiality agreements. We cannot guarantee that we have entered into such agreements with each party who has developed intellectual property on our behalf and each party that has or may have had access to our confidential information, know-how and trade secrets. These agreements may be insufficient or breached or may not effectively prevent unauthorized access to or unauthorized use, disclosure, misappropriation or reverse engineering of our confidential information, intellectual property, or technology. Moreover, these agreements may not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or technology, or infringement of our intellectual property. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, trade secrets and know-how can be difficult to protect and some courts inside and outside the United States are less willing or unwilling to protect trade secrets and know-how. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, and our competitive position would be materially and adversely harmed.

The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. Additionally, individuals not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual property, and, to the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

We will not be able to protect our intellectual property rights if we do not detect unauthorized use of our intellectual property rights. We also may fail to maintain or be unable to obtain adequate protections for certain of our intellectual property rights in the United States and certain non-U.S. countries, and our intellectual property rights may not receive the same degree of protection in non-U.S. countries as they would in the United States because of the differences in non-U.S. patent, trademark, copyright, and other laws concerning intellectual property and proprietary rights. Any of our intellectual property rights may be successfully challenged, opposed, diluted, misappropriated or circumvented by others or invalidated, narrowed in scope or held unenforceable through administrative process or litigation in the United States or in non-U.S. jurisdictions. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain and any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secrets and intellectual property rights.

In order to protect our intellectual property rights, we may be required to expend significant resources to apply for, maintain, monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse outcome in such litigation or proceedings may therefore expose us to a loss of our competitive position, expose us to significant liabilities or require us to seek licenses that may not be available on commercially acceptable terms, if at all. Our failure to secure, protect and enforce our intellectual property rights could seriously damage our brand and have an adverse effect on our business, financial condition and results of operations.

We may in the future be subject to claims that we violated certain third-party intellectual property rights, which, even where meritless, can be costly to defend and could materially adversely affect our business, results of operations, and financial condition.

Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our products or services are infringing, misappropriating or otherwise violating third-party intellectual property rights and such third parties may bring claims alleging such infringement, misappropriation or violation. Additionally, companies in the technology industry own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. As we face increasing competition and become increasingly high profile, the possibility of receiving a larger number of intellectual property claims against us grows. In addition, various "non-practicing entities," and other intellectual property rights holders may in the future attempt to assert intellectual property claims against us or seek to monetize the intellectual property rights they own to extract value through licensing or other settlements.

Our use of third-party software and other intellectual property rights may be subject to claims of infringement or misappropriation. The vendors who provide us with technology that we incorporate in our product offerings also could become subject to various infringement claims. We cannot guarantee that our internally developed or acquired technologies and content do not or will not infringe, misappropriate or otherwise violate the intellectual property rights of others.

From time to time, our competitors or other third parties may claim, and have in the past claimed, that we are infringing upon, misappropriating or otherwise violating their intellectual property rights. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition, results of operations, cash flows or prospects. Any claims or litigation, even those without merit and regardless of the outcome, could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial costs or damages, obtain a license, which may not be available on commercially reasonable terms or at all, pay significant ongoing royalty payments, settlements or licensing fees, satisfy indemnification obligations, prevent us from offering our products or services or using certain technologies, force us to implement expensive and time-consuming work-arounds or re-designs, distract management from our business or impose other unfavorable terms.

We expect that the occurrence of infringement claims is likely to grow as the market for financial services grows and as we introduce new and updated products and services, and the outcome of any allegation is often uncertain. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Even if intellectual property claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and require significant expenditures. Any of the foregoing could prevent us from competing effectively and could have an adverse effect on our business, financial condition and results of operations.

We may not be able to obtain, maintain, protect, defend and enforce our trademarks and trade names, or build name recognition in our markets of interest, thereby harming our competitive position.

We believe that the protection of our trademark rights is an important factor in product recognition, protecting our brand and maintaining goodwill. We may be unable to obtain trademark protection for our technologies, logos, slogans and brands, and our existing trademark registrations and applications, and any trademarks that may be used in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. Further, we may not timely or successfully register our trademarks.

If we do not adequately protect our rights in our trademarks from infringement and unauthorized use, any goodwill that we have developed in those trademarks could be lost or impaired, which could harm our brand and our business. We have registered, among other trademarks, the term "Robinhood" and our feather logo in the United States and certain other jurisdictions. Competitors have and may continue to adopt service names similar to ours, thereby harming our ability to build brand identity and possibly leading to customer confusion. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks that are similar to our trademarks. Furthermore, our trademarks may be opposed, contested, circumvented or found to be unenforceable, weak or invalid, and we may not be able to prevent third parties from infringing or otherwise violating them or using similar marks in a manner that causes confusion or dilutes the value or strength of our brand. Litigation or proceedings before the U.S. Patent and Trademark Office or other governmental authorities and administrative bodies in the United States and abroad may be necessary in the future to enforce our trademark rights and to determine the validity and scope of the trademark rights of others. Our efforts to obtain, maintain, protect, defend and enforce our trademarks may be ineffective and could result in substantial costs and diversion of resources, which could adversely affect our business, financial condition, and results of operations.

We may be unable to continue to use the domain names that we use in our business or prevent third parties from acquiring and using domain names that infringe, misappropriate or otherwise violate, are similar to, or otherwise decrease the value of our brand, trademarks, or service marks.

We have registered domain names that we use in, or are related to, our business, most importantly www.pavefinance.com, pavepro.ai and pavesecurities.com. If we lose the ability to use a domain name, whether due to trademark claims, failure to renew the applicable registration, or any other cause, we may be forced to market our offerings under a new domain name, which could cause us substantial harm or cause us to incur significant expense in order to purchase rights to the domain name in question. We may not be able to obtain preferred domain names outside the United States due to a variety of reasons. In addition, our competitors and other third parties could attempt to capitalize on our brand recognition by using domain names similar to ours. We may be unable to prevent our competitors and other third parties from acquiring and using domain names that infringe, misappropriate, or otherwise violate, are similar to, or otherwise decrease the value of our brand or our trademarks or service marks. Obtaining, maintaining, protecting, defending and enforcing our rights in our domain names may require litigation, which could result in substantial costs and diversion of resources, which could in turn adversely affect our business, financial condition, and results of operations.

Some of our products and services contain open-source software, which may pose particular risks to our proprietary software, products and services in a manner that could harm our business.

We use open-source software in our products and services and anticipate using open-source software in the future. Some open-source software licenses require those who distribute open-source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open-source code on unfavorable terms or at no cost, and we may be subject to such terms. The terms of many open-source licenses to which we are subject have not been interpreted by U.S. or foreign courts, and there is a risk that open-source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. We could face claims from third parties claiming ownership of, or demanding release of, the open-source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open-source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement, which may be a costly and time-consuming process. While we monitor our use of open-source software and try to ensure that none is used in a manner that would require us to disclose our proprietary source code or that would otherwise breach the terms of an open-source agreement, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms are often ambiguous. Any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of contract could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours.

Additionally, the use of certain open-source software can lead to greater risks than use of third-party commercial software, as open-source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open-source software, and we cannot ensure that the authors of such open-source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open-source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have an adverse effect on our business, financial condition and results of operations.

We may be unable to halt the operations of third-party websites that aggregate or misappropriate our data.

Third parties may misappropriate our data through website scraping, robots, or other means and aggregate this data on their websites with data from other companies. In addition, copycat websites may misappropriate data from our platform and attempt to imitate our brand or the functionality of our website. If we become aware of such websites, we intend to employ technological or legal measures in an attempt to halt their operations. However, we may be unable to detect all such websites in a timely manner and, even if we are successful in detecting such websites, technological and legal measures may be insufficient to halt their operations. In some cases, particularly in the case of websites operating outside of the U.S., our available remedies may not be adequate to protect us against the effect of the operation of such websites. Regardless of whether we can successfully enforce our rights against the operators of these websites, any measures that we may take could require us to expend significant financial or other resources, which could harm our business, financial condition, operating results, cash flows, and prospects. In addition, to the extent that such activity creates confusion among customers, our brand and business could be harmed.

If we fail to comply with our obligations under license or technology agreements with third parties or are unable to license rights to use technologies on reasonable terms, we may be required to pay damages and could potentially lose license rights that are critical to our business.

We license certain intellectual property, including technologies, data, content and software from third parties, which is important to our business, and in the future we may enter into additional agreements that provide us with licenses for valuable intellectual property or technology. If we fail to comply with any of the obligations under our license agreements, we may be required to pay damages, and the licensor may have the right to terminate the license. Termination by the licensor would cause us to lose valuable rights and could prevent us from selling our products and services or inhibit our ability to commercialize future products and services. Our business would suffer if any current or future licenses terminate, if the licensors fail to abide by the terms of the license, if the licensed intellectual property rights are found to be invalid or unenforceable, or if we are unable to enter into necessary licenses on acceptable terms. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing or otherwise violating the licensor's rights.

In the future, we may identify additional third-party intellectual property we may need to license in order to engage in our business. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more-established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our products and services. Such royalties are a component of the cost of our products or services and may affect the margins on our products and services. In addition, such licenses may be non-exclusive, which could give our competitors access to the same intellectual property licensed to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition and results of operations.

Risks Related to Finance, Accounting and Tax Matters

Our insurance coverage may be inadequate or expensive.

We are subject to claims in the ordinary course of business. These claims may involve substantial amounts of money and involve significant defense costs. It is not possible to prevent or detect all activities giving rise to claims and the precautions we take may not be effective in all cases. We maintain voluntary and required insurance coverage, including, among others, general liability, property, director and officer, excess-SIPC, business interruption, cyber and data breach, errors and omissions, crime and fidelity bond insurance. Our insurance coverage is expensive and maintaining or expanding our insurance coverage may have an adverse effect on our results of operations and financial condition.

Our insurance coverage may be insufficient to protect us against all losses and costs stemming from operational and technological failures and we cannot be certain that such insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. For example, we offer a guarantee to our customers to fully reimburse direct losses that occur due to unauthorized activity that is not the fault of the customer, and any such losses we incur in satisfaction with this guarantee may not be fully or partially covered by insurance. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have an adverse effect on our business, financial condition and results of operations.

Proposed legislation that would impose taxes on certain financial transactions could have a material adverse effect on our business, financial condition and results of operations.

Certain members of the U.S. Congress and individual state legislatures have proposed the imposition of new taxes on a broad range of financial transactions, including transactions that occur on our platform, such as the buying and selling of stocks and derivative transactions. For example, the Wall Street Tax Act of 2021, H.R. 328, which was introduced into the U.S. Congress in January 2021, would impose a 0.1% excise tax on certain covered transactions. If enacted, such financial transaction taxes could increase the cost to customers of investing or trading on our platform and reduce or adversely affect U.S. market conditions and liquidity, general levels of interest in investing and the volume of trades and other transactions from which we derive transaction revenues. While it is difficult to assess the impact the proposed taxes could have on us, if a financial transaction tax is implemented in any jurisdiction in which we operate, our business, financial condition or results of operations could suffer a material adverse effect, and we could be impacted to a greater degree than other market participants.

Changes in U.S. tax laws and policies could adversely impact our financial condition and results of operations.

We are subject to complex and evolving U.S. tax laws and regulations, which may in the future make changes to corporate income tax rates, the treatment of foreign earnings, if any, or other income tax laws that could affect our future income tax provision and reduce our earnings while increasing the complexity, burden and cost of tax compliance.

Our determination of our tax liability is subject to review by applicable tax authorities. Any adverse outcome of such a review could harm our results of operations and financial condition. The determination of our tax liabilities requires significant judgment, and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is complex and uncertain. In addition, our future effective tax rates could be favorably or unfavorably affected by changes in tax rates, changes in the valuation of our deferred tax assets or liabilities, the effectiveness of our tax planning strategies or changes in tax laws or their interpretation. Such changes could have an adverse effect on our financial condition.

Although we believe our estimates are reasonable, as a result of these and other factors, the ultimate amount of our tax obligations owed may differ from the amounts recorded in our consolidated financial statements and any such difference may harm our results of operations in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

In addition, certain members of the U.S. Congress and individual state legislatures have proposed the imposition of new taxes on a broad range of financial transactions, including transactions that occur on our platform, such as the buying and selling of stocks and derivative transactions. If enacted, such proposed financial transaction taxes could increase the cost to customers of investing or trading on our platform and reduce or adversely affect U.S. market conditions and liquidity, our customers' investment performance, general levels of interest in investing and the volume of trades and other transactions from which we derive transaction revenues, as well as on our business, financial condition and results of operations.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

As of December 31, 2024, we had U.S. and state NOL carryforwards of $9.8 million. Under Sections 382 and 383 of the Code, a corporation that undergoes an "ownership change" (as defined by the Code) may be subject to limitations on its ability to utilize its pre-change NOLs and other tax attributes such as research tax credits to offset future taxable income. If it is determined that we have in the past experienced an ownership change, or if we undergo one or more ownership changes as a result of future transactions in our stock, then our ability to utilize NOLs and other pre-change tax attributes could be limited by Sections 382 and 383 of the Code, and similar state provisions. Future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Section 382 or 383 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. For these reasons, we may not be able to utilize our NOLs, even if we maintain profitability.

We are exposed to fluctuations in interest rates.

Fluctuations in interest rates may adversely impact our customers' and their clients' general spending levels and ability and willingness to invest through our platform. Additionally, some of our products, such as our margin lending programs, are affected by interest rate changes. Higher interest rates often lead to higher payment obligations by our customers to us and to their creditors under mortgage, credit card, and other consumer and merchant loans, which may reduce our customers' clients' ability to satisfy their obligations to us. A low or negative interest rate environment or reductions in interest rates may negatively impact our net income.

Risks Related to Our SAFE and this Offering

The Custodian shall serve as the legal title holder of the Securities. Investors will only obtain a beneficial ownership in the Securities.

The Issuer and the Investor shall appoint and authorize the qualified third-party Custodian for the benefit of the Investor, to hold the SAFE and any securities that may be issued upon conversion thereof in registered form in the Custodian's name or the name of the Custodian's nominees for the benefit of the Investor and Investor's permitted assigns. The Custodian may take direction from the Lead who will act on behalf of the Investors, and the Custodian may be permitted to rely on the Lead's instructions related to the Securities. Investors may never become an equity holder, merely a beneficial owner of an equity interest."

Investors will not become equity holders until a qualified equity financing is completed or until there is a change of control or sale of substantially all of the Issuer's assets. The Investor may never directly hold equity in the Issuer.

Investors will not have an ownership claim to the Issuer or to any of its assets or revenues for an indefinite amount of time and depending on when and how the Securities are converted, the Investors may never become equity holders of the Issuer. Investors will not become equity holders of the Issuer unless the Issuer receives a future round of financing great enough to trigger a conversion of the Securities. The Issuer is under no obligation to convert the Securities. In certain instances, such as the sale of the Issuer or substantially all of its assets, an initial public offering or a dissolution or bankruptcy, the Investors may only have a right to receive cash, to the extent available, rather than equity in the Issuer.

Investors will not have voting rights, even upon conversion of the Securities.

Investors will not have the right to vote upon matters of the Issuer even if and when their Securities are converted (the occurrence of which cannot be guaranteed). Under the terms of the Securities, a third-party designated by the Issuer will exercise voting control over the Securities. Upon conversion, the Securities will **continue** to be voted in line with the designee identified or pursuant to a voting agreement related to the equity securities the Security is converted into. For example, if the Securities are converted in connection with an offering of Series B Preferred Stock, Investors would directly or beneficially receive securities in the form of shares of Series B-CF Preferred Stock and such shares would be required to be subject to the terms of the Securities that allows a designee to vote their shares of Series B-CF Preferred

Stock consistent with the terms of the Security. Thus, Investors will essentially never be able to vote upon any matters of the Issuer unless otherwise provided for by the Issuer."

The Securities may never convert to equity in the Company, and if the Company never undergoes a liquidity event, then the Investors may have to hold the Securities indefinitely.

The Issuer may never conduct a future equity financing that triggers the conversion of the Securities into equity in the Company. In addition, the Issuer may never undergo a liquidity event such as a sale of the Issuer or an initial public offering. If neither the conversion of the Securities nor a liquidity event occurs, Investors could be left holding the Securities in perpetuity. The Securities have numerous transfer restrictions and will likely be highly illiquid, with no secondary market on which to sell them. If a transfer, resale, assignment or distribution of the Security should occur prior to the conversion of the Security or after, if the Security is still held by the original purchaser directly, the transferee, purchaser, assignee or distributee, as relevant, will be required to sign a new Omnibus Nominee Trust Agreement (as defined in the Security). The Securities are not equity interests, have no ownership rights, have no rights to the Issuer's assets or profits and have no voting rights or ability to direct the Issuer or its actions.

While the Securities provide mechanisms whereby holders of the Securities would be entitled to a return of their purchase amount upon the occurrence of certain events, if the Issuer does not have sufficient cash on hand, this obligation may not be fulfilled.

Upon the occurrence of certain events, as provided in the Securities, holders of the Securities may be entitled to a return of the principal amount invested. Despite the contractual provisions in the Securities, this right cannot be guaranteed if the Issuer does not have sufficient liquid assets on hand. Therefore, potential Investors should not assume a guaranteed return of their investment amount."

In the event of the dissolution or bankruptcy of the Issuer, Investors will not be treated as debt holders and therefore are unlikely to recover any proceeds.

In the event of the dissolution or bankruptcy of the Issuer, the holders of the Securities that have not been converted will be entitled to distributions as described in the Securities. This means that such holders will only receive distributions once all of the creditors and more senior security holders, including any holders of preferred stock, have been paid in full. No holders of any of the Securities can be guaranteed any proceeds in the event of the dissolution or bankruptcy of the Issuer.

You will experience immediate and substantial dilution in the book value of the SAFE you purchase in this offering.

The offering price is substantially higher than the pro forma as adjusted net tangible book value per share of our outstanding Class A Common Stock. Investors purchasing our SAFE in this offering will pay a price that substantially exceeds the book value of our tangible assets after subtracting our liabilities. As a result, investors purchasing the SAFE in this offering will incur immediate and substantial dilution, representing the difference between the offering price of our SAFE and our pro forma as adjusted net tangible book value per share after giving effect to our sale of the SAFE in this offering.

We do not intend to pay dividends in the foreseeable future.

We have never declared or paid any cash dividends on our capital stock and do not anticipate paying any cash dividends on our capital stock in the foreseeable future. The declaration and amount of any future dividends to holders of our capital stock will be at the discretion of our Board in accordance with applicable law and after taking into account various factors, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our Board currently deems relevant. Our Board intends to retain future earnings to fund the development and expansion of our business. Accordingly, we do not expect to pay dividends on our capital stock in the foreseeable future. As a result, capital appreciation, if any, of our capital stock will be your sole source of gain for the foreseeable future.

We have broad discretion in the use of the net proceeds from this offering and our use of those proceeds may not yield a favorable return on your investment.

We cannot specify with any certainty the particular uses of the net proceeds that we will receive from this offering. Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. We have not established a timetable for the effective deployment of the proceeds, and we cannot predict how long it will take to deploy the proceeds. We expect to use our net proceeds from this offering for working capital, capital expenditures and general corporate purposes. The failure by our management to apply these proceeds effectively or in a manner that increases our fair value or enhances our profitability could harm our business, results of operations and financial condition and may negatively impact the value of our capital stock.

The multi-class structure of our common stock will have the effect of concentrating voting power with our founders, which will limit your ability to influence the outcome of matters submitted to our stockholders for approval, including the election of our Board, the adoption of amendments to our Charter and our Bylaws and the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction.

Our Class A Common Stock has one vote per share and our Class P Common Stock has 100 votes per share. Upon the closing of this offering, our Chief Executive Officer and our Co-Founders and certain of their related entities will together hold all of the issued and outstanding shares of our Class P Common Stock. Accordingly, upon the completion of this offering, EPI Holding LLC will hold an economic interest of approximately 42.6% of Pave Finance. EPI Holding LLC is a special purpose vehicle that is owned substantially by the founders of Pave Finance. Accordingly, EPI Holding LLC will hold approximately 98.7% of the voting power of our outstanding capital stock. As a result, our Chief Executive Officer and our Co-Founders will have the ability to determine or significantly influence any action requiring the approval of our stockholders, including the election of our Board, the adoption of amendments to our Charter and our Bylaws and the approval of any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction.

Our Chief Executive Officer and our Co-Founders may have interests that differ from yours and may vote in a way with which you disagree, and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing or deterring a change in control of our Company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our Company, and might ultimately affect the value of our Class A Common Stock. Further, the separation between voting power and economic interests could cause conflicts of interest between our Chief Executive Officer and our Co-Founders and our other stockholders, which may result in our Chief Executive Officer and our Co-Founders undertaking, or causing us to undertake, actions that would be desirable for our founders but would not be desirable for our other stockholders.

Future transfers by the holders of Class P Common Stock will generally result in those shares automatically converting into shares of Class A Common Stock, subject to limited exceptions, such as certain transfers effected for estate planning or other transfers among our Chief Executive Officer and our Co-Founders founders, their family members and certain of their related entities. Each share of our Class P Common Stock is convertible at any time at the option of the holder of such share into one share of our Class A Common Stock. In addition, each share of our Class P Common Stock will convert automatically into one share of our Class A Common Stock upon the earliest of (i) the date and time specified by the affirmative vote of the holders of at least 80% of the then-outstanding shares of Class P Common Stock, voting separately as a class, (ii) the date fixed by our Board that is no less than 61 days and no more than 180 days following the date on which the number of then-outstanding shares of Class P Common Stock represent less than 5.0% of the aggregate number of shares of Class A Common Stock and Class P Common Stock then outstanding, (iii) the date fixed by our Board that is no less than 61 days and no more than 180 days following the date that (A) each party is no longer providing services to our Company as an officer, employee or consultant and (B) each party is not a director of our Company as a result of a voluntary resignation by such party from our Board or as a result of a written request or agreement by such party not to be renominated as a director of our Company at an annual or special meeting of stockholders; (iv) the date that is nine months after the death or permanent and total disability of the last to die or become permanently and totally disabled of such parties, or such later date not to exceed a total period of 18 months after such death or permanent and total disability as may be approved by a majority of our independent directors or (v) the date that is 15 years from the completion of this offering (the "Final Conversion Date"). Because of the 100-to-one voting ratio between our Class P Common Stock and Class A Common Stock, prior to the Final Conversion Date, even if some of our Class P Common Stock converts into Class A Common Stock, including as a result of future transfers of such Class P Common Stock, our Chief Executive Officer and our Co-Founders may still collectively control a significant portion of the voting power of our capital stock based on their current ownership. If our Chief Executive Officer and our Co-Founders founders and his related entities retain a significant portion of their holdings of Class P Common Stock for an extended period of time, such founder could, in the future, continue to control a significant portion of the combined voting power of our outstanding capital stock, even if the other founder and his related entities reduce their holdings of Class P Common Stock, and such voting power could enable such founder to effectively control all matters subject to stockholder approval prior to the Final Conversion Date.

Certain provisions in our Charter and our Bylaws and of Delaware law as well as certain FINRA rules may prevent or delay the acquisition of Pave Finance, which could decrease the value of our SAFE.

Our Charter will provide for our multi-class common stock structure, which provides holders of shares of our Class P common stock with the ability to significantly influence the outcome of matters requiring stockholder approval, including the approval of any merger, consolidation, sale of all or substantially all of our assets, or other major corporation transaction, even if they own significantly less than a majority of the shares of our outstanding Common Stock.

Our Charter and our Bylaws will also contain, and Delaware law contains, provisions that may have the effect of deterring takeovers by making such takeovers more expensive for the bidder and by encouraging prospective acquirers to negotiate with our Board rather than to attempt a hostile takeover. Our Charter and our Bylaws include, among others, the following provisions:

- providing that only our Board may fill any vacancies created by the expansion of our Board or the resignation, death or removal of a director;

- prohibiting cumulative voting in the election of directors;

- providing that our Board may adopt, amend, alter or repeal our Bylaws without obtaining stockholder approval;

- requiring approval of at least a majority of the voting power of the then-outstanding shares of capital stock to adopt, amend, alter or repeal our Bylaws;

- requiring approval of (i) at least a majority of the shares of the then-outstanding voting shares to amend, repeal or adopt any provisions of our Charter and (ii) for so long as any shares of our Class P Common Stock are outstanding, at least 80% of the outstanding shares of our Class P Common Stock, voting separately as a class, to amend, repeal or adopt certain provisions of our Charter;

- permitting our Board to authorize the issuances of shares of preferred stock and to determine the price and other terms of those shares, including voting or other rights and preferences, without obtaining stockholder approval;

- establishing limitations on convening a special meeting of our stockholders;

- requiring our stockholders to comply with advance notice procedures in order to nominate candidates for election as directors or to bring matters before an annual or special meeting of stockholders; and

- only permitting the stockholders to take action at a meeting of our stockholders and not by written consent, except that for so long as any shares of our Class P Common Stock are outstanding, our Class P stockholders may take action by written consent for any action required or permitted to be taken by our Class P stockholders, voting separately as a class.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the DGCL, which prohibits us from engaging in a business combination, including a merger, with a person who owns 15% or more of our outstanding voting stock (an "interested stockholder") for a period of three years after the date of the transaction in which such person became an interested stockholder, unless (with certain exceptions) the business combination is approved in a prescribed manner.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board and by providing our Board with more time to assess any acquisition proposal. These provisions are not intended to make the company immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board determines is not in the best interests of the company and our stockholders. Accordingly, if our Board determines that a potential acquisition is not in the best interests of the company and our stockholders, but certain stockholders believe that such a transaction would be beneficial to the company and our stockholders, such stockholders may elect to sell their shares in the Company and the value of our SAFE could decrease. These and other provisions of our Charter, our Bylaws and the DGCL could have the effect of delaying or deterring a change in control, which may limit the opportunity for our stockholders to receive a premium for their SAFE and may also affect the price that some investors are willing to pay for our capital stock.

In addition, a third party attempting to acquire us or a substantial position in our Class A Common Stock may be delayed or ultimately prevented from doing so by change in ownership or control regulations to which certain of our regulated subsidiaries are subject. For example, FINRA Rule 1017 generally provides that FINRA approval must be obtained in connection with any transaction resulting in a single person or entity owning, directly or indirectly, 25% or more of a FINRA member firm's equity and would include a change in control of a parent company. These and any other applicable regulations relating to changes in control of us or our regulated subsidiaries could further have the effect of delaying or deterring a change in control of us.

Our Charter will designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, and the federal district courts of the United States as the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Our Charter, which will be amended immediately prior to the completion of this offering, will provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action or proceeding arising pursuant to, or seeking to enforce any right, obligation or remedy under, any provision of the DGCL, our Charter or our Bylaws, (iv) any action or proceeding seeking to interpret, apply, enforce or determine the validity of our Charter or our Bylaws, (v) any action or proceeding asserting a claim that is governed by the internal affairs doctrine or (vi) any action or proceeding as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have subject matter jurisdiction, another state court sitting in the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. Our Charter will also provide that the federal district courts of the U.S. will be the exclusive forum for resolving any complaint asserting a cause of action under the Securities Act. Nothing in our Charter precludes stockholders that assert claims under the Exchange Act from bringing such claims to any court, subject to applicable law.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to these provisions. These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. The enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. For example, in December 2018, the Court of Chancery of the State of Delaware determined that a provision stating that federal district courts of the United States are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act is not enforceable. Although this decision was reversed by the Delaware Supreme Court in March 2020, courts in other states may still find these provisions to be inapplicable or unenforceable. If a court were to find the exclusive forum provisions in our Charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could adversely affect our results of operations.

General Risk Factors

If we fail to maintain effective internal control over financial reporting, as well as required disclosure controls and procedures, our ability to produce timely and accurate consolidated financial statements or comply with applicable regulations could be impaired.

Current regulations and best practice standards require, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to develop and refine our internal control over financial reporting. Some members of our management team have limited or no experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies, and we have limited accounting and financial reporting personnel and other resources with which to address our internal controls and related procedures. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting-related costs and significant management oversight.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. In addition, changes in accounting principles or interpretations could also challenge our internal controls and require that we establish new business processes, systems and controls to accommodate such changes. We have limited experience with implementing the systems and controls that will be necessary to operate as a public company, as well as adopting changes in accounting principles or interpretations mandated by the relevant regulatory bodies. Additionally, if these new systems, controls or standards and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of our internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our business or cause us to fail to meet our reporting obligations and may result in a restatement of our consolidated financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures or internal control over financial reporting could also cause investors to lose confidence in the accuracy and completeness of our reported financial and other information, which would likely have a negative effect on the value of our capital stock. In addition, if we are unable to continue to meet these requirements, we may not be able to become listed on the NASDAQ. As a private company, we are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose.

If our estimates, assumptions and/or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our results of operations could be adversely affected.

The preparation of consolidated financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities in our consolidated financial statements. We base our estimates on historical experience, and other assumptions we believe to be reasonable under the circumstances, which together form the basis for making judgments about the carrying values of assets and liabilities. We regularly assess these estimates; however, actual amounts could differ from those estimates. Significant assumptions and estimates used in preparing our consolidated financial statements include revenue recognition, share-based compensation, Common Stock valuations, convertible notes and warrant liability valuation, loss contingencies and income taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the value of our capital stock.

Our financial results may be negatively impacted by changes in generally accepted accounting principles in the United States.

GAAP are subject to interpretation by the Financial Accounting Standards Board and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and may even affect the reporting of transactions completed before the announcement or effectiveness of a change. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred in the past and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

We may be adversely affected by natural disasters and other catastrophic events, pandemics or epidemics and by man-made problems such as terrorism, which could disrupt our business operations, and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.

Natural disasters or other catastrophic events, including health pandemics or epidemics, such as the COVID-19 pandemic, have caused, and may in the future cause, damage or disruption to our operations, international commerce and the global economy and could have an adverse effect on our business, results of operations and financial condition. Our business operations are subject to interruption by natural disasters, fire, power shortages, pandemics or epidemics and other events beyond our control. In addition, acts of terrorism and other geopolitical unrest could cause disruptions in our business or the businesses of our partners or the economy as a whole. In the event of a natural disaster, including a major earthquake or other catastrophic event such as a fire, power loss or telecommunications failure, we may be unable to continue our operations and may endure system interruptions, reputational harm, lengthy interruptions in service, breaches of data security and loss of critical data, any of which could have an adverse effect on our future results of operations.

Geopolitical unrest and other events outside of Pave Finance's control could adversely affect the global economy or specific international, regional and domestic markets, which may cause Pave Finance's AUM, revenue and earnings to decline.

Geopolitical risks, including those arising from trade tension and/or the imposition of trade tariffs, terrorist activity or acts of civil or international hostility, could have an adverse impact on Pave Finance. For instance, the Ukraine-Russia and Israel-Hamas wars and potential escalation have and may continue to result in geopolitical instability and adversely affect the global economy, supply chains, specific markets and operations. Strategic competition between the US and China and resulting tensions and heightened levels of political polarization have also contributed to uncertainty in the geopolitical and regulatory landscapes. Similarly, other events outside of Pave Finance's control, including natural disasters, climate-related events, pandemics or health crises may arise from time to time and be accompanied by governmental actions that may increase international tension or impact the US or global economy in ways that are uncertain. Any such events and responses, including regulatory developments, may cause significant volatility and declines in the global markets, disproportionate impacts to certain industries or sectors, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets, as well as the Company's products, operations, clients, vendors and employees, which may cause Pave Finance's AUM, revenue and earnings to decline. Pave Finance's exposure to geopolitical risks may be heightened to the extent such risks arise in countries in which Pave Finance currently operates or seeks to expand its presence.

Climate-related risks could adversely affect Pave Finance's business, products, operations and clients, which may cause Pave Finance's AUM, revenue and earnings to decline.

Pave Finance's business and those of its clients could be impacted by climate-related risks. Climate-related risks may impact Pave Finance through changes in the physical climate or from the process of transitioning to a low-carbon economy. Climate-related physical risks arise from the direct impacts of a changing climate in the short- and long-term. Such risks may include the risks of extreme weather events and changes in temperature, which may damage infrastructure and facilities, including Pave Finance's physical assets, as well as disrupt connectivity or supply chains. Climate-related transition risks arise from exposure to the transition to a low-carbon economy through policy, regulatory, technology and market changes. For instance, new or divergent climate regulations or guidance, as well as differing perspectives of stakeholders regarding climate impacts, have affected and may continue to affect Pave Finance's business activities and reputation, increase scrutiny and complicate compliance requirements, which could increase the Company's costs.

Climate-related physical and transition risks could also impact Pave Finance's business both directly and indirectly through adverse impacts on its clients' investments, including as a result of declines in asset values, changes in client preferences, increased regulatory and compliance costs and significant business disruptions. Any of these risks may cause the Company's AUM, revenue and earnings to decline.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of our Security by us in this offering will be approximately $1.7 million, after deducting the estimated offering expenses payable by us. The net proceeds are expected to be used as follows over the next six months from the closing of the Offering:

- Product development and engineering expenses including personnel and third-party software licenses of approximately $0.6 million;
- Sales and marketing expenses including personnel and promotions of approximately $0.2 million;
- General and administrative expenses including personnel and overhead of approximately $0.6 million;
- Capital expenditures of approximately $0.1 million for data center equipment, including compute servers, storage servers and third-party software; and
- The remainder of $0.2 million will be used for cash operating reserves, working capital and general corporate purposes.

The expected use of net proceeds from this offering represents our intentions based upon our present plans and business conditions. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses set forth above. Accordingly, our management will have broad discretion in the application of the net proceeds we receive from this offering, and investors will be relying on the judgment of our management regarding the application of our net proceeds. While we expect to use the net proceeds for the purposes described above, the timing and amount of our actual expenditures will be based on many factors, including cash flows from operations, the anticipated growth of our business, and the availability and terms of alternative financing sources to fund our growth.

FINANCIAL AND STOCK CAPITALIZATION

Financial Capitalization

The following table sets forth our balance sheet as of March 31, 2025, on a pro forma basis giving effect to this Offering, after deducting estimated offering expenses payable by us.

You should read this table together with the other information contained in this PPM, including "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Pro Forma Blance Sheet
As of March 31, 2025
(Unaudited)

	March 31, 2025		March 31, 2025
Assets:		**Liabilities:**	
Cash	$1,896,042	Accounts Payable and Accruals	$156,443
Accounts Receivable	$180,293	Other Current Liabilities	$0
Other Current Assets	$98,639	Current Debt	$0
Total Current Assets	$2,174,974	Total Current Liabilities	$156,443
Capitalized Software	$1,102,319	Convertible Note	$12,371,979
Other Assets	$65,467		
Total Other Assets	$1,167,785	Total Liabilities	$12,528,423
Total Assets	$3,342,759	Stockolders' Equity	-$9,185,663
		Total Liabilities and Equity	$3,342,759

Note: Assumes $1.7 million in net proceeds from the Offering.

Stock Capitalization

The stock capitalization of Pave Finance as of March 31, 2025, is as follows:

Stock Capitalization
As of March 31, 2025

Class of Stock	Shares	%
Class A Common Stock: Outstanding	8,483	9.0%
Class A Common Stock Reserved for Notes and Warrants	45,372	48.3%
Class P Common Stock (Founders)	40,000	42.6%
Preferred Stock	0	0.0%
Total	93,855	100.0%

Note: Class A Common Stock has one vote per share and Class P Common Stock hass 100 votes per share.

DIVIDEND POLICY

We have never declared or paid cash dividends on our capital stock. We intend to retain all available funds and future earnings, if any, to fund the development and expansion of our business, and we do not anticipate declaring or paying any cash dividends in the foreseeable future. Any future determination regarding the declaration and payment of dividends, if any, will be at the discretion of our Board and will depend on then-existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors our Board may deem relevant. In addition, the terms of any future current credit facilities will likely contain restrictions on our ability to pay cash dividends.

SELECTED FINANCIAL INFORMATION

The following tables show selected historical financial information for Pave Finance's business for the 12 months ended December 31, 2023, and 2024, and the three months ended March 31, 2025, and should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*" The historical results presented below are not necessarily indicative of the results expected for any future period.

Statement of Operations
For the Years Ended December 31, 2023 and 2024, and
the Three Months Ended March 31, 2025
(Unaudited)

	For the Years Ended December 31,		For the Three Months Ended
	2023	2024	March 31, 2025
Revenue	$9,200	$153,173	$61,859
Cost of Sales	$0	$0	$0
Gross Profit	$9,200	$153,173	$61,859
Operating Expenses:			
Research and Development	$1,741,380	$2,272,884	$573,347
Sales and Marketing	$773,947	$1,010,171	$254,821
General and Administrative	$1,354,407	$1,767,799	$445,937
Total Operating Expenses	$3,869,734	$5,050,854	$1,274,105
Pre-tax Income	($3,860,534)	($4,897,681)	($1,212,246)
Other Income (Expenses)	($354)	$8,272	$3,916
Net Loss	($3,860,888)	($4,889,409)	($1,208,330)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the "Selected Financial Information." This section presents management's perspective on our financial condition and results of operations. The following discussion and analysis is intended to highlight and supplement data and information presented elsewhere in this PPM and should be read in conjunction with our consolidated financial statements and notes thereto appearing at the end of this PPM. It is also intended to provide you with information that will assist you in understanding our consolidated financial statements, the changes in key items in those consolidated financial statements from year to year, and the primary factors that accounted for those changes. To the extent that this discussion describes prior performance, the descriptions relate only to the periods listed, which may not be indicative of our future financial outcomes. Results for any period should not be construed as an inference of what our results would be for any future period. Data as of and for the years ended December 31, 2023, and 2024 has been derived from our unaudited consolidated financial statements appearing at the end of this PPM.

This discussion contains forward-looking statements based upon our current expectations, estimates and projections that involve risks and uncertainties. Some of the information included in this discussion and analysis or set forth elsewhere in this PPM, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the sections entitled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" of this PPM.

Overview

Pave Finance is an emerging provider of portfolio management software solutions and services that enable wealth advisors to more efficiently manage their clients' portfolios and outperform leading stock market benchmarks including the S&P 500. Pave Finance's business units include: (i) Pave Labs, which provides Pave Pro, a portfolio management software platform; (ii) Pave Securities, which operates an introducing broker-dealer; and (iii) Pave Investments, which operates an investment advisory business. Pave Finance's business model derives three primary streams of revenue: (i) software licensing revenue for Pave Pro, which is priced using a SaaS licensing model with users paying a monthly license fee; (ii) broker-dealer revenues including securities lending, debit balance and cash management fees; and (iii) investment advisory fees for the automated management of assets under Pave Pro's "Autopilot" feature. Pave Pro's proprietary artificial intelligence and machine learning-based asset scoring algorithm was developed by one of our founders in 1997, in conjunction with a proprietary convex investment optimization engine. Pave Finance was founded in June 2022 and is headquartered in New York, New York.

Pave Finance targets large wealth management platforms, both independent, such as Charles Schwab, and those within large financial institutions, such as the large Wall Street investment advisors, and their wealth advisors, such as RIAs. With Pave Pro, these wealth advisors are able to: (i) more efficiently manage their roster of clients; (ii) personalize their services and customize portfolios to meet the specific needs of each client related to risk and volatility; (iii) enhance the level of communication and transparency in providing wealth management services to their clients; (iv) meet compliance and regulatory requirements regarding reporting and record archiving; (v) automate the active management of assets on behalf of their clients, all at a fraction of the current cost to actively manage wealth; and (vi) leverage investment strategies that are designed to outperform common market index benchmarks, such as the S&P 500.

Initial Funding

Pave Finance was initially financed in Q3 2022 with the initial issuance of a series of convertible promissory notes as part of a $12,371,979 financing. From July 2022 to March 2024, Pave Finance was a development stage company with no revenues and a focus on product development and customer adoption.

Pave Pro Licensing Revenue

Pave Finance began offering Pave Pro to customers in April 2024 on a complimentary basis. In January 2025, Pave Finance began charging Pave Pro users a monthly license fee of $3,000. Pave Finance offers a volume discount to large enterprise customers that adopt Pave Pro. We intend to continue recognizing revenue from the licensing of Pave Pro to RIAs and other wealth managers, and we intend to recognize revenue in the future from trading, securities lending, and spreads from credit and debit balances. Our license agreements for Pave Pro are customarily on a 12-month basis with payments due monthly. To date, we have had zero cancellations of Pave Pro since we began charging a monthly fee in January 2025. We expect to receive cash payments for Pave Pro license fees prior to or by the first of the month of use.

Pave Securities: Fully Disclosed Introducing Broker-Dealer Revenue

In 2026, Pave Securities intends to offer securities lending services, debit balance financing, and cash management services to clients. This business is expected to grow as we grow our “Autopilot” AUM.

Pave Investments: Registered Investment Advisor Revenue

Pave Investments is highly regulated and manages clients’ assets as a fiduciary. Pave Investments does not engage in any proprietary trading activities. Pave Investments serves a diverse mix of institutional and retail clients in the U.S. and clients may include high net worth individuals, hedge funds, family offices, other discretionary asset managers, and institutional investors including pension funds, foundations and endowments, insurance companies, financial institutions, tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, and third-party fund sponsors and retail intermediaries.

At the launch of Pave Pro in March 2024 until today, Pave Finance has not charged any fees for the automated management of assets. In 2026, Pave Finance will begin charging a management fee for the use of the Pave Pro automation feature.

Key Pave Pro Operational Metrics as of March 31, 2025:

- Enterprise Platforms on Pave Pro: 17
- Pave Pro Seat Licenses: 41 Licenses (Paying or In Trials; Representing 85+ Potential Licenses)
- Pending Enterprise (Waiting for Connection with NFS/ Fidelity): 13 (Representing 500+ Potential Licenses)
- Client Accounts on Pave Pro: 3,000
- Assets Feeding into Pave Pro: $8.0 billion
- Assets Under Management on Pave Pro: $800 million

Cost of Sales

Since Pave Pro is a software-based wealth management solution that is delivered through the internet on a software-as-a-service basis, the direct cost of sales are extremely small. Cost of sales include the direct cost to deploy Pave Pro software, and all other direct costs related to the onboarding of new customers.

Operating Expenses

Our operating expenses consist of research and development expenses, sales and marketing expenses, and general and administrative expenses, as follows:

Research and Development Expenses. Research and development expenses consist primarily of expenses incurred to develop Pave Pro. These expenses include employee-related expenses, including salaries and benefits, facilities-related expenses, fees for professional services, and costs related to other required resources including third-party software licenses. We expect research and development expenses to increase on an absolute dollar basis for the foreseeable future as we continue to increase investments to support our growth, develop new product enhancements and potentially develop new products. We also anticipate that research and development expenses as a percentage of revenue will fluctuate from period to period based on revenue for such period and the timing of our research and development efforts, as these activities may vary in scope and scale over future periods.

Sales and Marketing Expenses. Sales and marketing expenses consist primarily of business development resources and other external costs associated with targeted marketing efforts in support of launching Pave Pro and employee-related expenses, including salaries and benefits. The targeted marketing efforts include travel-related expenses, direct customer acquisition costs, and costs related to conferences and events. Sales and marketing expenses are expected to vary from period-to-period and are driven by our commercialization efforts for Pave Pro. We expect our sales and marketing expense to increase on an absolute dollar basis for the foreseeable future as we continue to increase the scope of outreach to potential new customers to drive our revenue growth. We also anticipate that sales and marketing expenses as a percentage of revenue will fluctuate from period to period based on revenue for such period and the timing of the expansion of our sales and marketing functions, as these activities may vary in scope and scale over future periods.

General and Administrative Expense. General and administrative expense consists primarily of rent, employee-related expenses, including salaries and benefits, and expenses related to our executive, finance, accounting, legal, human resources, information technology and other administrative functions. General and administrative expense also includes fees for professional services, such as external legal, accounting and information and technology services and insurance. We also anticipate increased administrative and compliance costs as we grow our business, as well as an increase in equity-based compensation expense. We expect general and administrative expense to increase on an absolute dollar basis for the foreseeable future as we continue to increase investments to support our growth. We also anticipate that general and administrative expenses as a percentage of revenue will fluctuate from period to period based on revenue for such period and the timing of the expansion of our general and administrative functions, as these activities may vary in scope and scale over future periods.

We also require investment in data center assets, which include compute and storage servers and other data center equipment that has an expected useful life of five years. This investment will negatively affect our free cash flow and will increase the depreciation charges that we recognize.

Key Factors Affecting Our Operating Results

We believe that our financial condition and results of operations have been, and will continue to be, affected by a number of factors, including those described below and in the section entitled "Risk Factors" included elsewhere in this PPM.

Commercial Adoption of Pave Pro

Pave Pro has been offered to customers since April 2024. We are focusing a significant portion of our activities and resources on the adoption of Pave Pro, and we believe our prospects are highly dependent on, and a significant portion of the value of our company relates to, our ability to successfully commercialize Pave Pro in the U.S.

Successful commercialization of Pave Pro requires us to establish our commercial team and grow our U.S. distribution channels, which will require continued expenditures in relation to hiring, sales and marketing. Even if we are successful in developing our commercial team, channel and referral partner network, and sales force, there are many factors that could cause the commercialization of Pave Pro to be unsuccessful, including a number of factors that are outside our control. The commercial success of Pave Pro depends on the extent to which wealth managers accept and adopt Pave Pro as a solution for their wealth management needs. We have limited information about how wealth managers will respond to the pricing of Pave Pro. Wealth managers may not deploy Pave Pro if the investment returns generated by Pave Pro do not outperform the market or if other Pave Pro benefits are not realized or are below expectations. Thus, significant uncertainty remains regarding the commercial potential of Pave Pro.

Operating Expenses Related to the Development and Commercialization of Pave Pro

Our future growth is dependent upon our ability to continue to develop enhancements to Pave Pro. We have invested, and will continue to invest, a significant portion of our efforts and financial resources in the development of Pave Pro. Our continued growth will depend on the successful development of enhancements to Pave Pro, which may never occur. Pave Pro will require additional development, establishment of a commercial organization, significant sales and marketing efforts, and further investment in our data center assets, all of which will require significant additional expenditures, before we generate meaningful growth in our business.

Ability to Grow Our Business

Our ability to grow our revenue depends on our ability to:

- create market demand for Pave Pro through our channel partners and our own marketing and sales activities, and any other arrangements to promote Pave Pro that we may otherwise establish;
- hire, train, and deploy a sales and operations team to commercialize Pave Pro in the U.S. and internationally;
- establish and maintain agreements with channel partners, vendors and other strategic parties on commercially reasonable terms;
- maintain trade secret protection for our IP;

- achieve investment returns that outperform the leading market indices;
- effectively compete with other wealth management providers; and
- maintain the security, privacy and confidentiality of all data in our possession.

Private Company Expenses

We are in the process of implementing procedures and processes to address private company regulatory requirements and customary practices. We have incurred significant expenses implementing these procedures and processes and expect to incur significant expenses for the foreseeable future. These costs include comprehensive insurance coverage expenses, as well as costs associated with third party and internal resources related to corporate administration and governance activities, including accounting and legal. Private company expenses will generally be expensed as general and administrative expenses in our statements of operations.

Non-GAAP Financial Measures

In addition to our results and measures of performance determined in accordance with U.S. GAAP, we believe that certain non-GAAP financial measures are useful in evaluating and comparing our financial and operational performance over multiple periods, identifying trends affecting our business, formulating business plans and making strategic decisions.

EBITDA is a key performance measure that our management will use to assess our financial performance and will also be used for internal planning and forecasting purposes. We believe that these non-GAAP financial measures are useful to investors and other interested parties in analyzing our financial performance because they provide a comparable overview of our operations across historical periods. In addition, we believe that providing EBITDA, together with a reconciliation to net income (loss), helps investors make comparisons between our company and other companies that may have different capital structures, different tax rates and/or different forms of employee compensation. EBITDA should be viewed as a measure of operating performance that is a supplement to, and not a substitute for, operating income or loss, net earnings or loss and other U.S. GAAP measures of income or loss.

EBITDA is used by our management team as an additional measure of our performance for purposes of business decision-making, including managing expenditures and evaluating potential acquisitions. Period-to-period comparisons of EBITDA help our management identify additional trends in our financial results that may not be shown solely by period-to-period comparisons of net income or income from continuing operations. EBITDA has inherent limitations because of the excluded items and may not be directly comparable to similarly titled metrics used by other companies.

Income Tax Expense

Income tax expense consists of U.S. federal and state taxes for jurisdictions in which we conduct business. We are subject to standard state and federal tax rates.

Results of Operations: 2023 and 2024, and the Three Months Ended March 31, 2025

The following table shows the Statement of Operations for Pave Finance for the 12 months ended December 31, 2023, and 2024, and the three months ended March 31, 2025:

Statement of Operations
For the Years Ended December 31, 2023 and 2024, and the Three Months Ended March 31, 2025
(Unaudited)

	For the Years Ended December 31,		For the Three Months Ended
	2023	2024	March 31, 2025
Revenue	$9,200	$153,173	$61,859
Cost of Sales	$0	$0	$0
Gross Profit	$9,200	$153,173	$61,859
Operating Expenses:			
Research and Development	$1,741,380	$2,272,884	$573,347
Sales and Marketing	$773,947	$1,010,171	$254,821
General and Administrative	$1,354,407	$1,767,799	$445,937
Total Operating Expenses	$3,869,734	$5,050,854	$1,274,105
Pre-tax Income	($3,860,534)	($4,897,681)	($1,212,246)
Other Income (Expenses)	($354)	$8,272	$3,916
Net Loss	($3,860,888)	($4,889,409)	($1,208,330)

Pave Finance was a development stage company and recognized nominal revenues in 2023 and 2024. These revenues were from pilot programs related to the launch of Pave Pro. Pave Finance formally began offering Pave Pro to customers in April 2024 on a complimentary basis. In January 2025, Pave Finance began charging Pave Pro users a monthly license fee of $3,000 for a 12-month license. Pave Finance offers a volume discount of $2,500 per month per user to large enterprise customers that adopt Pave Pro. We intend to continue recognizing revenue from the licensing of Pave Pro to wealth managers, and we intend to recognize revenue in the future from trading, securities lending, spreads from credit and debit balances, and fees from our investment advisory business. To date, we have had zero cancellations of Pave Pro since we began charging a monthly fee in January 2025.

Operating expenses totaled $3.9 million in 2023 and grew to $5.1 million in 2024 as Pave Finance focused its efforts on the development of Pave Pro and the initial commercial launch of Pave Pro in the market in Q1 2024. Research and development expenses totaled $1.7 million in 2023 and grew to $2.3 million in 2024 as Pave Finance focused its efforts on the development of Pave Pro and the initial commercial launch of Pave Pro in the market in Q1 2024. Sales and marketing expenses totaled $0.8 million in 2023 and grew to $1.0 million in 2024 as Pave Finance began business development efforts with potential enterprise customers. General and administrative expenses totaled $1.4 million in 2023 and grew to $1.8 million in 2024 as Pave Finance began the buildout of the corporate infrastructure required to operate a software company, broker-dealer, and an investment advisor.

For the three months ended March 31, 2025, operating expenses totaled $1.3 million as Pave Finance continued to focus its efforts on the development of Pave Pro and the initial commercial launch of Pave Pro with paid licensees in Q1 2025.

Liquidity and Capital Resources

Sources of Liquidity

We have funded and continue to fund our operations primarily through the issuance of convertible promissory notes. We had $0.2 million in cash and cash equivalents as of March 31, 2025.

We believe that our existing cash and cash equivalents, cash from the prospective issuance of convertible promissory notes, and our cash from this Offering will be sufficient to fund our working capital requirements for at least the next 12 months. However, our future working capital requirements will depend on many factors, including our results of operations for future periods, our outlook on the market, the private capital markets, and specific factors including our ability to commercialize Pave Pro. If cash provided by operating activities is not sufficient to meet our capital requirements, then we will be required to obtain additional equity or debt financing in the future. However, there can be no assurance that additional funding will be available to us on acceptable terms on a timely basis, if at all, or that we will generate sufficient cash from operations to adequately fund operating needs.

Quantitative and Qualitative Disclosures About Market Risk

We are and will be exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure will primarily result from fluctuations in interest rates and inflation.

Interest Rate Risk

We currently are not exposed to market risk for changes in interest rates. We may, however, be subject to interest rate risks if we issue debt securities in the future.

Foreign Currency Risk

To date, we have had no exposure to foreign currency fluctuations.

Critical Accounting Policies and Estimates

Our financial statements have been prepared in accordance with U.S. GAAP. The preparation of our financial statements and notes to financial statements requires us to make estimates that affect the reported amounts of assets, liabilities, sales and expenses, and related disclosures of contingent assets and liabilities. We base these estimates on historical results and various other assumptions believed to be reasonable, all of which form the basis for making estimates concerning the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

Our significant accounting policies are described in the notes to our financial statements which are included elsewhere in this PPM.

FINANCIAL FORECAST

The following tables show selected forecasted financial information for Pave Finance's business for the five years ending December 31, 2029. The forecasted results presented below are not necessarily indicative of the results to be expected for any future period. This section presents management's perspective on our forecasted results of operations. This discussion contains forward-looking statements based upon our current expectations, estimates and projections that involve risks and uncertainties. Some of the information included in this discussion and analysis or set forth elsewhere in this PPM, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the sections entitled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" of this PPM.

Forecasted Results of Operations: 2025 to 2029

The following tables show our forecasted results of operations, assets on Pave Pro and AUM on Autopilot, and our revenue mix for the next five years ending December 31, 2029:

Income Statement					
	2025E	2026E	2027E	2028E	2029E
Gross Revenue	**$2,636,911**	**$97,995,322**	**$279,866,865**	**$456,080,627**	**$652,848,338**
Less: Allowances	$0	$0	$0	$0	$0
Net Revenue	**$2,636,911**	**$97,995,322**	**$279,866,865**	**$456,080,627**	**$652,848,338**
Y/Y change	*NA*	*3616%*	*186%*	*63%*	*43%*
Cost of Sales	**$465,021**	**$8,819,011**	**$22,264,574**	**$36,775,201**	**$52,523,859**
% of Revenue	*17.6%*	*9.0%*	*8.0%*	*8.1%*	*8.0%*
Gross Profit	**$2,171,891**	**$89,176,311**	**$257,602,291**	**$419,305,426**	**$600,324,480**
Gross Margin %	*82.4%*	*91.0%*	*92.0%*	*91.9%*	*92.0%*
Operating Expenses					
Research and Development Expenses	***$2,790,000***	***$8,263,434***	***$20,990,015***	***$31,925,644***	***$42,435,142***
As a % of Net Revenue	*105.8%*	*8.4%*	*7.5%*	*7.0%*	*6.5%*
Sales and Marketing Expenses	***$1,615,000***	***$8,213,434***	***$19,590,681***	***$29,645,241***	***$39,170,900***
As a % of Net Revenue	*61.2%*	*8.4%*	*7.0%*	*6.5%*	*6.0%*
General and Adminstrative Exepnses	***$4,447,000***	***$12,605,151***	***$27,986,687***	***$36,486,450***	***$39,170,900***
As a % of Net Revenue	*168.6%*	*12.9%*	*10.0%*	*8.0%*	*6.0%*
Depreciation	***$60,500***	***$546,000***	***$1,589,500***	***$1,496,000***	***$2,546,000***
Total Operating Expenses	**$8,912,500**	**$29,628,019**	**$70,156,882**	**$99,553,335**	**$123,322,943**
% of Revenue	*338.0%*	*30.2%*	*25.1%*	*21.8%*	*18.9%*
EBITDA	**($6,680,109)**	**$60,094,292**	**$189,034,909**	**$321,248,091**	**$479,547,537**
EBITDA %	*-253.3%*	*61.3%*	*67.5%*	*70.4%*	*73.5%*
CapEx	**$330,000**	**$1,500,000**	**$3,000,000**	**$4,000,000**	**$6,000,000**
CapEx % of EBITDA	*-4.9%*	*2.5%*	*1.6%*	*1.2%*	*1.3%*
EBITDA Less CapEx	**($7,010,109)**	**$58,594,292**	**$186,034,909**	**$317,248,091**	**$473,547,537**
EBITDA Less CapEx%	*-265.8%*	*59.8%*	*66.5%*	*69.6%*	*72.5%*

Assets on Pave Pro and Under Management					
	2025E	2026E	2027E	2028E	2029E
Total Assets on Pave Pro EOY	**$51,898,535,156**	**$213,297,305,574**	**$323,800,328,124**	**$474,076,060,407**	**$669,197,048,611**
Total AUM EOY (Fee Applied)	**$0**	**$36,824,620,429**	**$91,981,263,569**	**$137,129,438,961**	**$197,137,418,579**

Revenue Mix					
	2025E	2026E	2027E	2028E	2029E
License Revenue	**$1,784,750**	**$20,305,805**	**$51,788,159**	**$80,549,216**	**$116,593,437**
Broker-Dealer Revenue					
Trading Transaction Revenue	$852,161	$8,815,404	$13,380,911	$19,836,397	$28,357,584
Securities Lending Revenue	$0	$12,104,908	$27,876,899	$41,325,826	$59,078,299
Cash Balance Revenue	$0	$5,441,846	$6,969,225	$10,331,457	$14,769,575
Debit Balance Revenue	$0	$12,104,908	$27,876,899	$41,325,826	$59,078,299
Total Broker-Dealer Revenue	**$852,161**	**$38,467,066**	**$76,103,934**	**$112,819,506**	**$161,283,757**
Discretionary Asset Management Revenue	**$0**	**$39,222,451**	**$151,974,773**	**$262,711,905**	**$374,971,145**
As a % of AUM	*0.0%*	*0.11%*	*0.17%*	*0.19%*	*0.19%*
Total Gross Revenue	**$2,636,911**	**$97,995,322**	**$279,866,865**	**$456,080,627**	**$652,848,338**
Allowances	$0	$0	$0	$0	$0
Total Net Revenue	**$2,636,911**	**$97,995,322**	**$279,866,865**	**$456,080,627**	**$652,848,338**

Forecasted Results of Operations: Key Assumptions

The following tables show the key assumptions in our forecasted results of operations for Pave Finance for the next five years ending December 31, 2029:

	Monthly	Monthly	Quarterly	Quarterly	Quarterly
Key Assumptions and Drivers					
Pave Licensing Revenue	**2025**	**2026**	**2027**	**2028**	**2029**
Net License Growth % (M/M) / (Q/Q)	29.1%	14.3%	13.0%	11.0%	9.0%
Pricing	$2,750	$2,750	$8,250	$8,250	$8,250
Broker-Dealer Revenue					
Share Trading Revenue					
Broker Trans. $ Vol.- %AUM - Turnover (Mo)	3.0%	3.0%	6.0%	6.0%	6.0%
Average Value Per Share Traded	$100.00	$100.00	$100.00	$100.00	$100.00
Avg. Price Per Share Traded	$0.020	$0.020	$0.020	$0.020	$0.020
Securities Lending					
% of AUM borrowed	2.0%	2.0%	2.0%	2.0%	2.0%
Fee on borrowed securities	0.5%	0.5%	0.5%	0.5%	0.5%
Cash-Balance Revenue					
% of AUM in Cash	1.0%	1.0%	1.0%	1.0%	1.0%
Fee on Cash Balances	0.25%	0.25%	0.25%	0.25%	0.25%
Debit Balance Revenue					
% of AUM balance	2.0%	2.0%	2.0%	2.0%	2.0%
Fee on debit balances	0.5%	0.5%	0.5%	0.5%	0.5%
Discretionary Management Revenue					
Net PavePro Asset Growth % (M/M) / (Q/Q)	50.0%	12.5%	11.0%	10.0%	9.0%
Fee Lag (Manual Formula)	Six Months	Six Months	Six Months	Six Months	Six Months
Active Management Fee Avg.	0.25%	0.25%	0.25%	0.25%	0.25%
Passive Management Fee Avg.	0.175%	0.175%	0.200%	0.200%	0.200%
Fee Mix: Active %	50%	55%	60%	60%	60%
Avg. Advisory Fee %	0.21%	0.22%	0.23%	0.23%	0.23%
Act./Pass. Mngmt. % Cov. on Pave Assets	35%	35%	35%	35%	35%
Cost of Sales					
Direct Cost Per New License	$60	$60	$60	$60	$60
Direct Cost Per Broker-Dealer Transaction	$0.01	$0.01	$0.01	$0.01	$0.01
Direct Cost as % of Disret. Mgmnt. Fees	10%	10%	10%	10%	10%
Operating Expenses					
Research and Dev. Exp. As a % of Rev.	UoP Model	8.0%	7.5%	7.0%	6.5%
Sales and Marketing Exp. As a % of Rev.	UoP Model	8.0%	7.0%	6.5%	6.0%
General and Admin. Exp. As a % of Rev.	UoP Model	12.0%	10.0%	8.0%	6.0%

2025 Forecast

Pave Pro Revenue

We began charging, on average, $2,750 per month per Pave Pro seat license in late 2024 upon completion of a user's trial period, which is generally 30 to 90 days in length. We began January 2025 with four paid Pave Pro seat licenses and 27 under trial usage. We expect to convert trial users into paid licensees each month in 2025 and continue to add new trail users each month as we progress with our rollout of Pave Pro to larger enterprise customers. We are forecasting that we will end 2025 with 194 paid Pave Pro licensees and 240 Pave Pro trial users.

Trading Revenue

We expect to launch our trading operations under Pave Securities in July 2025 and grow this business on a month-over-month basis as we increase the amount of assets feeding into Pave Pro. Our forecast is based on an estimated account turnover rate of 3.0%.

Operating Expenses

We are forecasting operating expenses to increase on a regular basis in 2025 as we scale up our operations.

EBITDA

We are forecasting negative EBITDA in 2025 as we grow our revenue and scale up our operations.

2026 Forecast

Pave Pro

We expect to continue to convert trial users into paid licensees each month in 2026 and continue to add new trail users each month as we progress with our rollout of Pave Pro to larger enterprise customers.

We are forecasting that we will add Pave Pro licensed users at a rate of 14.3%, on a month-over-month basis, in 2026, and end the year with 1,145 paid Pave Pro licensees.

Trading Revenue

We expect to continue to grow our trading operations under Pave Securities in 2026 and to continue to grow this business on a month-over-month basis as we increase the amount of assets on Pave Pro. Our forecast is based on an estimated account turnover rate of 3.0%.

Securities Lending Revenue

We expect to launch our securities lending operations under Pave Securities in January 2026 and grow this business on a month-over-month basis as we increase the amount of assets on Pave Pro. Our forecast is based on an estimated securities lending rate of 2.0% of AUM with a fee of 50 bps.

Credit and Debit Spread Revenue

We expect to launch our credit and debit spread operations under Pave Securities in January 2026 and grow this business on a month-over-month basis as we increase the amount of assets on Pave Pro. For our "cash balance" revenue, our forecast is based on an estimated % cash of AUM rate of 1.0% and a fee spread of

25 bps on cash balances. For our "debit balance" revenue, our forecast is based on an estimated 2.0% debit balance on AUM and a fee rate of 50 bps on debit balances.

Discretionary Asset Management Revenue

We expect to launch our discretionary asset management business under Pave Investments in January 2026 and grow this business on a month-over-month basis as we increase the amount of assets on Pave Pro. We are forecasting that we will recognize Autopilot fees on 35% of the assets feeding into Pave Pro with a six-month lag on AUM onboarding into Autopilot, and AUM growing at a rate of 12.5%, on a month-over-month basis, in 2026 and end the year with $36.8 billion in AUM.

Operating Expenses

We are forecasting operating expenses to increase on an accelerated basis in 2026 as we grow our operations.

EBITDA

We are forecasting positive EBITDA in 2026 as we continue to grow our revenue and scale up our operations.

2027 to 2029 Forecast

Pave Pro

We expect to continue to convert trial users into paid licensees each quarter in 2027 through 2029 and continue to add new trail users each quarter as we progress with our rollout of Pave Pro to larger enterprise customers. We are forecasting that we will grow our base of Pave Pro licensed users at a rate of 13.0%, 11.0% and 9.0%, on a quarter-over-quarter basis, in 2027, 2028 and 2029, respectively. We expect to end 2027 through 2029 with 2,145, 3,256 and 4,595 Pave Pro paid users, respectively.

Trading Revenue

We expect to continue to grow our trading operations each quarter in 2027 through 2029 and continue to grow this business as we increase the amount of assets on Pave Pro and in our discretionary asset management business. Our forecast is based on an estimated account turnover rate of 6.0% in 2027 through 2029.

Securities Lending Revenue

We expect to continue to grow our securities lending operations each quarter in 2027 through 2029 and continue to grow this business as we increase the amount of assets feeding into Pave Pro and in our discretionary asset management business. Our forecast is based on an estimated AUM securities lending rate of 2.0% in 2027 through 2029, and a fee of 50 bps for each period.

Credit and Debit Spread Revenue

We expect to continue to grow our credit and debit spread operations each quarter in 2027 through 2029 and continue to grow this business as we increase the amount of assets feeding into Pave Pro and in our discretionary asset management business. For our "cash balance" revenue, our forecast is based on an estimated % cash of AUM rate of 1.0%. and a fee spread of 25 bps on cash balances in 2027 through 2029.

For our “debit balance” revenue, our forecast is based on an estimated 2.0% debit balance on AUM and a rate of 50 bps on debit balances in 2027 through 2029.

Discretionary Asset Management Revenue

We expect to continue to grow our discretionary asset management business each quarter in 2027 through 2029 and continue to grow this business as we increase the amount of assets feeding into Pave Pro and Autopilot. We are forecasting that we will add AUM at a rate of 11.0%, 10.0% and 9.0%, on a quarter-over-quarter basis, in 2027, 2028 and 2029, respectively. We are forecasting that we will end 2027, 2028 and 2029, with $92.0 billion, $137.1 billion and $197.1 billion, respectively, in AUM on Autopilot.

Operating Expenses

We are forecasting operating expenses to increase in absolute dollars and decrease as a percentage of revenue in 2027 through 2029. We are forecasting the operating expenses will represent 25.1%, 21.8% and 18.9% of total revenue in 2027 through 2029 as we grow our operations.

EBITDA

We are forecasting positive EBITDA in 2027 through 2029 as we continue to grow our revenue and scale up our operations, with EBIDA margins of 67.7%, 70.6% and 73.6% in 2027 through 2029.

BUSINESS

Company Overview

Pave Finance is a provider of portfolio management software solutions and services that enable wealth advisors to create customized client portfolios while keeping risk consistent with a stated benchmark. Over the last 14 years, Pave Finance's standard model has outperformed the S&P 500 by, on average, 296 basis points, and by 450 basis points in 2024. Pave Finance enables wealth advisers to optimize to nine different U.S. equity indices and seven different multi-asset class indices. Examples include the four S&P 500 based indices (growth, value, dividend, and the main S&P 500), the Russell 1000, Russell 2000, NASDAQ 100, S&P 400 and S&P 600 indices, and global multi-asset class allocations from 95% equity and 5% fixed income to 5% equity and 95% fixed income.

Pave Pro Portfolio Management Software Platform

Pave Finance's proprietary software platform, Pave Pro, is a full portfolio management solution that uses a proprietary alpha scoring algorithm, investment optimization engine and trading platform that enables users to maximize return while seeking to minimize downside volatility. With Pave Pro, wealth advisors are able to personalize and customize their wealth management services to each client based on their clients' preferences and risk profile. Pave Pro integrates into a wealth adviser's custodian, enabling onboarding within a few days without requiring any client assets to be moved or re-custodied.

Pave Pro currently tracks every publicly traded stock in the world and enables U.S. wealth advisers to manage equity portfolios and multi-asset class portfolios, with a plan to service global wealth advisors in the future and expanding the universe of indices and asset allocations. Wealth advisers can easily exclude any sectors, industries, or assets and manage around a client's existing asset base and tax situation while optimizing for their desired risk tolerance. As market conditions change, Pave Pro provides buy or sell recommendations to keep the client's portfolio well-positioned and consistent with their preferences. Pave Pro can then place recommended trades within client accounts.

Pave Pro users are also able to create customized portfolios of securities that are designed to keep risk consistent with a chosen benchmark, while meeting their investment objectives for risk and volatility. Pave Pro can execute all trading activities and partners with third-party providers for clearing and custodian services.

Alpha Scoring Algorithm and Investment Optimization Engine

The Pave Pro alpha scoring algorithm and investment optimization engine ingests and analyzes, on a weekly basis, more than 150 data points, or factors, for 10,000+ securities, including more than 2.5 million data points based on company specific, industry and economic factors in ranking securities for investment. The alpha scoring algorithm and investment optimization engine utilizes proprietary models to permute, or arrange, data into proprietary risk and return factors for each asset class and engages proprietary artificial intelligence and machine learning model overlays to aggregate first order factors into higher order factors. Pave Pro then ranks stocks based on price movement and factor movement and selects stocks with the best return profile with minimal price movement to the benchmark, which occurs every week. By feeding a combination of first order and higher order factors into the investment optimization engine, the alpha scoring algorithm is optimized for outperformance versus a targeted benchmark.

On a weekly basis, Pave Pro goes through a systematic process of ranking six different investment styles based on 58 factors. This process enables Pave Pro to find out what investment styles are overperforming and what are underperforming at that time. Pave Pro then creates a covariance matrix (price movement) on ~10,000 global publicly traded stocks and breaks the stocks into 88 additional factors based on each stock's unique characteristics and categories they relate to based on the six different investment styles.

Pave Pro leverages unbiased and objective analytics based on the factors used in a covariance matrix to optimize the performance of the alpha scoring algorithm. The covariance matrix is a price movement matrix that looks at each stock's upside and downside capture over the prior week. In addition to the covariance matrix, a factor exposure model is created for each security that analyzes the beta of each stock versus a range of factors. Finally, Pave Pro uses a decay factor of prior data and machine learning algorithms to project forward expectations of each security to ensure Pave creates optimal portfolios while seeking to reduce turnover.

Personalized Portfolio Construction and Optimization

Pave Pro's investment optimization engine personalizes the portfolio construction process around a client's investment profiles, values, asset base, tax situation, return expectations and risk tolerance. Pave Pro also considers the unrealized gain or loss of each asset it may sell, with tax implications weighed against performance implications in order to make tax-smart investment decisions.

When Pave Pro optimizes a portfolio, it takes into account the scores generated by Pave Pro's alpha scoring algorithm and seeks to minimize tracking error to the chosen benchmark while maximizing expected return. These scores are the forward-looking expectations for each stock based on Pave Pro's alpha scoring algorithm and are updated weekly. Scores can be reviewed for the stocks in a portfolio and recommended portfolios as well as search for a specific asset by name or ticker. Pave Pro does not have a bias such as growth, value, large cap, small cap, or any other traditional money manager investment bias. In Pave Pro's user interface, the alpha scoring algorithm is represented by a five-star return score and five-star risk score for each stock.

Upon implementation of the portfolio construction process, Pave Pro's investment optimization engine runs through 93 different factors for every possible permutation of the assets in the benchmark to find the optimal portfolio in three to 15 seconds depending on the size of the benchmark.

Autopilot

Pave Pro's "Autopilot" feature enables users to automate the portfolio construction and management process using Pave Pro's alpha scoring algorithm and investment optimization engine. By enabling the "Autopilot" feature, Pave Pro will automatically manage the portfolio according to the user's preferences without need for intervention by the wealth advisor. The "Autopilot" feature hires Pave Investments, an SEC registered investment adviser, as the fiduciary on the account. Pave Investments still utilizes the same systems and technology and the Pave Pro software but allows the adviser to step out of the process once they have set up the investment preferences and turns over day-to-day management of the account to Pave Investments. There is currently no additional charge for this automated process.

Targeted Customers and Pave Pro Benefits to Such Customers

Pave Finance targets large wealth management platforms, independent investment advisers and traditional registered representatives at broker dealers. The largest and fastest growing part of investment advice in the U.S. is the independent investment adviser. Independent advisers use large firms such as Charles Schwab and Fidelity for custody and clearing of client assets. Large financial institutions such as broker-dealers self-custody and self-clear or use Pershing or Fidelity NFS for omnibus custody and clearing. Regardless of the user type, Pave Pro allows these wealth advisors to: (i) more efficiently manage their roster of clients; (ii) personalize their services and customize portfolios to meet the specific needs of each client related to risk and volatility; (iii) enhance the level of communication and transparency in providing wealth management services to their clients; (iv) meet compliance and regulatory requirements regarding reporting and record archiving; (v) automate the active management of assets on behalf of their clients, all at a fraction of the current cost to actively manage wealth; and (vi) leveraged investment strategies that have historically outperformed common market index benchmarks, such as the S&P 500.

Pave Securities: Fully Disclosed Introducing Broker-Dealer

Pave Securities is a fully disclosed introducing broker-dealer. As a fully disclosed introducing broker-dealer, Pave Securities provides clients with access to custody and clearing firms and facilitates trading activities but does not actually execute, clear or settle trades. Pave Securities solicits client business and refers clients to other brokerages that carry out trades and maintain custody of assets. Pave Securities earns a portion of the trading transaction fees and commissions generated by referred clients. Pave Securities also intends to generate revenue through revenue sharing agreements related to spreads on securities lending, credit balances, and debit balances.

Pave Investments

Pave Investment is an SEC registered investment advisor that manages all automated portfolios under Pave Pro's "Autopilot" feature. When Pave Pro's "Autopilot" feature is activated by a user, Pave Investments will act in a fiduciary capacity to automatically manage the portfolio.

Key Pave Pro Operational Metrics as of March 31, 2025:

- Enterprise Platforms on Pave Pro: 17
- Pave Pro Seat Licenses: 41 Licenses (Paying or In Trials; Representing 85+ Potential Licenses)
- Pending Enterprise (Waiting for Connection with NFS/ Fidelity): 13 (Representing 500+ Potential Licenses)
- Client Accounts on Pave Pro: 3,000
- Assets Feeding into Pave Pro: $8.0 billion
- Assets Under Management on Pave Pro: $800 million

Company Background

Pave Finance's business units include: (i) Pave Labs, which provides Pave Pro, a portfolio management software platform; (ii) Pave Securities, which is a fully disclosed introducing broker-dealer; and (iii) Pave Investments,, which is an SEC registered investment adviser. Pave's business model derives three primary streams of revenue: (i) software licensing revenue for Pave Pro, which is priced using a SaaS licensing model with users paying a monthly license fee; (ii) broker-dealer revenues including, trading, securities lending, spreads on credit and debit balances, and excess cash management fees; and (iii) investment advisory fees for the automated management of assets under Pave Pro's "Autopilot" feature.

Pave Pro's proprietary artificial intelligence and machine learning-based asset scoring algorithm was developed by one of our founders in 1997, in conjunction with a proprietary multi-scaled convex optimization engine. Pave Finance was founded and incorporated in June 2021, currently has 27 personnel and is headquartered in New York, New York.

Industry Background: The Wealth and Portfolio Management Market

According to Statista, assets under management in the global wealth management market are projected to reach $168.2 trillion in 2025, with a compounded annual growth rate, or CAGR, of 1.9% from 2025 to 2029, resulting in a $181.6 trillion market by 2029. According to Allied Analytics, the global wealth management market is projected to generate $3.4 trillion in revenue by 2030, growing at a CAGR of 10.7% from 2021 to 2030.

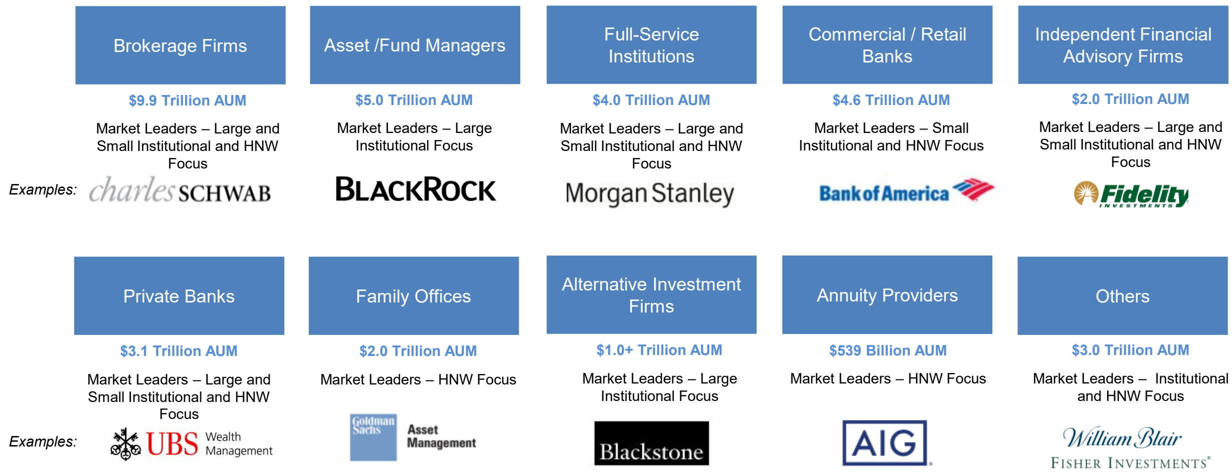
The global wealth management market is experiencing growth and development due to changing customer preferences, emerging market trends and underlying macroeconomic factors.

Customer Preferences. Customers in the wealth management market are increasingly seeking personalized and tailored investment solutions and advice to meet their specific financial goals and risk profile. They are looking for wealth managers who can provide comprehensive financial planning, investment strategies, and risk management solutions while providing a high level of customer service. Unfortunately, independent wealth advisers find it difficult to continually meet these evolving client demands. According to eMoney, 60% of consumers are dissatisfied with advice that is too generic for their situation.

Market Trends. Wealth management platforms and solutions have accelerated their use of digital technologies to enhance customer experience, streamline operations, and provide real-time access to investment information. This trend is driven by the increasing use of internet-based technologies, which has made it easier for customers to access financial services and manage their investments online. Another trend in the market is the rise of automated advisors. These automated investment platforms, in most cases, use outdated modern portfolio theory models from the 1950s, to provide investment advice and manage portfolios through phone applications. In most cases, the small size accounts and over diversification result in under performance to most recognized benchmarks.

Underlying Macroeconomic Factors. The growth and development of the wealth management market is also influenced by underlying macroeconomic factors. For instance, economic growth, interest rates, inflation, and stock market performance play a crucial role in shaping investor sentiment and determining investment strategies. In times of economic uncertainty, investors may seek the guidance of wealth managers to navigate volatile markets and protect their wealth. Overall, the global wealth management market is evolving to meet the changing needs and preferences of customers.

The following depicts the landscape of wealth advisors in the U.S.:



Source: Company Management

Market Opportunity: The Problem With Existing Wealth and Portfolio Management Solutions

Given the evolution of digital technologies, along with the emergence of artificial intelligence and machine learning technologies, existing wealth and portfolio management solutions have been slow to adapt and continue to suffer from the following limitations:

- *Lack of Performance vs. Market Benchmarks.* Most wealth and portfolio managers underperform vs. the S&P 500 index and other key market benchmarks. In 2024, approximately 90% of the active wealth advisors and asset managers failed to outperform the S&P 500 on a trailing long-term basis.

- *Lack of Personalization*. Most wealth and portfolio management clients are dissatisfied with their wealth and portfolio management services and the lack of personalization in professional wealth management advice.

- *Limited Automation.* Most wealth and portfolio management solutions lack automation for trading, updates and reporting and often require a high level of resources and administrative action to meet client needs.

- *Use of Third-Party Managers to Create a Customized Portfolio*. Wealth managers often use third-party portfolio managers to create customized portfolios for clients, which include additional fees and expenses.

- *Incomplete Solutions that are Complex.* Most existing solutions entail adopting disjointed software products that only address bits and pieces of a wealth adviser's workflow and fail to reduce operational complexity or save time.

- *Limited Compliance and Risk Features.* Most wealth and portfolio management solutions have limited compliance and risk management features, including failing to archive all relevant communications related to investment transactions.

- *Inefficient and Costly.* Most wealth and portfolio management solutions are inefficient, very expensive to deploy, and require a third-party manager or in-house resources, which are very expensive.

In most cases with existing wealth and portfolio management solutions, wealth advisers are left struggling to grow their bottom line. Existing solutions are built using antiquated systems that increase reliance on large Wall Street firms and their infrastructure. Wealth advisors need a wealth and portfolio management solution that embraces modern technologies, including artificial intelligence, machine learning and data analytics, in order to improve the level of service provided to their clients.

The Problem With Current Investment Optimization Engines

Investment optimization engines are available in the public market but given the cost and cumbersome nature of the products, they are predominantly used by institutions and large professional wealth advisors. Investment optimization engines generally enable a user to first select an index then load in any securities currently owned as well as available cash. The software will then consider the current securities and cash and tell this user the changes needed to bring the portfolio in line with the index. Investment optimization software is commonly used by index managers and managers that run tax managed portfolios to replicate an index and mitigate tax consequences. This is commonly referred to as direct indexing.

The two primary providers of optimization software require a large amount of input and work from the manager for each portfolio to generate results. This has become a cumbersome process, which is why most of these managers require large minimums to run separate accounts. Additionally, these systems are extremely expensive on a per-user basis. For example, one provider has a tiered pricing structure that starts at approximately $60,000 per year, but most users end up paying well over $100,000 per year. The second provider charges $250,000 per year for just one license. These licenses allow one user to run one portfolio at a time through the software. The cost and work involved prevents wealth advisors from scaling their business without incurring significant costs in software and personnel.

The Pave Finance Solution: Pave Pro Software

Pave Pro software leverages artificial intelligence and machine learning technologies to personalize, simplify and automate the wealth management process for wealth advisors.

Key Pave Pro Benefits to Wealth Advisors:

- *Proven Track Record of Outperformance*. Pave Pro's standard model has outperformed the S&P 500 over the last 14 years by, on average, 296 basis points, and by 450 basis points in 2024.

- *Personalized Solutions to Meet Client Demands.* Enables wealth advisors to personalize the management of assets and customize portfolio management to meet specific needs of their wealth management clients based on their risk/return profile.

- *Automated (Discretionary) Asset Management*. Automates portfolio management to free up adviser time so they can focus on more productive outcomes such as larger accounts and more clients.

- *Institutional Quality Platform*. Robust and comprehensive investment management and trading platform to meet all of the needs of asset management clients including trade execution, clearing and third-party custodian services.

- *Compliance and Risk Management Features*. Comprehensive compliance and risk management features, including data retention, logging of all inputs, outputs and changes, monitoring and alerts, oversight and approval functions, and other protective features.

- *Tracks All Stocks and Assets Traded Globally*. Comprehensive coverage of almost all publicly traded securities globally. Missing assets and additional assets added on a weekly basis based on client requests.

- *Recommendation Tracking*. Enables tracking of all recommendations and the resulting performance over selected periods and against selected market benchmarks.

- *Easily Integrates with Existing Tools*. Easily integrates into existing back-office systems, clearing houses, trading platforms, and other financial systems commonly used by operators in the market.

- *Time Savings and Low Cost*. Enables significant time and cost savings with simplified client organization and monitoring capabilities and the reduction or elimination of third-party advisory portfolio fees.

- *Drives Growth in AUM*. Enables wealth advisors to increase their level of business with existing clients and attract new clients for active asset management by freeing up time from portfolio construction and management or research on third-party managers.

- *Minimizes Turnover*. Only places impactful trades, controlling trading fees paid by a client and making sure large positions are not unwound all at once.

- *Increases Profitability*. Drives profitability for wealth advisors by increasing the level of active management with each client, and the level of trading on the platform, versus using third-party providers.

- *Trading Flexibility with Outsourced Clearing and Custodianship*. Enables trading through client preferred broker-dealers, if desired, and connects with third-party custodians and organizes client accounts to seamlessly manage all clients in one place.

- *Custom Direct Indexing in Underlying Assets*. Enables wealth advisors to create custom direct indexing of underlying assets for selected clients.

Pave Pro is part of Pave Finance's securities trading and automated investment platform that includes a fully disclosed introducing broker-dealer platform, Pave Securities, and an investment advisory platform, Pave Investments. Pave Pro enables automated trading and the execution and settlement of trades into client accounts through Pave Securities without requiring advisor involvement.

Pave Securities: Fully Disclosed Introducing Broker-Dealer

Pave Securities intends to offer securities lending services as well as receive a spread on credit and debit balance in client accounts. This business is expected to grow as the assets on the Pave Pro software reach tens of billions of dollars.

Pave Investments: Registered Investment Adviser

Pave Investments is highly regulated and manages clients' assets as a fiduciary, though Pave Investments does not engage in any proprietary trading activities. Pave Investments serves a diverse mix of institutional and retail clients in the U.S. and clients may include high net worth individuals, hedge funds, family offices, other discretionary asset managers, and institutional investors including pension funds, foundations and endowments, insurance companies, financial institutions, tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, and third-party fund sponsors and retail intermediaries.

At the launch of Pave Pro in March 2024 until today, Pave Finance has not charged any fees for the automated management of assets. In late 2025 or first half of 2026, Pave Investments will begin charging a management fee for the use of the Pave Pro automation feature.

Autopilot

If a user wants Pave Pro to automatically make investment changes to a portfolio, the user can turn on "Autopilot" in the application and the portfolio will automatically construct and update monthly. The "Autopilot" feature hires Pave Investments as the adviser on the account to manage the portfolio. If a user wants to take control of trading themselves, then the software will generate and email a CSV file of the trades that need to be made for an account. This enables users to place the trades at the brokerage firm of their choice.

Competitive Strengths

Pave Finance has the following competitive strengths:

- *Management Expertise in Quantitative Investment Analysis*. Pave Finance is led by senior management that individually, on average, have 20 to 30 years of experience in investment management and quantitative investment analysis with some of the leading asset management firms in the world.

- *Track Record of Outperforming the Market.* Pave Pro's underlying algorithm has outperformed the S&P 500 by, an average, 296 basis points over the last 14 years, and by 450 basis points in 2024.

- *Alpha Scoring Algorithm and Optimization Engine*: Pave Pro's alpha scoring algorithm and optimization engine, which is supported by decades of research, data and analytics, are at the core of Pave Pro's investment approach. This software models and suggests the optimal portfolio for the best risk-adjusted returns based on current economic and market conditions. The alpha scoring algorithm and optimization engine underpin the ability for a broader product set and future innovation.

- *Personalization and Customization*. Pave Pro enables users to personalize the account for a particular client and customize portfolios based on the specific risk and return profile of the client.

- *Full Automation.* Pave Pro allows full automation for asset management, updates and reporting for clients. Users can select various parameters in the investment preferences, from risk profile and volatility to index tracking from an aggressive or conservative approach.

- *Compliance and Risk Features.* Pave Pro includes compliance and risk management features that archive recommendations and trading activity, along with other transactional details.

- *Efficiency and Cost Savings.* Pave Pro enables wealth advisors to more efficiently manage assets and communicate transparently with clients. In addition, wealth advisors will be able to discontinue costly third-party advisor fees and reduce in-house resources.

Growth Strategy

Pave Finance's future growth will be driven by the following strategic initiatives:

- *Proliferation of Pave Pro With Leading Wealth Advisor Platforms*. Pave Finance will target business development efforts with leading wealth management advisors to distribute Pave Pro amongst their independent investment advisers and internal registered representatives. By partnering with leading wealth advisor platforms, Pave Finance will be able to more efficiently attract and onboard a large number of wealth advisors onto the Pave Pro platform.

- *Adoption of Pave Pro by Wealth Advisors.* Pave Finance will focus marketing efforts on the virtues of Pave Pro versus alternative wealth management platforms, and will offer discounts for early adoption, such as the first month free and trial periods.

- *Onboarding of Wealth Advisors Clients onto Pave Pro.* Pave Finance will focus operational efforts on streamlining and simplifying the client onboarding process for wealth advisors and asset managers.

- *Adoption of Pave Pro's "Autopilot" Feature.* Pave Finance will promote Pave Pro's "Autopilot" feature to wealth advisors by offering the feature without a fee at the initial launch of the service. In late 2025 or early 2026, Pave Finance intends to launch the fee program for the "Autopilot" feature and will attempt to grow the amount of discretionary AUM.

- *Adoption of Pave Securities' Securities Lending, Credit and Debit Balance Services.* Pave Securities will promote the availability of securities lending and credit and debit balance services to clients on the Pave Pro platform.

- *Continued Outperformance Versus the Leading Market Benchmarks.* Pave Finance will continue to leverage artificial intelligence and machine learning technologies to improve the performance of the Pave Pro alpha scoring algorithm versus standard industry benchmarks.

- *Continued Improve in Personalization and Customization Features.* Pave Finance will continue to improve Pave Pro's personalization and customization features for the benefit of wealth management clients.

- *Addition of Enhanced Features to Pave Pro*. Pave Finance will continue to add features and functionality to Pave Pro including broader classes of assets, such as debt-related securities, international markets, digital assets and the ability to sell short on the platform.

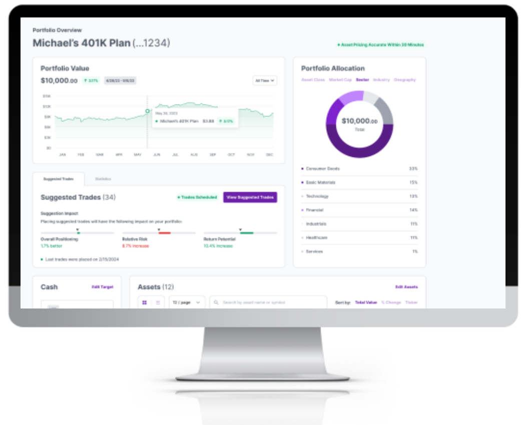
- *Expansion Internationally*. Pave Finance will pursue expansion into selected international markets, including Asia, Europe and the Middle East.

- *White-Label Licensing*. Pave Finance intends to pursue business development opportunities with large financial institutions to offer Pave Pro under their own brand in exchange for license fees and royalties.

Pave Pro Software Platform

The Pave Pro software platform consists of: (i) the Pave Pro dashboard and core features; (ii) the Pave Pro alpha scoring algorithm and investment optimization engine; (iii) Pave Securities; and (iv) Pave Investments and its "Autopilot" feature.

Pave Pro



Pave Pro Dashboard. The Pave Pro dashboard is a user-friendly interface that is easy to navigate and use by wealth advisors. The Pave Pro dashboard provides a summary snapshot of client accounts under management, with easy and quick access to underlying client data, related information, and also provides summary account information and amounts, with quick navigation to various points in a client's asset base.

The Pave Pro dashboard can be customized to meet the needs of the wealth advisor and to improve communication with wealth management clients including notifications.

The Pave Pro dashboard is the launching point to navigate through the portfolio construction process.

Pave Pro Key Features:

Pave

Autopilot

Discretionary Asset Management

- *Automated Portfolio Management Through Pave Pro's "Autopilot" Feature.* Pave Pro's "Autopilot" feature automates the discretionary management of assets with portfolios designed to outperform leading market benchmark indices, including the S&P 500. By engaging the "Autopilot" feature, wealth managers are able to leverage Pave Pro's alpha scoring algorithm and investment optimization engine to construct portfolios that meet client specific risk/ return objectives.

- *Client Management*. Pave Pro enables wealth managers to track hundreds of clients on an active basis. This process provides the adviser with the insight with communications and notifications needed for high value accounts and enables comprehensive client account management more easily than existing solutions. Pave Pro provides the highest level of transparency required to render world-class service.

- *Personalization and Customization*. Pave Pro enables wealth advisors to provide personalized investment management and customized portfolios to meet specific client needs based on their risk profile.

- *Compliance and Risk Management*. Pave Pro includes comprehensive compliance and risk management features, including data retention, logging of all inputs, outputs and changes, monitoring and alerts, oversight and approval functions, and other protective features.

- *Recommendation Tracking*. Pave Pro enables tracking of all recommendations and the resulting performance over selected periods and against selected market benchmarks.

- *Minimizes Turnover*. Pave Pro recommends and places impactful trades, controlling trading fees paid by a client and making sure large tax positions are not unwound all at once.

- *Increases Profitability*. Pave Pro drives profitability for wealth advisors by increasing the level of client engagement through account personalization with automation.

- *Trading Flexibility with Outsourced Clearing and Custodianship*. Pave Pro enables trading directly through the software or client preferred broker-dealers. Pave Pro also connects with third-party custodians and organizes client accounts to seamlessly manage all client accounts in one place.

- *Custom Direct Indexing in Underlying Assets*. Pave Pro enables wealth advisors to create custom direct indexing of underlying assets for individual clients.

- *Fractional shares*. Pave Pro enables fractional shares, providing it's allowed at the accounts underlying custodian, rather than requiring them to buy and sell whole shares. This service enables clients to build a diversified portfolio regardless of their budget and removes a barrier to investing in higher-priced stocks, thereby providing access to a much greater selection of equities.

Portfolio Construction, Return and Risk Profile Parameters. Pave Pro enables users to construct a customized portfolio based on the following factors: (i) general preferences; (ii) factor tilts; (iii) investment objectives; and (iv) tracking error.

General Preferences. General preferences include: (i) automation; (ii) tax optimization; (iii) sector, industry, or individual security constraints; (iv) target asset count; and (v) target cash.

Factor Tilts. Factor tilts include: (i) performance priority; (ii) investment style; (iii) volatility preference; (iv) interest rate sensitivity; (v) global macro sensitivity; and (vi) U.S. dollar sensitivity.

Investment Objectives. Investment objectives include: (i) equity only portfolios, nine indices; and (ii) multi-asset class portfolios.

Performance Priority. Within the factor tilts, performance priority allows: (i) tracking error focus, direct indexing; (ii) balanced return; and (iii) various active management settings.

Some of the most important targets are as follows:

- Minimize asset weight difference to benchmark;
- Minimize volatility to benchmark;
- Minimize 88 individual factor exposures to benchmark;
- Minimize turnover;
- Allow customization of maximum realized gains on an annualized basis (if the user has tax optimization on);
- Maximize return score (alpha scoring algorithm);
- Target asset count (55 suggested on Pave Pro; can be changed); and
- Cash target of 4% (can be changed from 1% to 100%).

Portfolio Construction Technology: Pave Pro Alpha Scoring Algorithm and Investment Optimization Engine

The Pave Pro alpha scoring algorithm and investment optimization engine work together to optimize the construction of portfolios targeted to meet specific risk/ return objectives based on a particular market benchmark or index, such as the S&P 500. This is done while maximizing the upside capability while mitigating downside volatility. Pave Pro's proprietary artificial intelligence and machine learning-based asset scoring algorithm was developed by one of our founders in 1997, in conjunction with a proprietary convex investment optimization engine.

The Pave Pro alpha scoring algorithm and investment optimization engine ingests and analyzes, on a weekly basis, more than 150 data points, or factors, for 10,000+ securities, creating more than 2.5 million data points based on company specific, industry and economic factors in ranking securities. On a weekly basis, Pave Pro goes through a systematic process of ranking six different investment styles based on 58 factors. This process enables Pave Pro to find out which investment styles are overperforming and which are underperforming at that time. Pave Pro then creates a covariance matrix of around 10,000 global publicly traded stocks and breaks the stocks into 88 additional factors based on the stock's unique characteristics and categories they relate to based on the six different investment styles. The covariance matrix is a price movement matrix that looks at each stock's upside and downside capture over the prior week. In addition to the covariance matrix, a factor exposure model is created for each security that analyzes the beta of each stock vs a range of factors.

Upon implementation of the portfolio construction process, Pave's optimization engine runs through 93 different factors for every possible permutation of the assets in the benchmark to find the optimal portfolio in three to 15 seconds depending on the size of the benchmark. The goal is to seek the best possible returns while minimizing risk variance to the benchmark.

Pave uses an artificial intelligence and machine learning system to rank each stock globally within its alpha scoring algorithm weekly. This process ensures it catches changes with a specific company and also reflects changing market and economic conditions. Pave Pro does not have a bias such as growth, value, large cap, small cap, or any other traditional money manager investment bias. When Pave Pro optimizes a portfolio, it takes into account the scores generated by Pave Pro's alpha scoring algorithm and looks to minimize tracking error to the chosen benchmark while maximizing expected return.

The alpha scoring algorithm and investment optimization engine utilizes proprietary models to permute data into proprietary risk and return factors for each asset class and engages proprietary artificial intelligence and machine learning model overlays to aggregate first order factors into higher order factors. Pave Pro then ranks stocks based on price movement and factor movement and selects stocks with the best return profile with minimal price movement to the benchmark. By feeding a combination of first order and higher order factors into the investment optimization engine, the alpha scoring algorithm is optimized for outperformance versus a targeted benchmark.

In Pave Pro's user interface, the alpha scoring algorithm is represented by a five-star return score and five-star risk score for each stock. These scores are the forward-looking expectations for each stock based on Pave Pro's alpha scoring algorithm and are updated weekly. Scores can be reviewed for the stocks in a portfolio and recommended portfolios as well as search for a specific asset by name or ticker.

Pave Pro leverages unbiased and objective analytics based on the factors used in a covariance matrix (price movement) to optimize the performance of its algorithm. Pave Pro's investment optimization engine also personalizes portfolios around a client's investment profiles, values, asset base, tax situation, return expectations and rick tolerance. Pave Pro also considers the unrealized gain or loss of each asset it may sell, and tax implications are weighed against performance implications in order to make tax-smart investment decisions.

Alpha Scoring Algorithm Factors

Factor Categories. Factors can be technical, company specific, industry related, or economic. For example, company specific factors include but are not limited to:

• Earnings	• Price to Earnings Ratio	• Net Debt
• Earnings vs Expectations	• Price to Earnings Growth	• Short-Term Debt to Cash
• Earnings Growth	• Debt	

Industry related factors include but are not limited to:

• Industry Growth	• Earnings	• Overall Growth
• Asset Flows	• Expected Earnings	

Economic factors include but are not limited to:

• Inflation	• Money Supply	• Consumer Debt
• GDP	• Producer Price Index	• Inflation Expectations
• Employment	• Consumer Price Index	

Factor Scoring and Stock Ranking. Pave Pro's alpha scoring algorithm uses certain risk scoring factors to rank each stock based on prior performance and generates forward looking expectations. The various stock specific and investment style scores create a robust system for Pave Pro's proprietary investment optimization engine to select stocks that seek to create outperformance vs the respective index.

Investment Optimization Engine

Pave Finance has constructed the Pave Pro proprietary investment optimization engine to work alongside the Pave Pro proprietary alpha scoring algorithm.

When Pave Pro optimizes a portfolio, it takes into account the scores generated by Pave Pro's alpha scoring algorithm and seeks to minimize tracking error to the chosen benchmark while maximizing expected return. Pave Pro uses an artificial intelligence and machine learning system to rank each stock globally within its alpha scoring algorithm weekly. This process ensures it catches changes within a specific company and also reflects changing market and economic conditions.

Pave Pro's investment optimization engine considers every single stock publicly traded in the world and runs the correlations and alpha scoring weekly to ensure the system is constantly up to date and catches any underlying changes within the targeted index. Each security is tracked and broken into over 150 factors to ensure any index can be replicated using securities inside a respective index or outside the index. Portfolios can be created based on price movement or factor movement. While most investment optimization engines use one of these two methods, Pave Pro uses both.

Pave Pro looks to the optimizer and selects stocks with the best return profile and then it seeks to minimize price movement to the benchmark (tracking error). Pave Pro then looks at which factors to minimize in the factor exposure to the benchmark based on the price movement. This approach enables Pave Pro to maximize the alpha capability while minimizing the downside volatility of the benchmark. Pave Pro is optimized to seek different ways to construct a client portfolio, enabling the software to confirm the best potential outcome.

Pave Pro enables wealth advisers to optimize to nine different indices in the U.S, including:

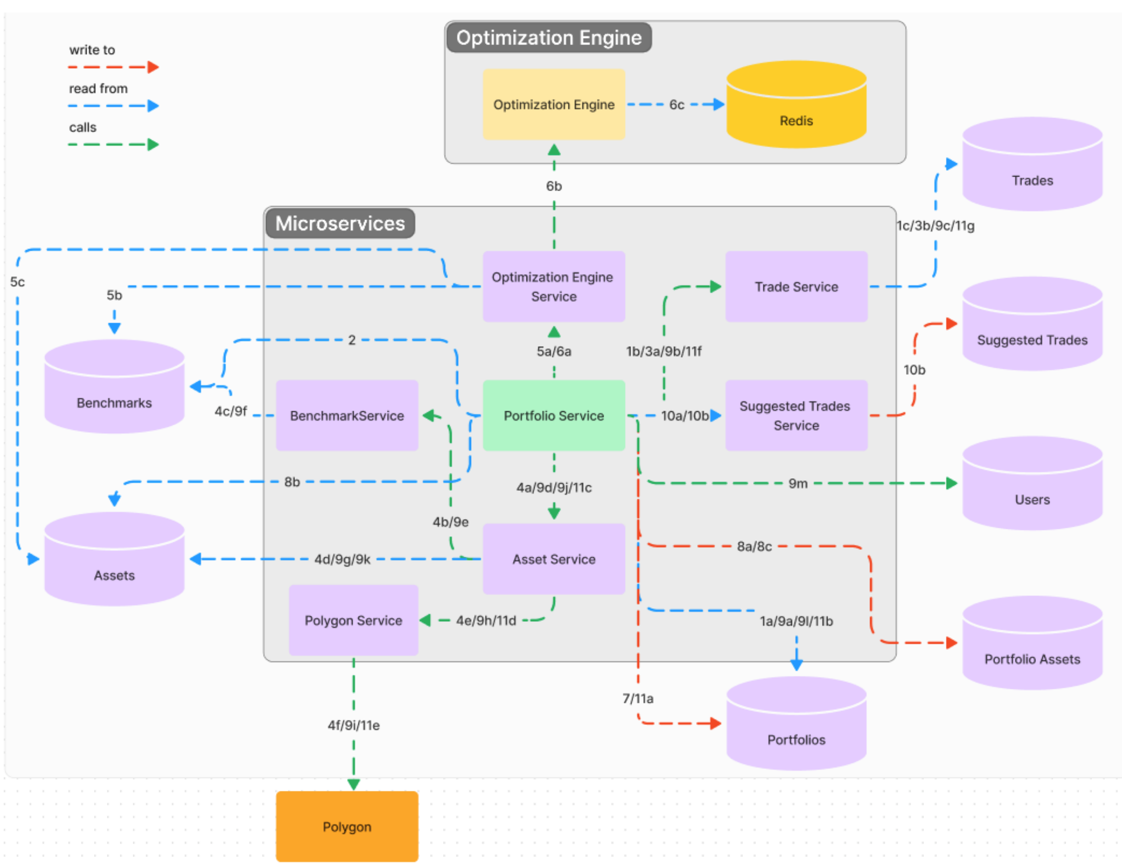
- S&P 500 Growth
- S&P 500 Value
- S&P 500 Dividend
- S&P 500
- S&P 400
- S&P 600
- Russell 1000
- Russell 2000
- NASDAQ 100

Pave Pro's investment optimization engine also includes more than 500 ETFs in the U.S. Although Pave Pro's investment optimization engine will not recommend ETFs in equity only portfolios, it does enable clients that may own ETFs to keep them and have them included in the optimization process. The investment optimization engine and alpha scoring algorithm looks through the ETF to the underlying securities and enables the investment optimization engine to take into account the underlying securities when it optimizes the portfolio. Additionally, Pave Pro enables an adviser to optimize using multi-asset class portfolios based on seven preset asset allocation benchmarks ranging from 95% equity and 5% fixed income to 5% equity and 95% fixed income.

Pave Finance has recently added more customization capabilities to multi-asset class portfolios and plans to add global indices in 2025. This will enable wealth advisers to select indexes globally or select geographies.

The Investment Optimization Engine - Schematic. The investment optimization engine is depicted as follows:

Optimization Engine



Investment Optimization Engine: Technical Structure

Pave Pro's investment optimization engine has very few programmed hard constraints. The objective of the engine vs. traditional investment optimization engines is to allow flexibility in how accounts are constrained at the account level enabling the Pave Pro investment optimization engine to adapt to the individual's constraints and maximizing return potential with the alpha scoring algorithm. Depending on the target asset count (maximum number of holdings), the asset weight max should fall between 6% and 7%. Secondly, a constraint has been developed to mitigate overexposure from multiple share classes, for example GOOG, GOOGL or BRK.A and BRK.B. A third constraint within the engine is to mitigate the risk of wash sales. In this case, an asset that is sold cannot be repurchased in the portfolio for 31 days.

Outside of a small set of constraints as described above, the majority of the investment optimization engine works on targets (or suggestions) instead of hard constraints. This flexibility enables the investment optimization engine and alpha scoring algorithm to work side by side to seek the most efficient portfolio for each client.

Tax Management

Traditionally, tax management is carried out by selling assets that have taken a loss and replacing them with similar assets. The classic example is to sell Coca Cola and buy Pepsi. Unfortunately, Coca Cola and Pepsi are quite different when you look beneath the surface and even more importantly, a like-for-like replacement may not be ideal from a portfolio management perspective. Using Pave Pro's alpha scoring algorithm and optimization engine, wealth advisers can offer tax management that is far from traditional.

In the previous example where the wealth advisor needs to sell Coca Cola to realize a loss. First, Pave Pro will automatically flag that Coca Cola has taken a significant loss and may be advantageous to sell. Then Pave Pro will analyze the expected forward performance of Coca Cola to identify if the tax benefits of liquidation outweigh the performance benefits of holding the asset. If Pave Pro deems it best to partially or fully sell the client's Coca Cola holding, Pave Pro's optimization engine will automatically identify replacement candidates.

When analyzing which asset or assets should replace Coca Cola, the goal should be to find the best replacement given client preferences, market conditions, and the current portfolio. Pave Pro's investment optimization engine is capable of doing this by using the risk and return scores generated by the alpha scoring algorithm to identify the asset or assets best suited to help the portfolio holistically manage risk and maximize performance. Pave Pro may end up recommending Pepsi, but more likely than not, it will end up with one or more replacement assets in completely different industries or even sectors.

Implementation

As a wealth adviser implements a specific client portfolio, they will take into account any current holdings, tax situation, investment preferences (or recommendations from the professional adviser), stocks that cannot be sold (this could include restricted stock or stock options from an employer), and preferences to exclude specific stocks, industries, or sectors. Then, using the alpha scoring algorithm, taking into account the biases and current holdings, the investment optimization engine will create a completely customized portfolio in a matter of seconds.

Pave Pro provides wealth advisers with the ability to manage any number of client relationships and any number of accounts within each relationship. Pave Pro connects directly into a custodian via API or SFTP feeds and gets account information, allowing connections to Pave Pro without having to move accounts to other custodians.

In addition to opening accounts and connecting accounts, Pave Pro enables wealth advisers to create a "manual account" which provides the ability to track restricted stock from an employer or a security that is not included on a statement. A manual account can also be used as a sandbox for a wealth adviser to test various ideas without creating recommended trades in a client account.

Pave Pro gives the wealth adviser the ability to make changes to how the alpha scoring algorithm and the investment optimization engine interact to make investment recommendations. The ability to adjust how factors are used in the software provides the user with the ability to embed their market view into the portfolio construction and management process. These factor tilts include, tracking error, growth or value tilts, volatility preferences, and the ability to overweight or underweight sensitivity to interest rates, global macro, and the U.S. dollar.

Pave Pro is built to be able to scale to meet the needs of large enterprise customers with thousands of wealth advisors. Pave Finance is able to scale Pave Pro seamlessly as wealth advisors adopt Pave Pro and each wealth advisor develops and grows their wealth advisory business.

Compliance

Pave Pro retains all of the information a user inputs and generates from the product on a rolling six-year basis. Pave Pro captures the onboarding process and builds a recommended portfolio based on the specific criteria each user inputs into the application. Additionally, any time a user changes their preferences, risk tolerances, or investment objectives, Pave Pro captures those changes and retains the new responses in the client's data. Pave Pro tracks every recommendation the product makes and tracks each security every week. Pave Pro even has the ability, provided there is a brokerage account connected, to compare how a client has implemented Pave Pro vs. the actual recommendations Pave Pro made. This additional oversight provides the individuals using Pave Pro, or the organization acting on behalf of an end client, the ability to know there is a track record of the recommendations and their implementation as well as the ability to provide analysis on why any particular security was included and the context of the overall portfolio construction.

Pave Securities

Pave Securities is a licensed fully disclosed introducing broker-dealer. As a fully disclosed introducing broker-dealer, Pave Securities provides clients with access to brokers and facilitates trading activities but does not actually executive, clear or settle trades. Pave Securities solicits client business and refers clients to other brokerages that carry out trades and maintain custody of assets. Pave Securities earns a portion of the trading transaction fees and commissions generated by referred clients. Pave Securities also intends to offer securities lending services as well as generate fees through credit and debit spreads.

Pave

SECURITIES, LLC

Trading. Trading operations will be managed by a dedicated team, supported by quantitative analysis, proprietary technology and disciplined risk management. Pave Securities intends to partner with a broad group of broker-dealers to maximize efficiency and trading fees while limiting risk.

Securities Lending. Securities lending will be managed by a dedicated team, supported by quantitative analysis, proprietary technology and disciplined risk management. Pave Securities intends to partner with custodians and securities lending firms to maximize the lending ability of fully paid for securities. Partnering with custodians and third-party securities lending firms maximizes lending and mitigates risk. Pave Finance's in-house team will be able to minimize any potential exposure through the lending agreements. Pave Finance expects its custodians and third-party lending broker-dealer partners to receive both cash (primarily for U.S. domiciled portfolios) and noncash collateral under securities lending arrangements.

Credit and Debit Balance. Credit and debit balances will be monitored by a dedicated team in the finance department, supported by quantitative analysis, proprietary technology and disciplined risk management. Pave Securities will receive a portion of the spread on credit and debit balances, the bulk of which will go to the custodian and lender of the collateral. Pave does not provide credit directly to clients and only makes a portion of the spread on the credit and debit balances.

Pave Investments

Pave Investments is an SEC registered investment adviser that manages all active portfolios that are automated under Pave Pro. When Pave Pro's automation feature, "autopilot," is activated by a client, Pave Investments will act as the discretionary investment adviser on the account and automatically purchase and sell securities when needed to create the optimal portfolio.

Pave

Autopilot

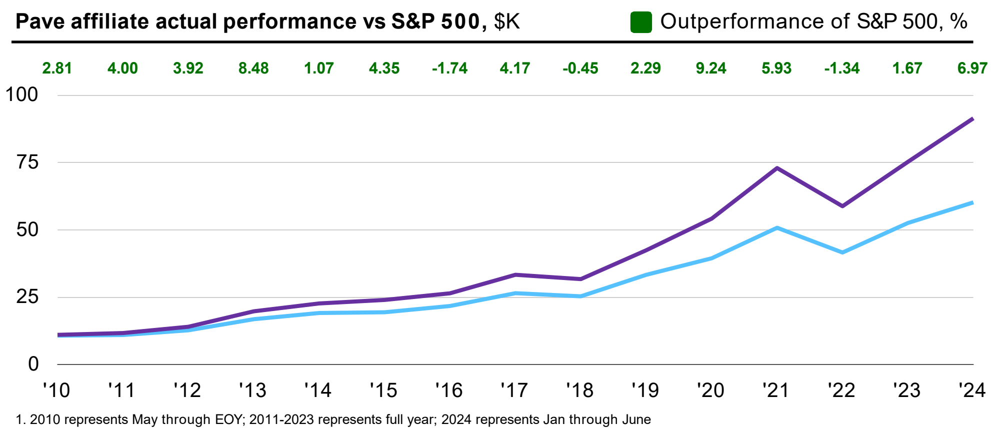
Discretionary Asset Management

Pave Pro's core portfolio, created by its alpha scoring algorithm and investment optimization engine, has outperformed the S&P 500 by, on average, 296 basis points since 2010, and 450 basis points in 2024, and outright 12 of the last 14 years, The alpha scoring algorithm and investment optimization engine will choose the top approximately 55 stocks that make up the S&P 500 to invest in. Such recommendations are rebalanced and adjusted every 32 days.

Calculations of performance were done by taking the equity large cap and mid cap balances and securities and tracking performance on a monthly basis. Performance was calculated by using the closing balance from the prior month and the closing balance from the current month. These positions were further adjusted by taking into account (including) dividends that were paid during the month. In the event a security moved from small cap from the prior month into the mid cap holdings for the current month, the security was an adjustment to performance by subtracting the amount moved to the ending balance. When securities were shown in the mid cap in the prior month and moved into small cap for the month's performance tracking, the net balance was adjusted by adding the amount of money moved. For securities that were purchased during the month in the mid cap or large cap space the total amount of the purchases was adjusted to the ending balance by subtracting the purchased amount. Additionally, for securities that were sold during the month in the mid cap or large cap space the total amount of the sales was adjusted to the ending balance by adding this amount sold back into the balance. In the event there were purchases and sales in large and mid-cap stocks during the calendar months the sales were added back in, and the purchases were subtracted, the net balance of the purchases and sales was then either added or subtracted from the ending balance for the given month based on the net positive or negative of the purchases and sales. By subtracting the amount of purchases, in effect moves purchases and sales to the end of every month.

The following chart depicts the historical performance of the Pave Pro core index versus the S&P 500:

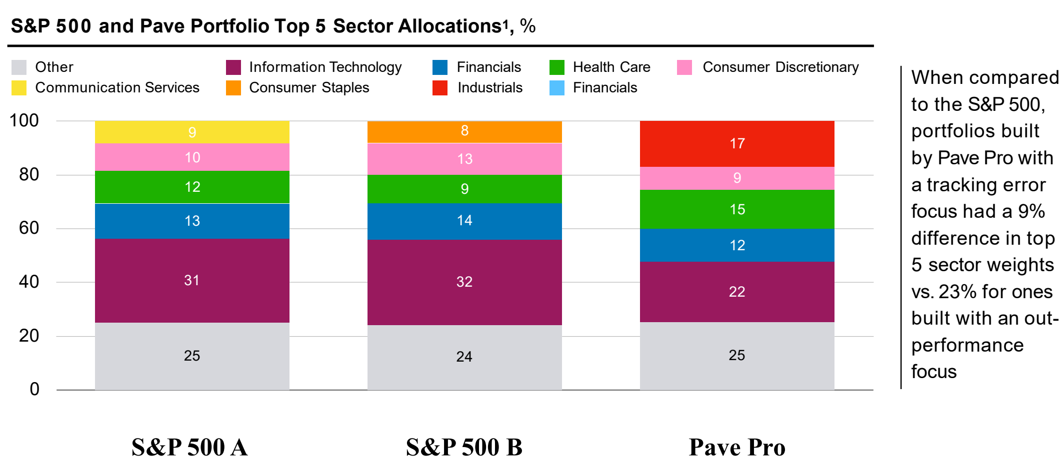
Historical Performance vs. S&P500



Pave Pro	1 Year	3 Years	5 Years	10 Years	Inception
vs. S&P 500 (bps)	+815	+337	+444	+306	+339

Note: From April 30, 2010 to June 30, 2024.

The Pave Pro model portfolio will have a different allocation of stocks compared to the S&P 500. The following is a comparison of Pave Pro optimized to the S&P 500 and optimized for outperformance with volatility in line with the S&P 500.



Pave Investments is highly regulated and manages clients' assets as a fiduciary. Pave Investments does not engage in any proprietary trading activities. Pave Investments intends to serve a diverse mix of institutional and retail clients in the U.S. and clients may include high net worth individuals, hedge funds, family offices, other discretionary asset managers, and institutional investors including pension funds, foundations and endowments, insurance companies, financial institutions, tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, and third-party fund sponsors and retail intermediaries.

AUM represents the broad range of financial assets managed for clients on a discretionary basis pursuant to the "Autopilot" feature in Pave Pro. In general, AUM reflects the valuation methodology that corresponds to the basis used for determining revenue (for example, net asset value). AUM does not include assets for which Pave Finance provides risk management or other forms of nondiscretionary advice. Investment management fees are typically earned as a percentage of AUM. In the future, Pave Investments may earn performance fees on certain portfolios relative to an agreed-upon benchmark or return hurdle. On some products, Pave Securities, an affiliate, may earn securities lending revenue, and on some clients' accounts the affiliate may earn debit balance revenue.

Risk and Quantitative Analysis

Across all asset classes, the RQA group at Pave Finance draws on extensive analytical systems and proprietary and third-party data to identify, measure and manage a wide range of risks. RQA provides risk management advice and independent risk oversight of the investment management processes, identifies and helps manage counterparty and enterprise risks, coordinates standards for firm wide investment performance measurement and determines risk management-related analytical and information requirements. Where appropriate, RQA will work with developers to facilitate the development or improvement of risk models and analytics.

Technology

Pave Finance's technology includes the following core items related to its Pave Pro software platform: (i) alpha scoring algorithm; (ii) investment optimization engine; (iii) automation engine; (iv) core infrastructure and data platform; (v) clearing enablement; (vi) order routing system; (vii) artificial intelligence and machine learning platform; and (viii) experiments infrastructure.

All of our technology is built with the long term in mind and our core infrastructure is designed to support meaningful operational scale. We are also focused on implementing more advanced automation techniques, which will enable us to minimize manual or labor-intensive processes. We also focus on real-time capabilities (where possible) and will add features periodically as we expand our capabilities.

- *Core Infrastructure and Data Platform*. Pave Finance has built an infrastructure platform for resilient, scalable wealth management capabilities. Our software application and data infrastructure are all built on Amazon Web Services and designed with built-in scalability and resiliency. Our systems handle: (i) inbound traffic in the tens of thousands of queries per second (QPS); (ii) 15 to 20 optimizations run at once and 1,000 in less than 10 minutes; and (iii) tens of thousands of individual portfolio trades in a single day. Our infrastructure is designed to be cost-effective and scalable as we grow our business.

- *Clearing Enablement*. Our platform is connected with third-party clearing brokers. This enables us to have trades cleared and settled seamlessly as we execute transactions on the Pave Pro software platform..

- *Order Routing System.* We built a proprietary order routing system that uses statistical models to evaluate past orders and execution quality data and automatically routes customer orders to the market makers that have historically given clients the best prices. This competition-based system creates an incentive for market makers to provide better prices for our clients, in order to receive more orders in the future. We are committed to seeking high quality execution on every order, and our routing protocols are designed with this in mind. We route equity orders in priority to participating market makers that we believe are most likely to give our clients the best execution, based on historical performance (according to order price, trading symbol, availability of the market maker and, if statistically significant, order size).

- *Artificial Intelligence and Machine Learning Platform.* Our artificial intelligence and machine learning models help optimize our alpha scoring algorithm and investment optimization engine through the ingestion and analysis of company, industry and economic factors. We continue to enhance our platform with artificial intelligence and machine learning technologies that enable the improvement of data ingestion and analysis for our alpha scoring algorithm and investment optimization engine.

- *Experiments Infrastructure.* To enable rapid product enhancement cycles, we have built a proprietary experiments infrastructure that enables us to test product changes through the build process and validate research hypotheses. The iterative, client-centric product development approach that is so core to our success is enabled by this robust internal technology.

We continue to invest across our entire technology stack. As of March 31, 2025, we have 10 engineers that work closely with customers, product teams, support, legal and compliance personnel to ensure we maintain our high standard of building market-leading technology. All technology of Pave Finance is held in its Pave Labs subsidiary.

Customers

For its Pave Pro software, Pave Finance targets a diverse mix of institutional and retail clients in the U.S. and clients may include high net worth individuals, hedge funds, family offices, other discretionary asset managers, and institutional investors including pension funds, foundations and endowments, insurance companies, financial institutions, tax-exempt institutions, such as defined benefit and defined contribution pension plans, charities, and third-party fund sponsors and retail intermediaries.

Our customers currently are located entirely in the U.S., though we expect to add international customers in 2025.

Targeted Customers. Pave Finance targets the following types of customers for its Pave Pro software:

Existing Customers. As of March 31, 2025, we had relationships with 17 enterprise clients, including two clients in the graphic above (with an additional third working through contracts and onboarding), with 41 seat licenses among these clients.

Customer Support. We prioritize customer support in an effort to deliver the best possible experience to our customers, and we are committed to continuously improving our support functions as we scale. We have implemented a number of technological solutions to further improve support tools and outcomes, including building new channels to connect with our customers. We currently primarily rely on providing customer support through email and over the phone. We intend to build out a support function in the coming months and have identified the individual that will lead this process.

Our support commitments to our customers include:

- *Quality Execution*. We perform regular and rigorous reviews of the execution quality our customers receive from securities market makers, including the execution price, speed and price improvement.

- *High Security Standards*. We are committed to keeping our customers' accounts safe. We offer security tools, including two-factor authorization, and have insurance for direct losses that happen due to unauthorized activity that is not the fault of our customer.

- *Extra Protection*. Pave Securities is a member of SIPC, which protects against the loss of cash and securities of its members up to $500,000 (including $250,000 for claims for cash). In addition to SIPC protection, Pave Finance provides its customers with additional "excess of SIPC" coverage, which provides an aggregate of $150 million of coverage—up to $900,000.00 for cash and $30.0 million for securities per customer.

Dedicated Support. We aim to respond to our customers as quickly as possible to resolve issues swiftly and will continue to invest in expanding our customer support functions. We have a growing team who are focused on customer support and will continue to add qualified customer support personnel.

Competition

Pave Finance, and Pave Pro software, competes with other existing wealth management solution providers, including other software tools and investment management firms, mutual fund complexes, insurance companies, banks, brokerage firms, financial technology providers and other financial institutions that offer products that are similar to, or alternatives to, those offered by Pave Finance.

We seek to differentiate ourselves from competitors primarily through our performance and track record, our industry expertise, our personalization, customization and automation features, as well as our ease of use and overall lower total cost versus alternative solutions. We will also differentiate ourselves with our focus on accessibility, customer experience and trust. We believe that our ability to innovate quickly further differentiates our platform from our competition. We believe we compete favorably across all key competitive factors and that we have developed a business model that is difficult to replicate.

We believe that the key competitive factors in our market include:

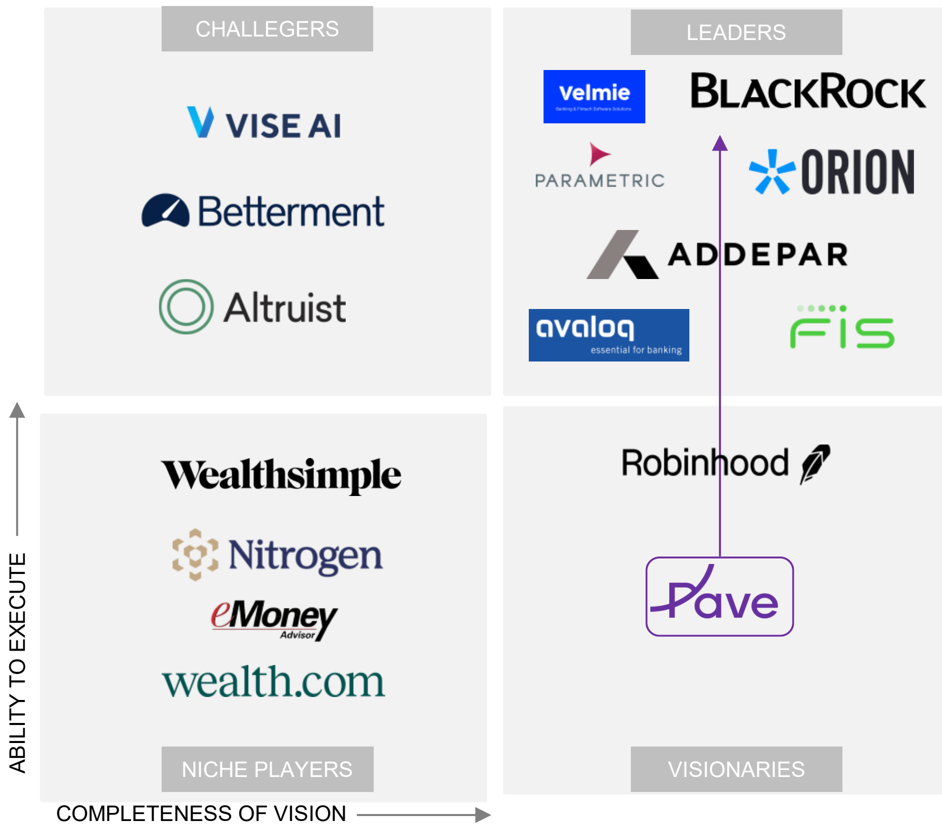
- performance versus leading market benchmarks;

- product features, including personalization and customization features;

- overall quality, functionality, seamlessness, ease of use, security and trust;
- brand recognition;
- risk management and compliance features; and
- regulatory licenses and corporate governance.

Our competitive landscape, and the competitive position of Pave Finance in that landscape, are as follows:

Magic Quadrant for Wealth Management Solution Providers



Source: Company Management

Intellectual Property

Our success and ability to compete are significantly dependent on our core proprietary technology and intellectual property. We rely on trademarks, copyrights, trade secrets, know-how and expertise, registered domain names, license agreements, intellectual property assignment agreements, confidentiality procedures and non-disclosure agreements to establish and protect our intellectual property and proprietary rights. We seek to protect our intellectual property and proprietary rights, including our proprietary technology, software, know-how and brand, by relying on a combination of federal, state, and common law rights in the U.S. and other countries, as well as on contractual measures. However, these laws, agreements, and procedures provide only limited protection. It is our practice to enter into confidentiality, non-disclosure, and invention assignment agreements with our employees, consultants, contractors and other third parties, and into confidentiality and non-disclosure agreements with other third parties, in order to limit access to, and disclosure and use of, our confidential information, trade secrets, know-how and proprietary technology. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions are larger contributors to our success in the marketplace.

Our alpha scoring algorithm is also protected by practical means, including having a law firm control, in trust, access to the complete code and the directions on how to operate the code in the event anything happens simultaneously to the two key executives who control the algorithm internally at Pave Finance.

We intend to file for several trademark registrations across the U.S. and certain other jurisdictions. We intend to create an ongoing trademark and service mark registration program pursuant to which we register our brand names and solution names, taglines and logos in the U.S. and certain other jurisdictions to the extent we determine appropriate and cost-effective. We are the registered holder of a variety of U.S. domain names that include the primary brand "Pave Pro," including variations thereof, as well as brands for other Pave Finance products and services. We also have common law rights in certain unregistered trademarks that were established over years of use. We are the authorized user of a variety of social media handles, pages and profiles that reflect our primary brand. In addition, we have a suite of defensively registered domains.

Despite our efforts to protect our intellectual property rights, we cannot be certain that the steps we have taken will be sufficient or effective to prevent the unauthorized access, use, copying, or the reverse engineering of our technology and other proprietary information, including by third parties who may use our technology or other proprietary information to develop services that compete with ours, and our intellectual property rights may not be respected in the future or may be invalidated, circumvented or challenged. We intend to pursue additional intellectual property protection to the extent we believe it would be beneficial and cost-effective. In addition, we intend to expand into international markets, and effective copyright, trademark, and trade secret protection may not be available or may be limited in foreign countries. We believe that competitors will try to develop products that are similar to ours and that may infringe, misappropriate or otherwise violate our intellectual property rights. Our competitors or other third parties may also claim that our platform and other solutions infringe, misappropriate or otherwise violate their intellectual property rights. Policing the unauthorized use of our intellectual property and proprietary rights can be difficult. The enforcement of our intellectual property and proprietary rights also depends on any legal actions we may bring against any such parties being successful, but these actions are costly, time-consuming, and may not be successful, even when our rights have been infringed, misappropriated, or otherwise violated.

Third parties may in the future assert claims of infringement, misappropriation and other violations of intellectual property rights against us or our customers, and our agreements with such customers may obligate us to indemnify them against these claims. Successful claims of infringement by a third party could prevent us from offering certain products or features, require us to develop alternate, non-infringing technology, which could require significant time and during which we could be unable to continue to offer our affected products or solutions, require us to obtain a license, which may not be available on reasonable terms or at all, or force us to pay substantial damages, royalties or other fees. Additionally, we use open-source software in our products and services and anticipate using open-source software in the future. The terms of various open-source licenses have not been interpreted by U.S. courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our services.

The Pave Finance technology is the result of the collaboration of the team of highly experienced asset managers that founded Pave Finance, and the resulting alpha scoring algorithm and investment optimization engine are the result of the collective efforts of the team, and not any one individual. Accordingly, since our technology was uniquely created at Pave Finance, it is difficult to replicate our technology.

Data Security

Our business collects, stores, shares, discloses, transfers, uses and otherwise processes the personal data of individuals across the U.S. As a result, compliance with data protection, privacy and security laws, rules, regulations, policies, industry standards and other legal obligations regulating the collection, storage, sharing, disclosure, transfer, use, protection and other processing of personal data is core to our strategy and integral to the creation of trust in our platform. We take a variety of technical and organizational security measures and other procedures and protocols to protect our data and information, including personal data and other data pertaining to customers, employees and other users. Despite the measures we put in place, we may be unable to anticipate or prevent unauthorized access to such data, including personal data.

Research and Development

We continue to devote significant resources to research and development, including expenditures for new enhancements to Pave Pro and its technology platform, including the alpha scoring algorithm and investment optimization engine, and new investment products and services, and expenditures for maintenance of Pave Pro's existing features. In general, we spend 75% of our time on new development and 25% on maintenance of Pave Pro's existing features.

The majority of our research and development spending to date has been related to completing Pave Pro and adding capabilities to Pave Pro. We believe the advanced capabilities of Pave Pro will enable us to significantly extend and enhance the services we offer to clients and expand Pave Finance's addressable markets.

In particular, our future research and development efforts will be focused on the following features to Pave Pro:

- Broker-dealer integrations;
- Tax onboarding plans and tax gain budgets;
- Portfolio investment plan draft comparison;
- Improved and expanded display of data for the current, benchmark and optimized portfolio allocations;
- Joint performance priority and factor tilts in investment preferences;
- Performance reporting;
- Integrated SSO and white labeling; and
- General design improvements on the homepage and trade history page.

Sales and Marketing

Sales. Pave Finance has a direct sales force led by senior executives that focus on large wealth management institutions and others that are early adopters of new technologies. Pave Finance also leverages referrals from channel partners and other partners of the Company to focus on attracting wealth advisors.

Marketing. We are striving to build a strong brand and grow our customer base primarily through direct and indirect marketing efforts, including industry conferences and trade shows. To date, we have incurred minimal expenditures on sales and marketing. In the future, we plan to increase our marketing efforts to increase brand awareness further.

Operations

Our principal executive office is located in New York, New York and we intend to open an additional office in Newport Beach, California. We lease our New York office and intend to lease our Newport Beach office. We are committed to understanding and reducing the environmental footprint of our business, and in particular, our use of energy and related emissions to manage climate change.

Personnel

Pave Finance employees are critical to the success of the Company. We offer a wide range of benefits designed to attract the best talent and to ensure Pave Finance employees are taken care of both at and outside of work. We provide tools, opportunities and support for career and personal growth, as well as ongoing company initiatives to maintain high employee engagement.

The professional growth of our people is essential to the growth of our business, and we aim to empower every Pave Finance employee to reach their full potential. We support job-specific capabilities and training to help develop behavioral and leadership capabilities for all employees. All full-time employees are offered time for additional education to support building skills both in current and for future roles, and we offer a variety of formal and informal development and skills-building opportunities to our managers.

As of March 31, 2025, we had 27 full-time personnel. Employee unions do not represent any of our personnel.

Regulations

U.S. and non-U.S. laws and regulations apply to many key aspects of our current business operations and future business plans. Failure to comply with these requirements may result in, among other things, revocation of required licenses or registrations, loss of approved status, private litigation, administrative enforcement actions, sanctions, civil and criminal liability, and constraints on our ability to continue to operate.

Cybersecurity and Data Privacy

In the U.S., the FTC and the Department of Commerce continue to call for greater regulation of the collection of personal data, as well as restrictions for certain targeted advertising practices. Additionally, Pave Finance and its subsidiaries are each subject to SEC Regulation S-P, which requires registered broker-dealers to, among other things, adopt written policies and procedures that address administrative, technical, and physical safeguards for the protection of customer records and information. Numerous states have enacted or are in the process of enacting state-level data privacy laws and regulations governing the collection, use and processing of state residents' personal data. For example, the CCPA, which went into effect in California on January 1, 2020, established a new privacy framework for covered businesses such as ours. Among other things, the CCPA requires companies covered by the legislation to provide new disclosures to California residents and afford such residents new rights, including the right to access and delete certain personal information, as well as the right to opt out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. In November 2020, California voters passed the CPRA, which will become effective in most material respects beginning on January 1, 2023. The CPRA further expands the CCPA with additional data privacy compliance requirements and obligations and establishes a regulatory agency dedicated to enforcing the CCPA and CPRA. In addition, the NYDFS issued Cybersecurity Requirements for Financial Services Companies, which took effect in 2017, and which require banks, insurance companies and other financial services institutions regulated by the NYDFS, including Pave Finance, to establish and maintain a cybersecurity program designed to protect consumers and ensure the safety and soundness of New York State's financial services industry. Cybersecurity regulation adds specific requirements for these institutions' cybersecurity compliance programs and imposes an obligation to conduct ongoing, comprehensive risk assessments. Further, on an annual basis, each institution is required to submit a certification of compliance with these requirements. We may in the future be subject to investigations and examinations by the NYDFS regarding, among other things, our cybersecurity practices.

Certain other state laws impose similar privacy obligations, and all 50 states have laws, including obligations to provide notification of security breaches of computer databases that contain personal information to affected individuals, state officers and others. The CCPA has prompted the enactment of several new state laws or amendments of existing state laws, such as in New York and Nevada. The CCPA has also prompted a number of proposals for new federal and state-level privacy legislation, such as in Washington, Maryland, New York, Illinois and Nebraska. This legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and changes in business practices and policies. We may be required to modify our data processing practices and policies and incur substantial compliance-related costs and expenses in connection with these and any other future data privacy, protection or security-related laws, rules or regulations, and they may also increase our potential exposure to regulatory enforcement and litigation.

Regulators around the world continue to propose more stringent data protection, security and privacy laws, rules and regulations, and these laws, rules and regulations are rapidly increasing in number, complexity, enforcement, fines and penalties. For example, the GDPR became effective on May 25, 2018, and has resulted and will continue to result in significantly greater compliance burdens and costs for companies with users and operations in the EU and European Economic Area. The GDPR regulates a broad array of personal data that can directly or indirectly identify an individual and imposes stringent data protection requirements with significant penalties for noncompliance. The relationship between the U.K. and the EU in relation to certain aspects of data protection law remains unclear, for example, how data transfers between EU member states and the U.K. will be treated and the role of the U.K.'s Information Commissioner's Office with respect to the EU following the end of the transitional period. These changes may lead to additional costs and increase our overall risk exposure.

These and other data protection, security and privacy laws, rules and regulations and their interpretations continue to develop and may be inconsistent from jurisdiction to jurisdiction. Non-compliance with these laws could result in significant penalties or legal liability. Although we take steps to comply with applicable laws, rules and regulations, we have been and may in the future become subject to regulatory or private actions, investigations, disputes and litigation, which may include substantial fines or other legal liability for non-compliance of data protection, security and privacy laws, rules and regulations, including in the event of an outage, cybersecurity breach or other security incident. We could be adversely affected if legislation or regulations are expanded to require changes in our or our third-party service providers' business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our or our third-party service providers' business, results of operations or financial condition.

Broker-Dealer Regulation and Regulatory Capital and Deposit Requirements

Registrations and Licenses

We operate one broker-dealer, Pave Securities. Pave Securities is a fully-disclosed introducing broker and introduces its customer accounts to other third-party broker-dealers on a fully disclosed basis. Pave Securities also partners with clearing and carrying brokers which currently carries customer accounts for Pave Securities. Pave Securities is registered as a broker-dealer with the SEC, is a member of FINRA, and is licensed as a securities broker-dealer in all 50 U.S. states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Pave Securities is not licensed or authorized to conduct business in any other country. Pave Securities, in addition to its memberships in FINRA, is a member of the SIPC and the NSCC. Pave Securities is subject to regulation by the SEC, FINRA, other SROs of which they are or may become members, and the U.S. states and territories in which they operate.

Scope of Regulation

The principal purpose of regulating broker-dealers is the protection of clients and securities markets. The regulations cover all aspects of the broker-dealer business and operations, including, among other things, sales and trading practices and reporting requirements, client onboarding, advertising and marketing, publication or distribution of research, margin lending, uses and safekeeping of clients' funds and securities, capital adequacy, recordkeeping, reporting, fee arrangements, disclosures to clients, suitability, acting in a client's best interests when making recommendations to retail customers, customer privacy, data protection, information security and cybersecurity, the safeguarding of customer information, the sharing of customer information, best execution of customer orders, public offerings, customer qualifications for margin and options transactions, registration of personnel, business continuity planning, transactions with affiliates, conflicts, and the conduct of directors, officers and employees.

Net Capital and Deposit Requirements

Pave Securities is subject to Rule 15c3-1, the Uniform Net Capital Rule, under the Exchange Act and related SRO requirements. The Uniform Net Capital Rule specifies minimum capital requirements intended to ensure the general financial soundness and liquidity of broker-dealers. Generally, a broker-dealer's net capital is its net worth plus qualified subordinated debt less deductions for certain types of assets. The Uniform Net Capital Rule effectively requires that most of a broker-dealer's assets be maintained in a relatively liquid form. The SEC and FINRA rules require notification when net capital falls below certain defined criteria, or when withdrawals of capital exceed certain thresholds. These rules also dictate the ratio of debt to equity in the regulatory capital composition of a broker-dealer. If Pave Securities fails to maintain specified levels of net capital, they could be subject to immediate suspension or revocation of registration, and suspension or expulsion could ultimately lead to the liquidation of either entity or to their broker-dealer business being wound down. In addition, the SEC and FINRA may place restrictions on Pave Securities' ability to expand their existing business or to commence new businesses in the event of such failure. Such failure could also constitute a default by us of certain debt covenants under our credit agreements. The Uniform Net Capital Rule and FINRA requirements prohibit Pave Securities from paying cash dividends, making unsecured advances or loans to affiliates or repaying subordinated loans if such payment would result in a net capital amount of less than 5% of aggregate debit balances or less than 120% of its applicable minimum dollar requirement. The minimum dollar requirement for Pave Securities was $5,000 as of March 31, 2025.

Because Pave Securities is not a clearing and carrying broker-dealer, Pave Securities is not subject to cash deposit and collateral requirements under the rules of the DTC, NSCC and OCC, which may fluctuate significantly from time to time based upon the nature and size of customers' trading activity and market volatility.

Margin Requirements

Pave Securities' margin lending activities are subject to limitations imposed by the custodian and clearing firm which is then regulated by the rules and regulations of the Board of Governors of the Federal Reserve and FINRA. In general, these margin rules and regulations provide for initial margin requirements and that, in the event of a significant decline in the value of securities collateralizing a margin account, broker-dealers are required to obtain additional collateral from the borrower or liquidate the borrower's security positions. The minimum initial margin requirement for common stock is 50% of the value of marginable securities purchased in a margin account; different requirements apply to short sales, options and other non-equity securities. In addition, broker-dealers are required to impose certain maintenance requirements on the amount of securities and cash held in margin accounts. FINRA rules specify additional rules for customers who are "pattern day traders" as defined under FINRA rules. The actual custodian firms, in their sole discretion, may also impose more stringent requirements on positions that, in their sole discretion, involve higher levels of risk, at any time and without notice. Pave Securities has no control and does not retain any discretion to determine whether, when and in what amounts it will require additional collateral. In some situations, the custodians may find it necessary to require a higher level of equity in a customer's margin account based upon their margin account holdings, market conditions, and financial resources. The custodian may notify the client directly or request Pave Securities support in notifying customers immediately when they are in a maintenance deficit and require them to meet their maintenance calls within one to two days depending on the level of equity in their account. If the customer does not meet their maintenance call on time, the custodian may liquidate available assets as necessary to meet the call. If a customer has a balance below zero, the custodian may liquidate all customer assets available the next business day. Additionally, the custodian may monitor over-leveraged accounts using intraday risk alerts to review potentially risky portfolios and take action as needed. Pave Securities does not provide credit and does not use its balance sheet in the support of client credit. All credit activity is retained at the custodial broker.

Best Execution

As a registered broker-dealer, Pave Securities is also subject to "best execution" requirements under SEC guidelines and FINRA rules, which require Pave Securities to obtain the best reasonably available terms for customer orders. In part, this requires broker-dealers to use reasonable diligence so that the price to the customer is as favorable as possible under prevailing market conditions, taking into account, among other things, the character of the market for the security, the size and type of the transaction, the number of markets checked, accessibility of quotations and the terms and conditions of the order as communicated by the broker-dealer's customer. Although a broker-dealer is not required to examine every customer order individually for compliance with its duty of best execution, it must undertake regular and rigorous reviews of the quality of its customer order executions.

Pave Securities routes its customers' orders to other third-party broker dealers, which routes orders to certain market makers for execution based on our order routing system, which uses an algorithm to determine which market maker is most likely to provide the best price for each customer's order based on the market maker's historical performance. Pave Securities reviews the quality of execution it receives from the market makers and chooses which market maker to route orders, in each case based on a number of factors that are more fully discussed in the Supplemental Materials of FINRA Rule 5310, including, where applicable, but not necessarily limited to, speed of execution, price improvement opportunities, differences in price decay (i.e., situations in which a customer receives a worse price at execution than the best quotes prevailing at the time the order is received by the market), likelihood of executions, the marketability of the order, size guarantees, service levels and support, the reliability of order handling systems, client needs and expectations, transaction costs and whether the firm will receive remuneration for routing order flow to such market makers. Price improvement is available under certain market conditions and for certain order types, and Pave Securities regularly monitors executions to test whether such an improvement, if available, was provided. In the future, Pave Securities may route orders to market makers and, in exchange, receives consideration. With respect to equities and options trading, such fees are known as PFOF. As of March 31, 2025, Pave Securities did not utilize PFOF.

If in the future Pave Securities earns revenue through these PFOF practices, it will ensure they are identical among all market makers. Pave Securities will route equity and option orders in priority to participating market makers that we believe are most likely to give our customers the best execution, based on historical performance (according to order price, trading symbol, availability of the market maker and, if statistically significant, order size), and, in the case of options, the likelihood of the order being filled is a factor as well. Market-makers can frequently provide retail orders with some degree of price improvement, meaning they can execute the orders inside the spread of the national best bid and national best offer quoted on national securities exchanges. Market-makers may also be able to provide retail orders with size improvement (i.e., more shares at a single price point than may be available at the national best bid or national best offer quoted on national securities exchanges). While the SEC and FINRA have not provided specific approval for Pave Securities to engage in any specific PFOF arrangements, PFOF arrangements generally are permitted under SEC guidelines and FINRA rules, provided that best execution principles are met and, in the case of the SEC, we will make certain disclosures regarding our PFOF arrangements prior to enacting them. However, PFOF practices have drawn heightened scrutiny from the U.S. Congress, the SEC and other regulatory and legislative authorities and there is no guarantee that they will not adopt additional regulation relating to PFOF practices as a result of such heightened scrutiny or otherwise or pursue additional inquiries or investigations relating to PFOF practices.

Consumer Financial Protection

The Consumer Financial Protection Bureau and other federal, local, state (such as the NYDFS) and foreign regulatory agencies regulate financial products, including credit, deposit, and payments services, and other similar services. These agencies have broad consumer protection mandates, and they promulgate, interpret and enforce rules and regulations that affect our business.

Anti-Money Laundering

The Bank Secrecy Act, as amended by the USA PATRIOT Act , applies to Pave Finance and requires us to develop AML programs to assist in the prevention and detection of money laundering and combating terrorism. The AML program includes policies and procedures, employee training, customer identity requirements, the designation of an AML compliance officer and periodic independent audits. To comply with the BSA/USA PATRIOT Act and related FINRA rules applicable to Pave Finance, we have an AML department that is responsible for developing and implementing our enterprise-wide programs for compliance with the various AML and counter-terrorist financing laws and regulations. Pave Finance also is subject to U.S. sanctions laws administered by OFAC, and we have policies and procedures in place to comply with these laws.

Other Regulations

We must comply with economic sanctions and embargo programs administered by the OFAC and similar national and multinational bodies and governmental agencies outside the U.S., as well as anti-corruption and anti-money laundering laws and regulations throughout the world. We can incur higher costs and face greater compliance risks in structuring and operating our businesses to comply with these requirements. Furthermore, a violation of a sanction or embargo program or anti-corruption or anti-money laundering laws and regulations could subject us and our subsidiaries, and individual employees, to regulatory enforcement actions as well as significant civil and criminal penalties.

Compliance with existing and future regulations and responding to and complying with recent increased regulatory activity affecting broker-dealers, investment advisors, investment companies, financial institutions, and their service providers could have a significant impact on us. We periodically undergo regulatory examinations and respond to regulatory inquiries and document requests. In addition, recent and continuing legislative activity in the United States and in other jurisdictions (including the European Union and the United Kingdom) have made and continue to make extensive changes to the laws regulating financial services firms. As a result of these examinations, inquiries, and requests, as a result of increased civil litigation activity, and as a result of these new laws and regulations, we engage legal counsel and other subject matter experts, review our compliance procedures, solution and service offerings, and business operations, and make changes as we deem necessary or as may be required by the applicable authority. These additional activities and the required changes may result in increased expense or may reduce revenues.

Investment Advisor Regulations

Pave Investments is currently subject to extensive regulation, primarily at the federal level, by the SEC, the DOL, the Federal Reserve, the Office of the Comptroller of the Currency, FINRA the National Futures Association, the FTC, the Department of Justice, the CFTC and other federal government agencies and regulatory bodies. Pave Investments is also subject to various anti-terrorist financing, privacy, anti-money laundering and economic sanctions laws and regulations established by various agencies. In addition, the Investment Advisers Act imposes numerous obligations on registered investment advisers such as Pave Investments, including record-keeping, operational and marketing requirements, disclosure obligations and prohibitions on fraudulent activities. State level regulation through attorneys general, insurance commissioners and other state level agencies also applies to certain Pave Investments. The Investment Company Act imposes stringent governance, compliance, operational, disclosure and related obligations on registered investment companies and their investment advisers and distributors, such as Pave Investments. The SEC is authorized to institute proceedings and impose sanctions for violations of the Investment Advisers Act and the Investment Company Act, ranging from fines and censure to termination of an investment adviser's registration. Investment advisers also are subject to certain state securities laws and regulations. Non-compliance with the Investment Advisers Act, the Investment Company Act or other federal and state securities laws and regulations could result in investigations, sanctions, disgorgement, fines and reputational damage.

Pave Investments' trading and investment activities for client accounts are regulated under the Exchange Act, as well as the rules of various securities exchanges and self-regulatory organizations, including laws governing trading on inside information, market manipulation and a broad number of technical requirements (e.g., short sale limits, volume limitations and reporting obligations) and market regulation policies. Violation of any of these laws and regulations could result in fines or sanctions, as well as restrictions on Pave Investments' activities and damage to its reputation.

Congress, regulators, tax authorities and others continue to explore, on their own and in response to demands from the investment community and the public, increased regulation related to private capital, including changes with respect to investor eligibility, certain limitations on trading activities, record-keeping and reporting, the scope of anti-fraud protections, safekeeping of client assets and a variety of other matters. Pave Investments may be materially and adversely affected by new legislation, rulemaking or changes in the interpretation or enforcement of existing rules and regulations imposed by various regulators in this area.

Pave Investments may become subject to ERISA, and to regulations promulgated thereunder by the DOL, insofar as they act as a "fiduciary" under ERISA with respect to benefit plan clients that are subject to ERISA. ERISA and applicable provisions of the Code impose certain duties on persons who are fiduciaries under ERISA, prohibit certain transactions involving ERISA plan clients and impose excise taxes for violations of these prohibitions, mandate certain required periodic reporting and disclosures and require certain BlackRock entities to carry bonds insuring against losses caused by fraud or dishonesty. ERISA also imposes additional compliance, reporting and operational requirements on Pave Investments that otherwise are not applicable to clients that are not subject to ERISA.

Taxation

Pave Finance's businesses may be directly or indirectly affected by tax legislation and regulation, or the modification of existing tax laws, by U.S. or non-U.S. tax authorities. Legislation at both the U.S. federal and state level has been previously proposed to enact a financial transaction tax ("FTT") on stocks, bonds and a broad range of financial instruments and derivative transactions. In the EU, certain Member States have also enacted similar FTTs, and the European Commission ("EC") has proposed legislation to harmonize these taxes and provide for the adoption of EU-level legislation applicable to some (but not all) EU Member States. If enacted as proposed, FTTs could have an adverse effect on Pave Finance's financial results and clients' performance results.

The OECD has proposed certain international tax reforms, which, among other things, would (1) shift taxing rights to the jurisdiction of the consumer and (2) establish a global minimum tax for multinational companies of 15% (namely the "Pillar One" and "Pillar Two" Framework). EU member states adopted, or plan to adopt, laws implementing the OECD's minimum tax rules under the Pillar Two Framework, which are expected to go into effect in 2024. Several other countries, including the UK, have changed or are considering changes to their tax law to implement the OECD's minimum tax proposal. As a result of these developments, the tax laws of certain countries in which Pave Finance may do business have and may continue to change, and any such changes could increase its tax liabilities. The Company is continuing to monitor legislative developments and evaluate the potential impact of the Pillar Two Framework on future periods. The application of tax regulations involves numerous uncertainties and, in the normal course of business, U.S. and non-US tax authorities may review and challenge tax positions adopted by Pave Finance.

These challenges may result in adjustments to or impact the timing or amount of taxable income, deductions or other tax allocations, which may adversely affect Pave Finance's effective tax rate and overall financial condition. Similarly, the Company manages assets in products and accounts that have investment objectives which may conform to tax positions adopted by Pave Finance or to specific tax rules. To the extent there are changes in tax law or policy, or regulatory challenges to tax positions adopted by Pave Finance, the value or attractiveness of such investments may be diminished, and Pave Finance may suffer financial or reputational harm.

Legal Proceedings

Currently, we are not subject to any litigation, nor are we aware of any pending litigation or disputes. We are, however, subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions and other litigation, some of which may include claims for substantial or unspecified damages. In addition, we operate in a highly regulated industry and many aspects of our business involve substantial risk of liability, and we are regularly the subject of actions, inquiries, investigations, examinations and proceedings by regulatory and other governmental agencies. The outcomes of future legal and regulatory matters are inherently uncertain, and some future matters may result in adverse judgments or awards, including penalties, injunctions or other relief, and we may also determine to settle a matter because of the uncertainty and risks of litigation. Litigation is inherently uncertain, and any judgment entered against us, or any adverse settlement, could materially and adversely impact our business, financial condition, operating results and cash flows.

MANAGEMENT

The following table sets forth certain information regarding Pave Finance's executive officers as of the date of this PPM.

Name	Age	Position
Christopher Ainsworth	52	Chairman and Chief Executive Officer
Stephen Evans	64	Chief Investment Officer
Peter Corey	65	Chief Market Strategist and Board Member
Edward Tedeschi	65	Head of Pave Strategic Relationships and Board Member
Jay Gould	69	External General Counsel
Pascal Cevaer-Corey	28	Executive Vice President
Auden Ehringer	28	Executive Vice President and Head of Engineering
Shannon Soqui	57	Chief Financial Officer (Pending)

Christopher Ainsworth, Chairman and Chief Executive Officer

Mr. Ainsworth currently serves as Chairman and Chief Executive Officer of Pave Finance. Mr. Ainsworth also serves as Chief Executive Officer, Chief Compliance Officer and Chief Operating Offering of Pave Securities, the wholly-owned broker dealer for Pave Finance, Pave Labs, the wholly-owned software subsidiary for Pave Finance, and Pave investment Advisors, the wholly-owned registered investment adviser of Pave Finance. Mr. Ainsworth joined Pave Finance in August 2022 and has been solely dedicated to Pave Finance since joining. As Chief Executive Officer of Pave Finance, Mr. Ainsworth is responsible for the development and growth of Pave Finance's business.

Prior to Pave Finance, Mr. Ainsworth was Head of Americas - West Coast for Deutsche Bank Wealth Management. There he oversaw all aspects of Deutsche Bank's business and growth in the western Americas. In addition to his primary role with Deutsche Bank, he was on the executive committee for the International Private Bank and co-head of the Americas Crisis Management Committee. In prior roles, Mr. Ainsworth was a senior executive with U.S. Trust, a division of Bank of America. In his roles at U.S. Trust, Mr. Ainsworth managed six U.S. Trust offices and led a team of over 40 professionals. Before Mr. Ainsworth assumed his roles at U.S. Trust, his experience ranged from traditional asset management to alternative investments. Mr. Ainsworth oversaw the management of assets more than $16 billion. In his spare time, Mr. Ainsworth has given back to the community by serving on boards and in leadership roles. Mr. Ainsworth served as the founding president and then Chairman of the California Hedge Fund Association, now known as CalALTS. Mr. Ainsworth has also held board positions with Hedge Funds Care, Southern Methodist University and The Ronald Reagan Presidential Library and Foundation. Mr. Ainsworth currently serves as a director of the Children's Hospital of Orange County Foundation. Mr. Ainsworth received a Bachelor of Science in economics with financial applications from Southern Methodist University.

Stephen Evans, Chief Investment Officer

Mr. Evans is the Chief Investment Officer of Pave Finance and Pave Investments. Mr. Evans co-founded Pave Finance in June 2021 and has been solely dedicated to Pave Finance since its founding. As Chief Investment Officer of Pave Finance and Pace Investments, Mr. Evans is responsible for the Pave Pro algorithm and managing Pave Investments investment strategy and execution.

Mr. Evans has been a portfolio manager for U.S. Trust and Merrill Lynch, where he generated 99th percentile returns for more than a decade using his proprietary quantitative models, which are incorporated into Pave Pro. Mr. Evans has more than 25 years of experience in the investment industry. Prior to Pave Finance, Mr. Evans served as a Managing Director for various investment advisory firms, where he developed and implemented the proprietary quantitative investment strategies that are used today. Notably, from 2004 to 2017, while at U.S. Trust, Mr. Evans was the co-manager of the World Thematic Alpha Portfolio (WTAP) and various custom managed accounts using the WTAP models for approximately $7.0 billion. The WTAP strategy was ranked in the top 1% of its peer group for annualized alpha and information ratio during Mr. Evans' tenure as co-manager. Mr. Evans holds an undergraduate degree from Hampden-Sydney College, a M.A. in English Literature from McNeese State University and an M.B.A. with distinction from Rider University. Mr. Evans is also a Charted Financial Analyst (CFA).

Peter Corey, Chief Market Strategist and Board Member

Mr. Corey is the Chief Market Strategist for Pave Finance and Pave Investment Advisors and is a member of the Board. Mr. Corey co-founded Pave Finance in June 2021 and has been solely dedicated to Pave Finance since its founding. As Chief Market Strategist of Pave Finance and Pace Investment Advisors, Mr. Corey is responsible for the Pave Finance's and Pave Investment Advisors' market strategy related to U.S. and international capital markets.

Mr. Corey started and ran the 6th best performing hedge fund in the world (according to Hedge Fund Research Inc., within the long/short category) and has consulted for multi-billion-dollar hedge funds. Mr. Corey is known for his original approach that looks across various markets and forecasts future prices using time and price. Prior to Pave Finance, Mr. Corey consulted for large investment houses as well as macro and long/short equity hedge funds, with clients managing more than $100 billion in assets. Mr. Corey has presented his modeling approach and strategic reviews to the NY Federal Reserve. After leaving the selling side of the industry, Mr. Corey joined Steven A. Cohen in 1995 as the first macro trader for SAC Capital Advisors. Mr. Corey earned a Bachelor of Science in Economics from The Wharton School (1981), with major concentrations in Econometrics Finance and Risk Theory. He took post-graduate classes with Lawrence Klein and worked as a researcher on his team the year Dr. Klein won the Nobel Prize. He also received an M.B.A. from Wharton (1983) with a focus on option theory and speculative markets.

Edward Tedeschi, Head of Pave Strategic Relationships and Board Member

Mr. Tedeschi is the Head of Pave Strategic Relationships, an executive officer of Pave Finance, and a member of the Board. Mr. Tedeschi joined Pave Finance in June 2021 and has been solely dedicated to Pave Finance since its founding.

Mr. Tedeschi is a seasoned executive officer with 40 years of experience in the financial services industry. Mr. Tedeschi formerly served as the Chief Operating Officer and Chief Financial Officer for Blueport Capital LLC, a Keystone Advisors, LP asset management firm. Previously, Mr. Tedeschi was the lead alternative advisory partner for KPMG and co-head of the business advisory practice for Rothstein Kass. Mr. Tedeschi also founded and served as the Chief Executive Officer for HC Associates, LLC, providing customized services and business solutions to start-up, established, and acquired financial firms. Before HC Associates, Mr. Tedeschi was the Chief Operating Officer / Chief Financial Officer for Genesis Merchant Group, a $20 billion investment boutique. Prior to relocating to California, Mr. Tedeschi was a senior vice president and founding member of Morgan Stanley Services. Mr. Tedeschi also has maintained senior advisor roles with Constellation Advisors, 801 West Capital Management and The Northern Trust Company.

Jay Gould, External General Counsel

Mr. Gould is External General Counsel for Pave Finance and a special counsel for Baker Botts. Mr. Gould commenced representation of Pave Finance in June 2021 and has been partially dedicated to Pave Finance since its founding. As External General Counsel, Mr. Gould is responsible for Pave Finance's legal matters and regulatory compliance.

Mr. Gould is recognized as a leader in advising registered and unregistered investment funds on regulatory considerations, governance matters and key areas of legal strategy. Having spent over 40 years in the financial service industry, Mr. Gould has provided transactional and regulatory advice and managed regulatory examinations and investigations and provides knowledge in all aspects of the industry. Mr. Gould is also skilled in the investment management area. Mr. Gould has used his experience to advise companies, investment advisers and broker-dealers on mergers and acquisitions. Furthermore, Mr. Gould provides counsel on matters such as corporate governance and Sarbanes-Oxley compliance, joint ventures and strategic relations. Mr. Gould also advises on retail, institutional and offshore securities distribution strategies and regulatory considerations. Prior to his role with Pave Finance and Baker Botts, Mr. Gould served as chief counsel for E*TRADE Global Asset Management, Inc. and as senior counsel to Bank of America NT&SA. Mr. Gould also served as vice president for TransAmerica Life Companies and as an attorney with the Securities and Exchange Commission and five other major international law firms.

Pascal Cevaer-Corey, Executive Vice President

Mr. Cevaer-Corey is an Executive Vice-President of Pave Finance. Mr. Cevaer-Corey joined Pave Finance in June 2021 and has been fully dedicated to Pave Finance since its founding. As an Executive Officer, Mr. Cevaer-Corey is responsible for marketing and branding.

Prior to Pave Finance, Mr. Cevaer-Corey was a McKinsey consultant focused on digital growth strategy. Mr. Cevaer-Corey has been a product manager in Silicon Valley for startups and large corporations. Mr. Cevaer-Corey graduated from Stanford with a B.S. in digital product design. Mr. Cevaer-Corey has led the migration of Pave Pro's quantitative investment models to the cloud-based software and the development of Pave Pro's mobile phone apps (iPhone and Android) for individual (consumer) use, bringing bespoke, high-quality investment advice to everyone. Mr. Cevaer-Corey's degree from Stanford in digital product design, was a self-designed major combining computer science and product design.

Auden Ehringer, Executive Vice President and Head of Engineering

Ms. Ehringer is the Executive Vice President and Head of Engineering for Pave Finance and Pave Labs. Ms. Ehringer joined Pave Finance in June 2022 and has been fully dedicated to Pave Finance since its founding. As an Executive Vice President and Head of Engineering, Ms. Ehringer is responsible for Pave Pro product development and engineering.

Prior to her role at Pave Finance, Ms. Ehringer worked as a senior engineer at Google working on global site reliability services for YouTube Discovery (search, machine learning) and Shorts. Previously Ms. Ehringer worked as a software engineer on embedded software at Amazon Lab126. Ms. Ehringer has also worked on several side projects, most notably Reco, a location based social media platform centered around sharing restaurant recommendations, which she built. Ms. Ehringer holds a double BS in Computer Science & Electrical Engineering from Stanford University.

Shannon Soqui, Chief Financial Officer

Mr. Soqui is the incoming Chief Financial Officer of Pave Finance, Pave Labs, Pave Securities and Pave Investment Advisors. Mr. Soqui intends to formally join Pave Finance by June 1, 2025, and will be responsible for all financial accounting, budgeting, forecasting, financial strategy, financing, corporate governance and reporting.

Prior to joining Pave Finance, Mr. Soqui was the Chief Financial Officer of Remitz, Inc., an AI-based fintech company. Previously, Mr. Soqui was the Chairman and Chief Financial Officer of Benuvia, Inc., a pharmaceutical manufacturer and drug developer, and was the Vice Chairman of a publicly traded special purpose acquisition company on Nasdaq. Previously, Mr. Soqui had a 20-year technology investment banking career with several leading global investment banking firms in Silicon Valley, including Donaldson, Lufkin & Jenrette, Credit Suisse, and UBS. Mr. Soqui's areas of expertise included fintech, e-commerce, cloud computing and data storage, semiconductors and clean technology. During his career as a technology investment banker, Mr. Soqui completed more than 100 corporate financing and M&A transactions valued at more than $20.0 billion. Mr. Soqui's publicly-held technology clients included, among others, Advanced Micro Devices, Amazon, Data Domain, Dupont Photomasks, Entegris, EqualLogic, Homegrocer.com, Intel, InsWeb, MEMC Electronics, NextCard, Synopsys, Texas Instruments, TSMC, UMC, and VeriSign. Prior to his career in investment banking, Mr. Soqui was a transactional corporate and securities lawyer with Brobeck, Phleger & Harrison and Gunderson Dettmer in Palo Alto, California for four years. Mr. Soqui's areas of practice included the following: public offerings and venture capital financings, M&A, public reporting under the Securities Act of 1933 and the Securities Exchange Act of 1934, executive compensation, corporate governance and intellectual property. Mr. Soqui's legal clients included, among others, Arbor Software, ArcSys, Benchmark Capital, Checkpoint Software, Cisco Systems, Credence Systems, Kleiner Perkins, Mayfield Fund, Netscape and Sequoia Capital. Prior to his career as a corporate and securities lawyer, Mr. Soqui was a staff accountant with KPMG (Audit Department) in San Jose, California for two years. Mr. Soqui's areas of expertise included financial statement audits and M&A accounting. Mr. Soqui's accounting clients included, among others, Toshiba (Diasonics), Hitachi Data Systems, Lifeguard HMO, and National Semiconductor. Mr. Soqui was a licensed Certified Public Accountant and passed all four parts of the CPA exam during his senior year of college. Mr. Soqui received his Bachelor of Arts in Economics with an emphasis in Accounting from the University of California, Santa Barbara, and a J.D., *magna cum laude*, from the Santa Clara University School of Law.

EXECUTIVE COMPENSATION

The following table sets forth the cash compensation for the executive officers of Pave Finance for the year ended December 31, 2024, and their current estimated base salary as of the closing of this Offering.

Name	2024	Closing
Christopher Ainsworth (CEO)	$250,000	$250,000
Stephen Evans (CIO)	$250,000	$250,000
Peter Corey (CMO)	$250,000	$250,000
Edward Tedeschi (GM)	$45,000	$250,000
Jay Gould (GC)	$0.00	$250,000
Pascal Cevaer-Corey (EVP)	$250,000	$250,000
Auden Ehringer (EVP)	$200,000	$250,000
Shannon Soqui (CFO)	NA	(Pending)

Employment and Other Agreements

Pave Finance has standard employment agreements with each of its executive officers. Each of our executive officers also has executed a form of our standard confidential information and inventions assignment agreement. All executives will be eligible for a raise in base salary upon the achievement of performance and operating milestones established by the Board.

Pave Finance 2025 Equity Incentive Plan

Pave Finance's Board is in the process of adopting, and its Stockholders should approve, the Pave Finance 2025 Equity Incentive Plan (the "2025 Equity Plan"), after the closing of this offering. The 2025 Equity Plan will become effective upon such approval. The principal features of our intended equity plans are summarized below. These summaries are qualified in their entirety by reference to the actual text of the plans, which are available in Pave Finance's data room.

Awards. The 2025 Equity Plan provides for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Internal Revenue Code, or the Code, to employees, including employees of any parent or subsidiary, and for the grant of non-statutory stock options, or NSOs, Stock appreciation rights, restricted stock awards, restricted stock unit awards, performance awards, and other forms of awards to employees, directors, and consultants, including employees and consultants of Pave Finance's affiliates.

Authorized Shares. Initially, the maximum number of shares of Class A Common Stock that may be issued under the 2025 Equity Plan after it becomes effective will not exceed 15% of the total number of shares of Common Stock (both Class A Common Stock and Class P Common Stock). The maximum number of shares of Class A Common Stock that may be issued on the exercise of ISOs under the 2025 Equity Plan is equal to an amount to be determined by the Board.

In addition, the number of shares of Class A Common Stock reserved for issuance under the 2025 Equity Plan will automatically increase on the annual anniversary of the 2025 Equity Plan of each fiscal year, for a period of up to ten years, through 2035, in an amount equal to (1) 5.0% of the total number of shares of Common Stock (both Class A and Class P) outstanding such anniversary date, or (2) a lesser number of shares of Class A Common Stock determined by the Board prior to the date of the increase.

Shares subject to stock awards granted under the 2025 Equity Plan that expire or terminate without being exercised or otherwise issued in full or that are paid out in cash rather than in shares will not reduce the number of shares available for issuance under the 2025 Equity Plan. Shares withheld under a stock award to satisfy the exercise, strike, or purchase price of a stock award or to satisfy a tax withholding obligation do not reduce the number of shares available for issuance under the 2025 Equity Plan. If any shares of Class A Common Stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by Pave Finance (1) because of the failure to vest, (2) to satisfy the exercise, strike, or purchase price, or (3) to satisfy a tax withholding obligation in connection with an award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under the 2025 Equity Plan. Any shares previously issued which are reacquired in satisfaction of tax withholding obligations or as consideration for the exercise or purchase price of a stock award will again become available for issuance under the 2025 Equity Plan.

Plan Administration. The Board, or a duly authorized committee of the Board, will administer the 2025 Equity Plan and is referred to as the "plan administrator" herein. The Board may also delegate to one or more officers the authority to (1) designate employees (other than officers) to receive stock awards, to the extent permitted by applicable law, and (2) determine the number of shares subject to such stock awards. Under the 2025 Equity Plan, the Board will have the authority to determine award recipients, grant dates, the numbers and types of stock awards to be granted, the applicable fair market value, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under the 2025 Equity Plan, the Board also generally has the authority to effect, with the consent of any materially adversely affected participant, (1) the reduction of the exercise, purchase, or strike price of any outstanding option or stock appreciation right; (2) the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of other awards, cash, or other consideration; or (3) any other action that is treated as a repricing under generally accepted accounting principles.

Stock Options. ISOs and NSOs are granted under stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for stock options, within the terms and conditions of the 2025 Equity Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of the Class A Common Stock on the date of grant. Options granted under the 2025 Equity Plan vest at the rate specified in the stock option agreement as determined by the plan administrator.

The plan administrator determines the term of stock options granted under the 2025 Equity Plan, up to a maximum of ten years. Unless the terms of an optionholder's stock option agreement provide otherwise, if an optionholder's service relationship with Pave Finance or any of its affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with Pave Finance or any of its affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with Pave Finance or any of its affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of Class A Common Stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (1) cash, check, bank draft, or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of Class A Common Stock previously owned by the optionholder, (4) a net exercise of the option if it is an NSO, or (5) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options and stock appreciation rights generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the plan administrator or a duly authorized officer, an option may be transferred pursuant to a domestic relations order.

Tax Limitations on ISOs. The aggregate fair market value, determined at the time of grant, of Class A Common Stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under Pave Finance's 2025 Equity Plan may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of Pave Finance's total combined voting power or that of any of Pave Finance's parent or subsidiary corporations unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (2) the term of the ISO does not exceed five years from the date of grant.

Restricted Stock Unit Awards. Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the plan administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to the Board and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of shares of Class A Common Stock, a combination of cash and shares of Class A Common Stock as determined by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, restricted stock unit awards that have not been vested will be forfeited once the participant's continuous service ends for any reason.

Restricted Stock Awards. Restricted stock awards are granted under restricted stock award agreements adopted by the plan administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft, or money order, past services to Pave Finance, or any other form of legal consideration that may be acceptable to the Board and permissible under applicable law. The plan administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with Pave Finance ends for any reason, Pave Finance may receive any or all of the shares of Class A Common Stock held by the participant that have not vested as of the date the participant terminates service with Pave Finance through a forfeiture condition or a repurchase right.

Stock Appreciation Rights. Stock appreciation rights are granted under stock appreciation right agreements adopted by the plan administrator. The plan administrator determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of Class A Common Stock on the date of grant. A stock appreciation right granted under the 2025 Equity Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator. Stock appreciation rights may be settled in cash or shares of Class A Common Stock or in any other form of payment, as determined by the Board and specified in the stock appreciation right agreement.

The plan administrator determines the term of stock appreciation rights granted under the 2025 Equity Plan, up to a maximum of ten years. If a participant's service relationship with Pave Finance or any of Pave Finance's affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with Pave Finance, or any of Pave Finance's affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the termination of the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. The 2025 Equity Plan permits the grant of performance awards that may be settled in stock, cash, or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, Pave Finance's Class A Common Stock.

The performance goals may be based on any measure of performance selected by the Board. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. The performance goals may be based on GAAP or non-GAAP results, and any actual results may be adjusted by the Board or a committee thereof for one-time items, unbudgeted, or unexpected items.

Other Stock awards. The plan administrator may grant other awards based in whole or in part by reference to Pave Finance's Class A Common Stock. The plan administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid by Pave Finance to such non-employee director, will not exceed (1) $250,000 in total value or (2) if such non-employee director is first appointed or elected to the Board during such calendar year, $500,000 in total value.

Changes to Capital Structure. In the event there is a specified type of change in Pave Finance's capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (1) the class and maximum number of shares reserved for issuance under the 2025 Equity Plan, (2) the class and maximum number of shares by which the share reserve may increase automatically each year, (3) the class and maximum number of shares that may be issued on the exercise of ISOs, and (4) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate Transactions. The following applies to stock awards under the 2025 Equity Plan in the event of a corporate transaction (as defined in the 2025 Equity Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with Pave Finance or one of Pave Finance's affiliates or unless otherwise expressly provided by the plan administrator at the time of grant.

In the event of a corporate transaction, any stock awards outstanding under the 2025 Equity Plan may be assumed, continued or substituted by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by Pave Finance with respect to the stock award may be assigned to Pave Finance's successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full (or, in the case of performance awards with multiple vesting levels depending on the level of performance, vesting will accelerate at 100% of the target level) to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by Pave Finance with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction), and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by Pave Finance with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the plan administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the per share amount payable to holders of Class A Common Stock in connection with the corporate transaction, over (ii) any per share exercise price payable by such holder, if applicable. In addition, any escrow, holdback, earn out or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of Pave Finance's Class A Common Stock.

Plan Amendment or Termination. The Board has the authority to amend, suspend, or terminate the 2025 Equity Plan at any time, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of Pave Finance's stockholders. No ISOs may be granted after the tenth anniversary of the date the Board adopts the 2025 Equity Plan. No stock awards may be granted under the 2025 Equity Plan while it is suspended or after it is terminated.

Potential Payments and Benefits upon Termination or Change in Control

Our Board is in the process of adopting a Severance and Change in Control Plan, or the Severance Plan, which will be effective in connection with this offering. Each of our executive officers will become eligible to receive certain benefits under the terms of the Severance Plan.

The Severance Plan provides for severance and changes in control benefits to the executive officers upon a "change in control termination" or a "regular termination" (each as described below). Upon a change in control termination, each of our named executive officers is entitled to (i) a lump sum payment equal to a number of months of their base salary.

In addition, if any of our executive officers is terminated as a result of his death or "disability" (as defined in the Severance Plan), their estate will be entitled to receive (i) a payment equal to a prorated portion of their annual target cash bonus, and (ii) the acceleration in full of any outstanding equity awards (with any performance-based vesting awards deemed achieved at target level).

All benefits under the Severance Plan are subject to the executive officer's (or, in the case of the executive officer's death or disability, his personal representative's) execution of an effective release of claims against us.

For purposes of the Severance Plan, a "regular termination" is an involuntary termination (i.e., a termination without "cause" (and not as a result of death or disability) or a resignation for "good reason," each as defined in the Severance Plan) that does not occur during the period of time beginning on the closing of, and ending 24 months following, a "change in control," or the "change in control period." A "change in control termination" is a regular termination that occurs during the change in control period.

Health and Welfare and Retirement Benefits; Perquisites

Health and Welfare Benefits and Perquisites

All our current executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, disability and life insurance plans, in each case on the same basis as all our other employees, except that we pay for the full cost of premiums for such benefits for our executive officers.

401(k) Plan

Our executive officers are eligible to participate in a defined contribution retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees may defer eligible compensation, which we currently have an option to match 100% up to the first four percent of eligible compensation in order to attract and retain employees with superior talent. Employees are immediately and fully vested in all contributions. Our Board may elect to adopt qualified or nonqualified benefit plans in the future, if it determines that doing so is in our best interests.

Indemnification Matters

Our certificate of incorporation that will be in effect prior to the closing of this offering will contain provisions that limit the liability of our current and former directors for monetary damages to the fullest extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director's duty of loyalty to the corporation or its stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit. Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our certificate of incorporation will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by Delaware law. Our bylaws will provide that we are required to indemnify our directors and officers to the fullest extent permitted by Delaware law and may indemnify our other employees and agents. Our bylaws will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of Delaware law. We expect to enter into agreements to indemnify our directors, executive officers and other employees as determined by our Board. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding.

We believe these provisions in our certificate of incorporation and bylaws and these indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also may obtain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

Insofar as indemnification of liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

PRINCIPAL STOCKHOLDERS

Pave Finance's principal Stockholders as of March 31, 2025 include the following:

Principal Stockholders
As of March 31, 2025

Stockholder	Shares	%
EPI Holding, LLC[1]	40,000	42.6%
Noteholders[2]	45,372	48.3%
Others	8,483	9.0%
Total	93,855	100.0%

Note 1: EPL Holding, LLC holds 40,000 shares of Class P Common Stock equally on behalf of Christopher Ainsworth, Stephen Evans, Peter Coury, Edward Tedeschi, Pascal Cevaer-Corey and Jay Gould.

Note 2: Represents shares of Class A Common Stock and Warrants to purchase Class A Common Stock held by our noteholders.

RELATED PARTY TRANSACTIONS

There were no related party transactions at Pave Finance and its wholly-owned subsidiaries for the years ended December 31, 2023, and 2024, and the three months ended March 31, 2025.

DESCRIPTION OF CAPITAL STOCK

General

The following description of our capital stock and certain provisions of our certificate of incorporation and bylaws are summaries and are qualified by reference to the certificate of incorporation and the bylaws in Pave Finance's data room.

Class A and Class P Common Stock

We have two classes of Common Stock: Class A and Class P. The rights and privileges of our Common Stock are the same, except that Class A Common Stock has one vote per share, while Class P Common Stock has 100 votes per share. Holders of outstanding shares of our Common Stock will vote as a single class on all matters on which stockholders are entitled to vote generally, including the election or removal of directors, except as otherwise required by law or pursuant to the terms of our certificate of incorporation. The holders of our Class A and Class P Common Stock do not have cumulative voting rights in the election of directors.

Holders of shares of our Class A and Class P Common Stock are entitled to receive dividends at the same rate when, as and if declared by our Board out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to the rights of the holders of one or more outstanding series of our preferred shares.

Upon our liquidation, dissolution or winding up, and after payment in full of all amounts required to be paid to creditors, and subject to the rights of the holders of one or more outstanding series of preferred shares having liquidation preferences, the holders of shares of our Class A Common Stock and Class P Common Stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our Class A and Class P Common Stock that will be outstanding at the time of the completion of the offering will be fully paid and non-assessable. The Class A and Class P Common Stock will not be subject to further calls or assessments by us. Holders of our Class A and Class P Common Stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to the Class A and Class P Common Stock. The rights, powers, preferences and privileges of holders of our Class A and Class P Common Stock will be subject to those of the holders of any of our Preferred Stock or any other series or class of stock we may authorize and issue in the future.

Preferred Stock

Under our certificate of incorporation, our Board may, without further action by our stockholders, fix the rights, preferences, privileges and restrictions of up to an aggregate of 5,000,000 shares of Preferred Stock or more series and authorize their issuance. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our Common Stock. Any issuance of our Preferred Stock could adversely affect the voting power of holders of our Common Stock, and the likelihood that such holders would receive dividend payments and preference payments on liquidation. In addition, the issuance of Preferred Stock could have the effect of delaying, deferring or preventing a change of control or other corporate action. Immediately prior to the completion of this offering, no shares of Preferred Stock will be outstanding.

Registration Rights

Following the completion of this offering and the conversion of the SAFE into a preferred security of the Company, holders of our Security will be entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights will be contained in a registration rights agreement.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws to be in Effect Immediately Prior to the Completion of this Offering

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of Common Stock will be able to elect all our directors designated to be elected by the holders of Common Stock. A special meeting of stockholders may be called by a majority of our Board, the chair of our Board, or our Chief Executive Officer. Our bylaws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our Board.

The foregoing provisions will make it more difficult for another party to obtain control of us by replacing our Board. Since our Board has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated Preferred Stock makes it possible for our Board to issue Preferred Stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to preserve our existing control structure following this offering, facilitate our continued product innovation and the risk-taking that it requires, permit us to continue to prioritize our long-term goals rather than short-term results, enhance the likelihood of continued stability in the composition of our Board and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us.

Limitations of Liability and Indemnification

See "Executive Compensation—Indemnification Matters."

Transfer Agent and Registrar

Upon the completion of this offering, Carta will act as the transfer agent and registrar for our capital stock.

DESCRIPTION OF THE SAFE

General

The following description of the SAFE is a summary and is qualified by reference to the SAFE included herein as Exhibit A. In general, the SAFE is an agreement between the Investor and the Company that enables the Investor to receive an equity stake in the Company on a future date based on the occurrence of an Equity Financing (defined below). The SAFE does not represent a current equity stake in the Company. Instead, the Equity Financing must be met before you receive an equity stake in the Company. The Company is using a SAFE to receive interim funding prior to closing a financing of Series A Preferred Stock, or similar security.

Investment commitments made in this Offering will be represented by a pro rata beneficial interest (based on the amount invested) subject to the terms the SAFE (attached as Exhibit A), Custodial Services Agreement (attached as Exhibit B), and Omnibus Nominee Agreement (attached as Exhibit C). Securities sold in this Offering will be deposited into a custodial account ("**Custodial Account**") with Bitgo Trust Company, Inc. who will serve as the custodian, nominee, and legal record holder (the "**Custodian**" or "**Nominee**"). In order to receive Securities from this Offering, Investors will be required to establish, or verify that they already have, an account with the Custodian. The legal title to the Securities purchased by the Investor in this Offering will be held in the name of a trust established by and maintained by the Nominee for the purposes of safeguarding the Securities and providing for efficiencies with respect to tax reporting, distributions and estate planning purposes related to the Securities pursuant to the terms and conditions of the Omnibus Nominee Agreement attached hereto as Exhibit C.

Conversion Cap

The conversion cap for the SAFE is $100,000,000 (the "**Conversion Cap**").

Equity Financing Event

An "Equity Financing" is the next sale (or series of related sales) by the Issuer of its Equity Securities to one or more third parties following the date of the SAFE from which the Issuer receives gross proceeds of not less than $10,000,000 in cash or cash equivalent (excluding the conversion of any instruments convertible into or exercisable or exchangeable for Equity Securities, such as the SAFE or convertible promissory notes) with the principal purpose of raising capital. If an Equity Financing occurs before this SAFE terminates, the Issuer must promptly notify the Investor of the closing, or anticipated closing, of the Equity Financing and issue to the Investor a number of Equity Securities, as applicable, sold in the Equity Financing, subject to the terms of the SAFE. The number of Equity Securities shall equal the quotient obtained by dividing (x) the purchase amount by (y) the Equity Financing Price (as defined below).

"**Equity Financing Price**" shall mean (x) if the pre-money equity valuation of the Issuer immediately prior to the Equity Financing is less than or equal to the Conversion Cap, then the lowest price per share of the Equity Securities sold in the Equity Financing or (y) if the pre-money equity valuation of the Issuer immediately prior to the Equity Financing is greater than the Conversion Cap, then the SAFE Price.

Liquidity Event

If there is a Liquidity Event (as defined below) before the termination of this SAFE, the holder of this SAFE will automatically be entitled (subject to its the liquidation priority) to receive a portion of Proceeds, due and payable to the holder of this SAFE immediately prior to, or concurrent with, the consummation of such Liquidity Event, equal to the greater of (1) the Purchase Amount (or a lesser amount as described below) (the "**Cash- Out Amount**") or (2) the amount payable on the number of Equity Securities equal to the Purchase Amount (or a lesser amount as described below) divided by the Liquidity Price (the "**Conversion Amount**").

Notwithstanding the foregoing, if the Issuer's board of directors determines in good faith that delivery of Equity Securities to the holder of this SAFE would violate an applicable law, rule or regulation, then the Issuer shall deliver to the holder of this SAFE in lieu thereof, a cash payment equal to the fair market value of such Equity Securities, as determined in good faith by the Issuer's board of directors.

"**Liquidity Event**" means a Change of Control, a Direct Listing, or an IPO.

"**Change of Control**" means (i) a transaction or series of related transactions in which any "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Issuer having the right to vote for the election of members of the Issuer's board of directors, (ii) any reorganization, merger or consolidation of the Issuer, other than a transaction or series of related transactions in which the holders of the voting securities of the Issuer outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Issuer or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Issuer.

"**Direct Listing**" means, the Issuer's initial listing of its Common Stock on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Issuer with the SEC that registers shares of existing Equity Securities of the Issuer for resale, as approved by the Issuer's board of directors. For the avoidance of doubt, a Direct Listing will not be deemed to be an underwritten offering and will not involve any underwriting services.

"**IPO**" means: (A) the completion of an underwritten initial public offering of Equity Securities by the Issuer pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the U.S. or of a province of Canada, or (II) a registration statement which has been filed with the SEC and is declared effective to enable the sale of Equity Securities by the Issuer to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (B) the Issuer's initial listing of its Equity Securities (other than Equity Securities not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Issuer with the SEC that registers existing Equity Securities of the Issuer for resale, as approved by the Issuer's board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (C) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting Issuer in the U.S. or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Equity Securities of the Issuer.

Dissolution Event

If there is a Dissolution Event (as defined below) before termination of this SAFE, this SAFE's holder will automatically be entitled (subject to its liquidation priority) to receive a portion of proceeds equal to the

Cash-Out Amount, due and payable to the holder of this SAFE immediately before the consummation of the Dissolution Event.

"**Dissolution Event**" means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Issuer's creditors, (iii) the commencement of a case (whether voluntary or involuntary) seeking relief under Title 11 of the United States Code, or (iv) any other liquidation, dissolution or winding up of the Issuer (excluding a Liquidity Event), whether voluntary or involuntary.

Liquidation Preference

In a Liquidity Event or Dissolution Event, this SAFE is intended to operate like standard non-voting Preferred Stock. The holder of this SAFE's right to receive its cash- out amount is:

(i) Junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Equity Securities);

(ii) On par with payments for other SAFEs, whether this Series or otherwise, and/or Preferred Stock, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other SAFEs and/or Preferred Stock, the applicable Proceeds will be distributed pro rata to the Investor and such other SAFEs and/or Preferred Stockholders in proportion to the full payments that would otherwise be due; and

(iii) Senior to payments for Common Stock.

The holder of this SAFE's rights to receive their conversion amount is (A) on par with payments for Common Stock and other SAFEs (whether this Series of SAFEs or alternative SAFEs) and/or Preferred Stock who are also receiving conversion amounts or proceeds on a similar as-converted to Equity Securities basis, and (B) junior to payments described in clause (i) above.

Termination

This SAFE automatically terminates (without relieving the Issuer or holder of this SAFE of any obligations arising from a prior breach of or non-compliance with this instrument) upon the earlier to occur: (i) the issuance of Equity Securities to the holder of this SAFE under the terms of the SAFE; or (ii) the payment, or setting aside for payment, of amounts due to the holder of this SAFE.

Custodian; Securities Entitlement

By signing the Custodial Services Agreement included herein as Exhibit B, the Issuer and the Investor will appoint and authorize a Custodian for the benefit of the Investor, to hold the SAFE and any securities that may be issued upon conversion thereof in registered form in the Custodian's name or the name of the Custodian's nominees for the benefit of the Investor and the Investor's permitted assigns. The Investor acknowledges and agrees that upon acceptance of the SAFE, the Issuer shall issue and deliver the SAFE to the Custodian, who shall solely hold such SAFE and any securities that may be issued upon conversion thereof for the benefit of the Investor and shall be a "protected purchaser" of such SAFE within the meaning of Section 8-303 of the Delaware Uniform Commercial Code, which shall be in book-entry uncertificated form, and that the Investor shall hold and acquire only a "securities entitlement" within the meaning of Section 8-501 of the Delaware Uniform Commercial Code in the SAFE and any securities that may be issued upon conversion thereof equal to the ratio of the Investor's purchase amount to the aggregate purchase amounts of the SAFE in the Offering.

The Custodian through this SAFE and related Omnibus Nominee Agreement entered into between the Investor and the Custodian shall be considered the legal record holder of the SAFE and any securities convertible thereon, including the Equity Securities. Issuer and Investor have acknowledged and agreed that the Custodian may assign any and all of its agreements with Investor, delegate its duties thereunder, and transfer Investor's SAFE and any securities that may be issued upon conversion thereof to any of its affiliates or to its successors and assigns, whether by merger, consolidation or otherwise, in each case, without the consent of the Investor or the Issuer. Investor acknowledges and agrees that Investor may not assign or transfer any of its rights or obligations under such agreements without the Custodian's prior written consent, and any attempted transfer or assignment in violation hereof shall be null and void.

Transfer Restrictions.

The Investor will bound by a Lock-up Period (as defined below), whereby it will agree to not, without the prior written consent of the managing underwriter: (A) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any Equity Securities or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Equity Securities (whether any such securities are then owned by the Investor or are thereafter acquired); or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities; whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Equity Securities or other securities, in cash, or otherwise.

The foregoing provisions will: (x) apply only to the IPO and will not apply to the sale of any of the Issuer's securities issued to an underwriter pursuant to an underwriting agreement; (y) not apply to the transfer of any Issuer's securities to any trust for the direct or indirect benefit of the Investor or the immediate family of the Investor, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer will not involve a disposition for value; and (z) be applicable to the Investor only if all officers of the Issuer are subject to the same restrictions and the Issuer uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than 5% of the outstanding Equity Securities or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Equity Securities. Notwithstanding anything herein to the contrary, the underwriters in connection with the IPO are intended third-party beneficiaries of these rights and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Investor must execute such agreements as may be reasonably requested by the underwriters in connection with the IPO that are consistent herewith or that are necessary to give further effect thereto.

In order to enforce the foregoing covenant, the Issuer may impose stop transfer instructions with respect to the Investor's registrable securities of the Issuer (and the Issuer securities of every other person subject to the foregoing restriction) until the end of the Lock-up Period. The Investor agrees that a legend reading substantially as follows will be placed on all certificates representing all of the Investor's registrable securities of the Issuer (and the securities of the Issuer held by every other person subject to the restriction contained in herein):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD BEGINNING ON THE EFFECTIVE DATE OF THE ISSUER'S REGISTRATION STATEMENT FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE

SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE ISSUER'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SECURITIES.

The Investor further agrees not to make any disposition of all or any portion of this instrument or the underlying securities unless and until the transferee has agreed in writing for the benefit of the Issuer to make the representations and warranties set out in the SAFE and:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) The Investor shall have notified the Issuer of the proposed disposition and shall have furnished the Issuer with a detailed statement of the circumstances surrounding the proposed disposition and, if reasonably requested by the Issuer, the Investor shall have furnished the Issuer with an opinion of counsel reasonably satisfactory to the Issuer that such disposition will not require registration of such securities under the Securities Act.

If the Investor intends to transfer the SAFE ("**Transfer**"), the party accepting Transfer ("**Transferee**") must pass and continue to comply with any applicable KYC and AML policies and, at the Issuer's sole determination, execute an Omnibus Nominee Agreement as included herein as Exhibit C, provided in connection with the Transfer. The Investor understands that the Transferee's failure to pass the requisite KYC and AML procedures or to execute an Omnibus Nominee Agreement contemporaneously with the Transfer, if determined necessary in the Issuer's sole discretion, may render the Transfer void, null, unenforceable, and the Transferee will be unable to redeem their security.

The Investor must place the legend set forth below or a similar legend on any book entry or other forms of notation evidencing this SAFE and any certificates evidencing the underlying securities, together with any other legends that may be required by state or federal securities laws, the Issuer's charter or bylaws, any other agreement between the Investor and the Issuer or any agreement between the Investor and any third party:

THIS INSTRUMENT HAS BEEN ISSUED PURSUANT TO SECTION 4(A)(6) OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND NEITHER IT NOR ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED BY RULE 501 OF REGULATION CROWDFUNDING UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR EXEMPTION THEREFROM.

"**Lock-up Period**" means the period commencing on the date of the final prospectus relating to the Issuer's IPO and ending on the date specified by the Issuer and the managing underwriter(s). Such period shall not exceed 180 days, or such other period as may be requested by the Issuer or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports, and (ii) analyst recommendations and opinions.

Other Terms and Conditions

The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of Equity Securities for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a stockholder of the Issuer or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive purchase rights or otherwise until securities have been issued upon the terms described herein.

Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the Issuer and the Investor; *provided, however*, that this instrument and/or the rights contained herein may be assigned without the Issuer's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or units the same management company with, the Investor; and *provided, further*, that the Issuer may assign this instrument in whole, without the consent of the Investor, in connection with a reincorporation to change the Issuer's domicile or organizational form.

For U.S. federal and state income tax purposes only, this SAFE is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the parties have agreed to treat this SAFE consistent with the foregoing intent for all U.S. federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of the material U.S. federal income tax considerations applicable to non-U.S. holders (as defined herein) with respect to their ownership and disposition of shares of our capital stock issued pursuant to this offering. All prospective non-U.S. holders of our capital stock should consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of our capital stock. In general, a non-U.S. holder means a beneficial owner of our capital stock (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the U.S.;
- a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in the U.S. or under the laws of the U.S. or of any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of the trust's substantial decisions or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This discussion is based on current provisions of the Code, existing U.S. Treasury Regulations promulgated thereunder, published administrative pronouncements and rulings of the U.S. Internal Revenue Service, or the IRS, and judicial decisions, all as in effect as of the date of this PPM. These authorities are subject to change and to differing interpretation, possibly with retroactive effect. Any change or differing interpretation could alter the tax consequences to non-U.S. holders described in this PPM.

We assume in this discussion that a non-U.S. holder holds shares of our capital stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances, nor does it address any alternative minimum, Medicare contribution, estate or gift tax consequences, or any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as holders that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below), corporations that accumulate earnings to avoid U.S. federal income tax, tax-exempt organizations, banks, financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-qualified retirement plans, holders who hold or receive our Common Stock pursuant to the exercise of employee stock options or otherwise as compensation, holders holding our Common Stock as part of a hedge, straddle or other risk reduction strategy, conversion transaction or other integrated investment, holders deemed to sell our Common Stock under the constructive sale provisions of the Code, controlled foreign corporations, passive foreign investment companies and certain former U.S. citizens or long-term residents.

In addition, this discussion does not address the tax treatment of partnerships (or entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) or persons that hold their capital stock through partnerships. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of our capital stock, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Such partners and partnerships should consult their tax advisors regarding the tax consequences of the purchase, ownership and disposition of our capital stock.

There can be no assurance that a court or the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling with respect to the U.S. federal income tax consequences to a non-U.S. holder of the purchase, ownership or disposition of our capital stock.

Distributions on Our Capital stock

Distributions, if any, on our capital stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's adjusted tax basis in the Common Stock. Any remaining excess will be treated as capital gain from the sale or exchange of such capital stock, subject to the tax treatment described below in "Gain on Sale, Exchange or Other Disposition of Our Capital Stock." Any such distribution will also be subject to the discussion below under the heading "Foreign Accounts."

Dividends paid to a non-U.S. holder will generally be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the U.S. and such holder's country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the U.S. and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the U.S., are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements. However, such U.S. effectively connected income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the U.S. and such holder's country of residence.

To claim a reduction or exemption from withholding, a non-U.S. holder of our Common Stock generally will be required to provide (a) a properly executed IRS Form W-8BEN or W-8BEN-E (or successor form) and satisfy applicable certification and other requirements to claim the benefit of an applicable income tax treaty between the U.S. and such holder's country of residence, or (b) a properly executed IRS Form W-8ECI stating that dividends are not subject to withholding because they are effectively connected with such non-U.S. holder's conduct of a trade or business within the United States. Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Gain on Sale, Exchange or Other Disposition of Our Capital Stock

Subject to the discussion below regarding backup withholding and foreign accounts, in general, a non-U.S. holder will not be subject to any U.S. federal income tax on any gain realized upon such holder's sale, exchange or other disposition of shares of our Common Stock unless:

the gain is effectively connected with a U.S. trade or business of the non-U.S. holder and, if an applicable income tax treaty so provides, is attributable to a permanent establishment or a fixed base maintained in the U.S. by such non-U.S. holder, in which case the

- non-U.S. holder generally will be taxed at the graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code) and, if the non-U.S. holder is a foreign corporation, the branch profits tax described above in "Distributions on Our Common Stock" also may apply; or
- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which may be offset by U.S. source capital losses of the non-U.S. holder, if any (even though the individual is not considered a resident of the United States).

Backup Withholding and Information Reporting

We must report annually to the IRS and to each non-U.S. holder the gross amount of the dividends on our capital stock paid to such holder and the tax withheld, if any, with respect to such dividends. Non-U.S. holders will have to comply with specific certification procedures to establish that the holder is not a U.S. person (as defined in the Code) in order to avoid backup withholding at the applicable rate with respect to dividends on our capital stock. A non-U.S. holder generally will not be subject to U.S. backup withholding with respect to payments of dividends on our capital stock if it certifies its non-U.S. status by providing a valid IRS Form W-8BEN or W-8BEN-E (or successor form) or W-8ECI, or otherwise establishes an exemption; provided we do not have actual knowledge or reason to know such non-U.S. holder is a U.S. person, as defined in the Code. Dividends paid to non-U.S. holders subject to the U.S. withholding tax, as described above in "Distributions on Our Common Stock," generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our capital stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign, unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the U.S. through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a credit against the non-U.S. holder's U.S. federal income tax liability, if any, and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Accounts

The Foreign Account Tax Compliance Act, or FATCA, generally imposes a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our capital stock paid to a "foreign financial institution" (as specifically defined for this purpose), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise qualifies for an exemption from these rules. A U.S. federal withholding tax of 30% also applies to dividends and will apply to the gross proceeds of a disposition of our capital stock paid to a non-financial foreign entity (as defined in the Code), unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity, or otherwise qualifies for an exemption from these rules. The withholding provisions described above currently apply to dividends paid on our capital stock and will generally apply with respect to gross proceeds of a sale or other disposition of our capital stock.

If withholding is imposed under FATCA on a payment related to our capital stock, a beneficial owner that is not a foreign financial institution and that otherwise would not be subject to withholding (or that otherwise would be entitled to a reduced rate of withholding) generally may obtain a refund from the IRS by filing a U.S. federal income tax return (which may entail significant administrative burden). An intergovernmental agreement between the U.S., and an applicable foreign country may modify the requirements described in this paragraph.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF OUR CAPITAL STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area, or a Relevant State, no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with Pave Finance that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of Pave Finance has been obtained to each such proposed offer or resale.

Pave Finance will rely upon the truth and accuracy of the foregoing representations, acknowledgments and agreements.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

The above selling restriction is in addition to any other selling restrictions set out below.

Notice to Prospective Investors in the United Kingdom

No shares have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Preferred Stock which has been approved by the Financial Conduct Authority, except that the shares may be offered to the public in the United Kingdom at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Section 86 of the FSMA.

provided that no share offer shall require the Issuer or any Manager to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, Pave Finance or the Preferred Stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This PPM relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This PPM is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this PPM nor taken steps to verify the information set forth herein and has no responsibility for the PPM. The shares to which this PPM relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this PPM, you should consult an authorized financial advisor.

Notice to Prospective Investors in Canada

The securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

ANTI-MONEY LAUNDERING

The USA PATRIOT Act	What is money laundering?	How big is the problem and why is it important?
The USA PATRIOT Act is designed to detect, deter and punish terrorists in the United States and abroad. The Act imposes anti-money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002, all United States brokerage firms have been required to have comprehensive anti-money laundering programs in effect.	Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering and terrorism.	The use of the United States financial system by criminals to facilitate terrorism or other crimes could taint our financial markets. According to the United States State Department estimate puts the amount of worldwide money laundering activity at $1 trillion a year.

Patriot Act; Anti-Money Laundering; OFAC.

Each Purchaser should check the Office of *Foreign Assets Control* ("***OFAC***") website at http://www.treas.gov/ofac before making the following representations. Each Purchase shall be required to make the following representations and warranties in the applicable purchase agreement:

a) The Purchaser represents that (i) no part of the funds used by the Purchaser to acquire the Securities or to satisfy his/her capital commitment obligations with respect thereto has been, or shall be, directly or indirectly derived from, or related to, any activity that may contravene United States federal or state or non-United States laws or regulations, including anti-money laundering laws and regulations, and (ii) no capital commitment, contribution or payment to the Issuer by the Purchaser and no distribution to the Purchaser shall cause the Issuer to be in violation of any applicable anti-money laundering laws or regulations including, without limitation, Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001 and the United States Department of the Treasury Office of Foreign Assets Control regulations. The Purchaser acknowledges and agrees that, notwithstanding anything to the contrary contained in this Memorandum or any other agreement, to the extent required by any anti-money laundering law or regulation, the Issuer may prohibit capital contributions, restrict distributions or take any other reasonably necessary or advisable action with respect to the Securities, and the Purchaser shall have no claim, and shall not pursue any claim, against the Issuer or any other person in connection therewith. U.S. federal regulations and executive orders administered by OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at http://www.treas.gov/ofac. In addition, the programs administered by OFAC (the "***OFAC Programs***") prohibit dealing with individuals[1] or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists.

b) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a country, territory, individual or entity named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Issuer may not accept any amounts from a prospective purchaser if such prospective purchaser cannot make the representation set forth in this paragraph. The Purchaser agrees to promptly notify the Issuer should the Purchaser become aware of any change in the information set forth in these representations. The Purchaser understands and acknowledges that, by law, the Issuer may be obligated to "freeze the account" of the Purchaser, either by prohibiting additional purchases from the Purchaser, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and any broker may also be required to report such action and to disclose the Purchaser's identity to OFAC. The Purchaser further acknowledges that the Issuer may, by written notice to the Purchaser, suspend the redemption rights, if any, of the Purchaser if the Issuer reasonably deems it necessary to do so to comply with anti-money laundering regulations applicable to the Issuer or any broker or any of the Issuer's other service providers. These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

c) To the best of the Purchaser's knowledge, none of: (1) the Purchaser; (2) any person controlling or controlled by the Purchaser; (3) if the Purchaser is a privately-held entity, any person having a beneficial interest in the Purchaser; or (4) any person for whom the Purchaser is acting as agent or nominee in connection with this investment is a senior foreign political figure[2], or any immediate family[3] member or close associate[4] (4) of a senior foreign political figure, as such terms are defined in the footnotes below.

d) If the Purchaser is affiliated with a non-U.S. banking institution (a "***Foreign Bank***"), or if the Purchaser receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Purchaser represents and warrants to the Issuer that: (1) the Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and (4) the

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[1] These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

[2] A "senior foreign political figure" is defined as a senior official in the executive, legislative, administrative, military or judicial branches of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a "senior foreign political figure" includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

[3] "Immediate family" of a senior foreign political figure typically includes the figure's parents, siblings, spouse, children and in-laws.

[4] A "close associate" of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the senior foreign political figure.

Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

e) The Purchaser acknowledges that, to the extent applicable, the Issuer will seek to comply with the Foreign Account Tax Compliance Act provisions of the U.S. Internal Revenue Code and any rules, regulations, forms, instructions or other guidance issued in connection therewith (the "***FATCA Provisions***"). In furtherance of these efforts, the Purchaser agrees to promptly deliver any additional documentation or information, and updates thereto as applicable, which the Issuer may request in order to comply with the FATCA Provisions. The Purchaser acknowledges and agrees that, notwithstanding anything to the contrary contained in this Memorandum, any side letter or any other agreement, the failure to promptly comply with such requests, or to provide such additional information, may result in the withholding of amounts with respect to, or other limitations on, distributions made to the Purchaser and such other reasonably necessary or advisable action by the Issuer with respect to the Securities (including, without limitation, required withdrawal), and the Purchaser shall have no claim, and shall not pursue any claim, against the Issuer or any other person in connection therewith.

PLAN OF DISTRIBUTION

"Best efforts" offering

We are offering the Securities on a "best efforts" basis with a prescribed minimum of $2,500. There is no minimum aggregate sale of Securities of the Offering required for the Issuer to begin accepting and closing sales of Securities; purchase proceeds will be available for use by us as soon as the funds are released from escrow following the Offering Deadline.

Sale and placement of the SAFE

The Issuer has engaged ODB to provide a landing page for the Issuer's Offering and perform related services, including broker-dealer services. The Offering will be conducted via https://republic.com/pave-finance [republic.com] which is operated for the benefit of ODB. The Issuer has agreed to pay a fee to ODB equal to five percent (5.0%) of the dollar value of the Securities issued to Investors pursuant to the Offering, at the time of closing. We will pay the same Cash Commission for Securities sold Off-Platform (as defined in the Engagement Agreement).

The foregoing cash commission does not take into account other offering fees and expenses to be paid to ODB, including non-accountable expenses which shall be approximately two percent (2%) of the Offering's proceeds, as well as $15,000 to be paid to ODB at or prior to the closing of the Offering for business advisory services.

Due to ODB's Cash Commission and any applicable offering fees and expenses, the net proceeds to the Issuer from this Offering will be reduced.

Additionally, ODB shall, in its sole discretion, charge a 2.5% cash fee on gross subscriptions made by each Investor who subscribes to the Offering through the Platform, with a minimum fee of $5.00 and a maximum of $250.00 per subscription.

Purchaser Qualifications

Only persons of adequate financial means who have no need for present liquidity with respect to this investment should consider purchasing the Securities offered hereby because: (i) an investment in the Securities involves a number of significant risks (see '*Risk Factors*'); and (ii) the Securities are not transferable. This Offering is being made as a private offering that is exempt from registration under the Securities Act and applicable state securities laws.

This Offering is limited solely to Purchasers who are "accredited investors" as defined in Regulation D. Please see '*Investor Suitability*' for more information regarding Purchaser eligibility and qualifications.

You must also represent in writing that you are purchasing the Securities for your own account and not for the account of others and not with a view to reselling or distributing Securities.

Sale Procedures

In order to purchase the Securities, each Investor will be required to electronically deliver to the Issuer, through the Platform a fully completed, dated, and signed copy of the Subscription Agreement together with any (i) exhibits, and (ii) documents requested by the Issuer and its agents, including ODB and its representatives, for the purpose of satisfying the Issuer and ODB's customer identification and due diligence obligations prior to the Offering Deadline, according to the Issuer' procedures as outlined on the Platform.

Investors will not be provided with wire instructions until completion of ODB's KYC, AML, and Reg BI policies, as well as verification of accredited investor status, after which Investors may send full payment of any consideration to the Issuer.

The Issuer and ODB reserve the right to reject any proposed investment in part or in its entirety in their sole discretion, in which case, the applicable prospective Investor's funds will be returned without interest or deductions. Investment commitments are not binding on the Issuer until they are accepted by the Issuer. Once accepted by the Issuer, purchases are irrevocable.

We will hold an initial closing on any number of subscriptions at any time during the Offering after we have received notification of approval when we and ODB determine and thereafter may hold one or more additional closings until we determine to cease having any additional closings during the Offering. We will close on proceeds based upon the order in which they are received. We will consider various factors in determining the timing of any additional closings following the initial closing, including the amount of proceeds received at the initial closing and any prior additional closings.

ODB HAS NOT INVESTIGATED (NOR HAVE ANY OF ITS AFFILIATES INVESTIGATED) THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. ODB AND ITS AFFILIATES MAKE NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. ODB'S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

If an Investor makes an investment commitment under a name that is not their legal name, they may be unable to redeem their Security indefinitely, and neither ODB nor the Issuer are required to correct any errors or omissions made by the Investor.

INVESTOR SUITABILITY

Each Purchaser will be required to represent that such Purchaser's overall commitment to investments which are not readily marketable is not disproportionate to such Purchaser's net worth, and that such Purchaser's investment in the Issuer will not cause such overall commitment to become excessive; that such Purchaser can sustain a complete loss of such Purchaser's investment in the Securities and has limited need for liquidity in such Purchaser's investment in the Securities; and that such Purchaser has evaluated the risks of investing in the Securities.

The Issuer and/or ODB may reject a Purchaser for any reason in its sole and absolute discretion. If a Purchaser is rejected, any payment remitted by the Purchaser will be returned without interest. Only persons of adequate financial means who have no need for present liquidity with respect to this investment should consider purchasing the Securities offered hereby because: (i) an investment in the Securities involves a number of significant risks (See 'Risk Factors'); and (ii) no market for the Securities or the purchase rights contained therein, and none is likely to develop in the reasonably foreseeable future. This Offering is intended to be a private offering that is exempt from registration under the Securities Act and applicable state securities laws.

We may also request any documentation or other information regarding an Investor and its beneficial owners, if applicable, in connection with the disqualification provisions under Rule 506(d) of Regulation D under the Act, which may prohibit us from relying on the Rule 506 offering exemption if an Investor or one or more of an Investor's significant equity holders has had a disqualifying event as described in Rule 506(d).

THE BELOW SUITABILITY STANDARDS REPRESENT MINIMUM REQUIREMENTS, AND NEITHER THE SATISFACTION OF SUCH STANDARDS BY A PROSPECTIVE PURCHASER NOR THE ACCEPTANCE BY THE ISSUER OF A PROSPECTIVE PURCHASER'S PURCHASE NECESSARILY MEANS THAT THE SECURITIES ARE A SUITABLE INVESTMENT FOR THE PURCHASER. THE FINAL DETERMINATION AS TO THE SUITABILITY OF AN INVESTMENT IN THE ISSUER CAN BE MADE ONLY BY A PROSPECTIVE PURCHASER AND HIS OR HER ADVISORS, IF ANY.

We are offering the Securities only to persons who are "accredited investors" as defined in Rule 501(a) of Regulation D of the Securities and Exchange Act of 1933, as amended. As so defined, "accredited investors" include any person who meets any one of the following categories:

- Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer.
- Any individual whose net worth, or joint net worth with that person's spouse or spousal equivalent, at the time of purchase exceeds $1 million. In calculating a person's net worth (the amount of assets in excess of liabilities):
    - the value of the person's primary residence is not included as an asset;
    - the amount of debt secured by the primary residence, up to its estimated fair market value, is not included as a liability, unless the person incurred debt within 60 days before buying securities in the unregistered offering for the purpose of buying those securities and not for buying the residence. In that situation, the amount of debt borrowed during that 60-day period must be included as a liability;

    - any debt secured by the primary residence in excess of the estimated fair market value of the home is included as a liability; and

    - these additions and subtractions to the definition of net worth do not apply to a person exercising a right to buy securities if the person held that right to buy those securities, as well as other securities of the same issuer, on July 20, 2010, and met the net worth test in effect at the time the person acquired the right.

- Any individual who had an income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse or spousal equivalent in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

- Any bank; any savings and loan association, whether acting in its individual or fiduciary capacity; any registered broker or dealer; any registered investment adviser; any investment adviser relying on registration exemptions under Section 203(l) or (m) under the Investment Issuer Act of 1940; any insurance company; any investment company registered under the Investment Issuer Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Issuer licensed by the US Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Issuer as defined in Section 384A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, with total assets in excess of $5 million; or any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 where investment decisions are made by a plan fiduciary that is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5 million or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

- Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

- Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5 million.

- Any trust, with total assets in excess of $5 million, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Securities Act.

- Any entity in which all of the equity owners are accredited investors.

- Any entity of the type not listed above, owning investments in excess of $5 million, that is not formed for the specific purpose of acquiring the securities offered.

- Any individual holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the SEC has designated as qualifying an individual for accredited investor status. On the date of this Memorandum, the

SEC designated the following certifications, when held in good standing, as qualifying natural persons for accredited investor status:

- Licensed General Securities Representative (Series 7);
- Licensed Investment Adviser Representative (Series 65); or
- Licensed Private Securities Offerings Representative (Series 82).

- Any individual who is a "knowledgeable employee," as defined in Rule 3c-5(a)(4) under the Investment Issuer Act, of the issuer of the securities being offered where the issuer is a private fund (excluded from the definition of investment company in Section 3(c)(1) or 3(c)(7)).

- Any "family office," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940:

  - with assets under management in excess of $5 million;
  - that is not formed for the specific purpose of acquiring the securities being offered; and
  - whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that the family office is capable of evaluating the merits and risks of the prospective investment.

- Any "family client," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, of a family office meeting the requirements above and whose prospective investment in the issuer of the securities being offered is directed by the family office pursuant to the third sub-bullet above.

The term "net worth" means the excess of total assets over total liabilities, exclusive of the value of your primary residence net of any mortgage debt and other liens. In determining income, you should add to your adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains had been reduced in arriving at adjusted gross income.

You will be required to represent to the Issuer in writing that you are an accredited investor under Regulation D, as described above, and will also be required to provide certain documentation in support of such representation. In addition to the foregoing requirement, you must also represent in writing that you are acquiring the Securities for your own account and not for the account of others and not with a view to resell or distribute such securities. You hereby agree to deliver to the Issuer and ODB, through the Platform, such other information as to certain matters under the Act and as the Issuer may reasonably request in order to ensure compliance with such Act and the availability of any exemption thereunder. In addition, you may be required to provide written confirmation from a registered broker-dealer, an SEC-registered investment adviser, a licensed attorney, or a certified public accountant that such person or entity has taken reasonable steps to verify that you are accredited. In lieu of or in addition to such a letter, we may also verify than you are accredited, including but not limited to by requesting one or more of the following from you: (i) Internal Revenue Service forms that report the your income for the last two years (including Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040) and a written representation from the Investor that he or she has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year; and/or (ii) documentation disclosing your assets and liability which is dated within three months prior to the date of this Memorandum, including but not limited to bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, appraisal reports issued by independent third parties, and a credit report from at least one of the nationwide consumer reporting agencies, as well as a written representation that all liabilities necessary to make a determination of net worth have been disclosed.

Set forth below is a discussion, in summary form, of certain United States federal income tax consequences relating to an investment in a Securities and the acquisition, ownership and disposition of the Securities. This summary does not attempt to present all aspects of the United States federal income tax laws or any state, local or foreign laws that may affect an investment in the Securities. In particular, foreign investors, financial institutions, insurance companies, tax-exempt entities, investors subject to the alternative minimum tax and other investors of special status must consult with their own professional tax advisors regarding a prospective investment. This summary is general in nature and should not be construed as tax advice to any prospective investor. No ruling has been or will be requested from the Internal Revenue Service (the "***IRS***") and no assurance can be given that the IRS will agree with the tax consequences described in this summary. The following discussion assumes that each prospective Investor will acquire Securities as a capital asset (generally, property held for investment).

This description is based on the U.S. Internal Revenue Code of 1986, as amended, (the "***Code***"), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion is limited to prospective investors who are "***United States Persons***" within the meaning of the Code.

Each prospective Purchaser should consult with its own tax adviser in order to fully understand the United States federal, state, local and foreign income tax consequences of an investment in the Securities. No formal or legal tax advice is hereby given to any prospective Purchaser.

EACH PURCHASER SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF HIS OR HER TAX ADVISOR WITH RESPECT TO THEIR INVESTMENT, AND EACH PURCHASER IS RESPONSIBLE FOR THE FEES OF SUCH ADVISOR. NOTHING IN THIS MEMORANDUM IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO A PURCHASER. PURCHASERS SHOULD BE AWARE THAT THE IRS MAY NOT AGREE WITH ALL TAX POSITIONS TAKEN BY THE ISSUER AND THAT CHANGES TO THE CODE OR THE REGULATIONS OR RULINGS THEREUNDER OR COURT DECISIONS AFTER THE DATE OF THIS MEMORANDUM MAY CHANGE THE ANTICIPATED TAX TREATMENT TO A PURCHASER. THE ISSUER WILL NOT OBTAIN ANY RULING FROM THE IRS WITH REGARD TO THE TAX CONSEQUENCES OF AN INVESTMENT IN THE SECURITIES.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH INVESTORS UNDER THE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF INVESTMENTS IN THE ISSUER; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE TAX TREATMENT OF THE SECURITIES, THE PURCHASE RIGHTS CONTAINED THEREIN AND THE SECURITY DISTRIBUTION IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR INVESTORS UPON CERTAIN FUTURE EVENTS. AN INVESTMENT PURSUANT TO THE SECURITIES PURSUANT THERETO MAY RESULT IN ADVERSE TAX

CONSEQUENCES TO INVESTORS, INCLUDING WITHHOLDING TAXES, INCOME TAXES AND TAX REPORTING REQUIREMENTS. EACH PURCHASER SHOULD CONSULT WITH AND MUST RELY UPON THE ADVICE OF ITS OWN PROFESSIONAL TAX ADVISORS WITH RESPECT TO THE UNITED STATES AND NON-TAX TREATMENT OF AN INVESTMENT IN THE SECURITIES AND THE RIGHTS CONTAINED THEREIN.

In this Offering, each prospective Purchaser accepts the responsibility for conducting its own due diligence investigation and consulting with its own professional advisors in connection with their investment. Prospective Purchasers and their advisors are invited to ask us questions concerning the Issuer, the SAFE instrument, the terms of this Offering and such other matters as the prospective Purchasers and their advisors deem pertinent in connection with this investment. We will use reasonable efforts to respond fully to such questions and to supply all information (other than confidential information) available to us that the prospective Purchasers or their advisors' request.

WHERE YOU CAN FIND MORE INFORMATION

For further information with respect to us and our Security, we refer you to our data room, access which may be obtained from Pave Finance management. Statements contained in this PPM concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been included in the data room, please see the copy of the contract or document. Each statement in this PPM relating to a contract or document in the data room is qualified in all respects by the contract or document in our data room.

We also maintain a website at www.pavepro.ai. Information contained in, or accessible through, our website is not a part of this PPM, and the inclusion of our website address in this PPM is only as an inactive textual reference.

FINANCIAL STATEMENTS

PAVE FINANCE, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023, AND 2024, AND THE THREE MONTHS ENDED MARCH 31, 2025

UNAUDITED

Pave Finance, Inc.

Consolidated Balance Sheets

As of December 31, 2023, and 2024 and As of March 31, 2025

(*Actual Dollars*)

	As of December 31,		As of March 31,
	2023	2024	2025
Assets:			
Cash	$424,320	$214,354	$196,042
Accounts Receivable	$0	$149,434	$180,293
Other Current Assets	$0	$74,368	$98,639
Total Current Assets	$424,320	$438,156	$474,974
Capitalized Software	$497,134	$1,012,657	$1,102,319
Other Assets	$81,833	$65,467	$65,467
Total Other Assets	$578,967	$1,078,124	$1,167,785
Total Assets	$1,003,287	$1,516,280	$1,642,759
Liabilities and Equity:			
Accounts Payable and Accruals	$82,593	$121,933	$156,443
Other Current Liabilities	$0	$93,126	$0
Current Debt	$0	$0	$0
Total Current Liabilities	$82,593	$215,059	$156,443
Convertible Note	$6,599,975	$11,321,979	$12,371,979
Total Liabilities	$6,682,568	$11,537,038	$12,528,423
Stockholders' Equity	($5,679,281)	($10,020,758)	($10,885,663)
Total Liabilities and Equity	$1,003,287	$1,516,280	$1,642,759

Pave Finance, Inc.

Consolidated Statements of Operations

For the Twelve Months Ended December 31, 2023 and 2024,
and for the Three Months Ended March 31, 2025

(*Actual Dollars*)

	For the Years Ended December 31,		For the Three Months Ended
	2023	2024	March 31, 2025
Revenue	$9,200	$153,173	$61,859
Cost of Sales	$0	$0	$0
Gross Profit	$9,200	$153,173	$61,859
Operating Expenses:			
Research and Development	$1,741,380	$2,272,884	$573,347
Sales and Marketing	$773,947	$1,010,171	$254,821
General and Administrative	$1,354,407	$1,767,799	$445,937
Total Operating Expenses	$3,869,734	$5,050,854	$1,274,105
Pre-tax Income	($3,860,534)	($4,897,681)	($1,212,246)
Other Income (Expenses)	($354)	$8,272	$3,916
Net Loss	($3,860,888)	($4,889,409)	($1,208,330)

Pave Finance, Inc.

Consolidated Statement of Cash Flows

For the Twelve Months Ended December 31, 2023 and 2024, and for the Three Months Ended March 31, 2025

(*Actual Dollars*)

	For the Years Ended December 31, 2023	2024	For the Three Months Ended 2025
Operating Activities			
Net Income (loss)	($3,860,888)	($4,889,408)	($1,208,330)
Depreciation and Amortization	$0	$0	$0
Change in Accounts Payable	$59,771	$39,340	($53,731)
Change in Other Current Liabilities	$0	$93,126	($61,460)
Change in Accounts Receivable	($26,147)	($149,434)	($30,859)
Change in Other Assets	($81,833)	($58,002)	($24,271)
Cash Flow From Operating Activities	($3,909,097)	($4,964,378)	($1,378,651)
Investing Activities			
Purchase of Capitalized Software	($497,134)	($515,523)	($89,662)
Cash Flow From Investing Activities	($497,134)	($515,523)	($89,662)
			($1,468,312)
Financing Activities			
Issuance of Convertible Promissory Notes	$5,282,004	$4,722,004	$1,450,000
Other Capital Infusions / Repayments	($451,453)	$547,931	$0
Cash Flow From Financing Activities	$4,830,551	$5,269,935	$1,450,000
Change in Cash and Equivalents	$424,320	($209,966)	($18,312)
Cash and Equivalents, Opening Balance	$0	$424,320	$214,354
Cash and Equivalents, Closing Balance	$424,320	$214,354	$196,042

Pave Finance, Inc.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2023 and 2024, and the Three Months Ended March 31, 2025

(*Actual Dollars*)

Note 1 – Organization and Description of Business

Pave Finance, Inc. and its wholly-owned subsidiaries (collectively, the "Company") is an emerging provider of portfolio management software solutions and services that enable wealth advisors to more efficiently manage their clients' portfolios and outperform leading stock market benchmarks including the S&P 500. Pave Finance's business units include: (i) Pave Labs, LLC, which provides Pave Pro, a portfolio management software platform; (ii) Pave Securities, which operates an introducing broker-dealer; and (iii) Pave Investment Advisors, which operates an investment advisory business. Pave Finance's business model derives three primary streams of revenue: (i) software licensing revenue for Pave Pro, which is priced using a SaaS licensing model with users paying a monthly license fee; (ii) broker-dealer revenues including securities lending, debit balance and cash management fees; and (iii) investment advisory fees for the automated management of assets under Pave Pro's "Autopilot" feature. Pave Pro's proprietary artificial intelligence and machine learning-based asset scoring algorithm was developed by one of our founders in 1997, in conjunction with a proprietary convex investment optimization engine. Pave Finance was founded in June 2022 and is headquartered in New York, New York. Unless we state otherwise or the context otherwise requires, the terms "we," "our," "us" and the "Company" refer to the Company and its consolidated subsidiaries. The Company was incorporated as a Delaware corporation in June 2022.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements include the financial results of the Company and its wholly-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the U.S ("U.S. GAAP"). Intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, the accompanying consolidated financial statements include all adjustments necessary for the fair presentation for the periods presented.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include capitalized software, the useful life of assets, the fair value of our stock-based awards and the fair value of our financial instruments. These estimates are based on historical experience, where applicable, and other assumptions that management believes are reasonable under the circumstances. Actual results could materially differ from these estimates.

Segment Information

We present our operations as a single operating segment and a single reporting segment. Operating segments are defined as components of an enterprise about which separate financial information is evaluated regularly by the chief operating decision maker, who is also the chief executive officer, in deciding how to allocate resources and assessing performance. Our chief executive officer allocates resources and assesses performance based upon financial information at the consolidated level. As we operate in one operating segment, all required financial segment information is presented in the consolidated financial statements.

Cash Equivalents

We consider all highly liquid instruments purchased with a maturity of three months or less and money market funds to be cash equivalents. We maintain cash and cash equivalents in demand deposit accounts. The fair value of our cash and cash equivalents approximates carrying value. We have not experienced any losses in such accounts and do not believe there is exposure to any significant credit risk on such accounts.

Accounts Receivable

Accounts receivable on our consolidated balance sheets generally consists of revenue-related receivables. The Company has not recognized an allowance for doubtful accounts.

Capitalized Software

Capitalized software is stated at cost, net of amortization. According to US GAAP standards.

Revenue Recognition

Revenues are recognized when our software has been used by our customers. Substantially all of our revenues are comprised of revenue from license agreements with our customers.

Cost of Revenues and Operating Expenses

Our costs of revenue are near zero given our software is delivered to our customers through the internet. Operating expenses represent operating expenses and systems support and technology costs, including labor and related expenses.

Note 3 – Capitalized Software

We capitalize computer software development costs related to software developed for internal use in accordance with ASC 350-40.

Note 4 – Long-Term Debt

Long-term debt consisted of our convertible promissory note which includes warrants for the purchase of our Class A Common Stock. The convertible promissory note was first issued in August 2022, and the last closing was December 2024. The convertible promissory note has a 5.0% interest rate and is due on June 30, 2026.

Note 5 – Legal Proceedings

We are not involved in any legal proceedings.

Note 6 – Income Taxes

At December 31, 2023 and 2024, we had net operating loss carryforwards for state income tax purposes of approximately $1.1 million and $5.0 million, which are available to offset future state taxable income up to a limit of 80% of taxable income.

We file income tax returns with the U.S. federal government and various state jurisdictions.

Note 7 – Subsequent Events

Additional amounts were issued under the convertible promissory note in Q2 2025.

<u>EXHIBIT A</u>

SAFE AGREEMENT

THIS INSTRUMENT HAS BEEN ISSUED PURSUANT TO SECTION 4(A)(2) AND REGULATION D OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND NEITHER IT NOR ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE. THERE ARE SIGNIFICANT RESTRICTIONS ON THE TRANSFERABILITY OF THE SECURITIES DESCRIBED HEREIN AND NO RESALE MARKET MAY BE AVAILABLE AFTER RESTRICTIONS EXPIRE.

IF THE INVESTOR LIVES OUTSIDE THE UNITED STATES, IT IS THE INVESTOR'S RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE OF THE SECURITIES, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES. THE ISSUER RESERVES THE RIGHT TO DENY THE PURCHASE OF THE SECURITIES BY ANY FOREIGN PURCHASER.

PAVE FINANCE, INC.

SAFE

(Simple Agreement for Future Equity)

Series 2025

THIS CERTIFIES THAT in exchange for the payment by the undersigned investor (the "**Investor**," and together with all other Series 2025 SAFE holders, the "**Investors**") of the undersigned purchase amount (the "**Purchase Amount**") on or about the undersigned date, Pave Finance, Inc., a Delaware corporation (the "**Issuer**"), hereby issues to the Investor the right to certain of the Issuer's Equity Securities (defined below), subject to the terms set forth below.

See <u>Section 2</u> for certain defined terms.

2. Events

(a) **<u>Equity Financing Event</u>**. If an Equity Financing (defined below) occurs before this instrument terminates in accordance with <u>Sections 1(b)-(d)</u>, the Issuer shall promptly notify the Investor of the closing, or anticipated closing, of the Equity Financing and issue to the Investor a number of Equity Securities, as applicable, sold in the Equity Financing, subject to the terms of this Section 1. The number of Equity Securities shall equal the quotient obtained by dividing (x) the Purchase Amount by (y) the **Equity Financing Price** (as defined below).

(b) **<u>Liquidity Event</u>**. If there is a Liquidity Event before the termination of this SAFE (whether pursuant to Sections 1(a), (c) or (e)), the holder of this SAFE will automatically be entitled (subject to the liquidation priority set forth below in <u>Section 1(d)</u>) to receive a portion of Proceeds, due and payable to the holder of this SAFE immediately prior to, or concurrent with, the consummation of such Liquidity Event, equal to the **<u>greater of</u>** (1) the Purchase Amount (or a lesser amount as described below) (the "**Cash- Out**

Amount") or (2) the amount payable on the number of Equity Securities equal to the Purchase Amount (or a lesser amount as described below) divided by the Liquidity Price (the "**Conversion Amount**").

Notwithstanding the foregoing, if the Issuer's board of directors determines in good faith that delivery of Equity Securities to the holder of this SAFE pursuant to this Section 1(b) would violate an applicable law, rule or regulation, then the Issuer shall deliver to the holder of this SAFE in lieu thereof, a cash payment equal to the fair market value of such Equity Securities, as determined in good faith by the Issuer's board of directors.

(c) **Dissolution Event**. If there is a Dissolution Event (defined below) before termination of this SAFE, this SAFE's holder will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds (defined below) equal to the Cash-Out Amount, due and payable to the holder of this SAFE immediately before the consummation of the Dissolution Event.

(d) **Liquidation Priority**. In a Liquidity Event or Dissolution Event, this SAFE is intended to operate like standard non-voting Preferred Stock. The holder of this SAFE's right to receive its Cash- Out Amount is:

(i) Junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Equity Securities);

(ii) On par with payments for other SAFEs, whether this Series or otherwise, and/or Preferred Stock, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other SAFEs and/or Preferred Stock, the applicable Proceeds will be distributed pro rata to the Investor and such other SAFEs and/or Preferred Stock holders in proportion to the full payments that would otherwise be due; and

(iii) Senior to payments for Common Stock.

The holder of this SAFE's rights to receive their Conversion Amount is (A) on par with payments for Common Stock and other SAFEs (whether this Series of SAFEs or alternative SAFEs) and/or Preferred Stock who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Equity Securities basis, and (B) junior to payments described in clause (i) above.

(e) **Termination**. This SAFE automatically terminates (without relieving the Issuer or holder of this SAFE of any obligations arising from a prior breach of or non-compliance with this instrument) upon the earlier to occur: (i) the issuance of Equity Securities to the holder of this SAFE pursuant to Section 1(a); or (ii) the payment, or setting aside for payment, of amounts due to the holder of this SAFE pursuant to Section 1(b) or Section 1(c) as subject to Section 1(d).

3. Definitions

"**Capital Stock**" means the capital stock of the Issuer, including, without limitation, Common Stock and Preferred Stock.

"**Change of Control**" means (i) a transaction or series of related transactions in which any "person" or "group" (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Issuer having the right to vote for the election of members of the Issuer's board of directors, (ii) any reorganization, merger or consolidation of the Issuer, other than a transaction or series of related transactions in which the holders of the voting securities of the Issuer outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Issuer or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Issuer.

"**Common Stock**" means common stock of the Issuer, including the securities issuable upon the conversion of this instrument pursuant to <u>Section 1(a)</u> or <u>Section 1(b)</u>.

"**Custodian**" means BitGo Trust Company, Inc. and its successors and assigns.

"**Direct Listing**" means, the Issuer's initial listing of its Common Stock on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Issuer with the SEC that registers shares of existing Equity Securities of the Issuer for resale, as approved by the Issuer's board of directors. For the avoidance of doubt, a Direct Listing will not be deemed to be an underwritten offering and will not involve any underwriting services.

"**Dissolution Event**" means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Issuer's creditors, (iii) the commencement of a case (whether voluntary or involuntary) seeking relief under Title 11 of the United States Code, or (iv) any other liquidation, dissolution or winding up of the Issuer (excluding a Liquidity Event), whether voluntary or involuntary.

"**Equity Financing**" shall mean the next sale (or series of related sales) by the Issuer of its Equity Securities to one or more third parties following the date of this instrument from which the Issuer receives gross proceeds of not less than $10,000,000 in cash or cash equivalent (excluding the conversion of any instruments convertible into or exercisable or exchangeable for Equity Securities, such as SAFEs or convertible promissory notes) with the principal purpose of raising capital.

"**Equity Financing Price**" shall mean (x) if the pre-money equity valuation of the Issuer immediately prior to the Equity Financing is less than <u>or</u> equal to the Pre-Money Equity Valuation Cap, then the lowest price per share of the Equity Securities sold in the Equity Financing or (y) if the pre-money equity valuation of the Issuer immediately prior to the Equity Financing is greater than the Pre-Money Equity Valuation Cap, then the SAFE Price.

"**Equity Securities**" shall mean Capital Stock (whether Common Stock or Preferred Stock), any other capital or profits interest of the Issuer or any securities convertible into, exchangeable for or conferring the right to purchase (with or without additional consideration) Common Stock or Preferred Stock, except in each case, (i) any security granted, issued and/or sold by the Issuer to any director, officer, employee, advisor or consultant of the Issuer in such capacity for the primary purpose of soliciting or retaining his, her or its services, (ii) any convertible promissory notes issued by the Issuer, and any SAFEs issued.

"**Fully Diluted Capitalization**" shall mean the aggregate number, as of immediately prior to the Equity Financing, of issued and outstanding Equity Securities, assuming full conversion or exercise of all convertible and exercisable securities then outstanding, including convertible Preferred Stock and all outstanding vested or unvested options or warrants to purchase Equity Securities, but excluding (i) the issuance of all Equity Securities reserved and available for future issuance under any of the Issuer's existing equity incentive plans, (ii) any SAFEs, and (iii) any Equity Securities that are issuable upon conversion of any outstanding SAFEs.

"**Intermediary**" means OpenDeal Broker LLC, a registered Broker-Dealer CRD# 291387, or a qualified successor.

"**IPO**" means: (A) the completion of an underwritten initial public offering of Equity Securities by the Issuer pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the U.S. or of a province of Canada, or (II) a registration statement which has been filed with the SEC and is declared effective to enable the sale of Equity Securities by the Issuer to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (B) the Issuer's initial listing of its Equity Securities (other than Equity Securities not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Issuer with the SEC that registers existing Equity Securities of the Issuer for resale, as approved by the Issuer's board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (C) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting Issuer in the U.S. or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Equity Securities of the Issuer.

"**Liquidity Capitalization**" means the number, as of immediately prior to the Liquidity Event, of the Issuer's Equity Securities (on an as-converted basis) outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but **excluding**: (i) the Unissued Option Pool; (ii) any SAFEs; and (iii) any Equity Securities that are issuable upon conversion of any outstanding SAFEs.

"**Liquidity Event**" means a Change of Control, a Direct Listing, or an IPO.

"**Liquidity Price**" means the price per unit equal to (x) the Pre-Money Valuation Cap divided by the Liquidity Capitalization.

"**Lock-up Period**" means the period commencing on the date of the final prospectus relating to the Issuer's IPO and ending on the date specified by the Issuer and the managing underwriter(s). Such period shall not exceed 180 days, or such other period as may be requested by the Issuer or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports, and (ii) analyst recommendations and opinions.

"**Options**" means stock options issued or issuable under the Issuer's equity incentive plan, if and when effected.

"**Preferred Stock**" means the preferred stock of the Issuer.

"**Pre-Money Equity Valuation Cap**" means $100,000,000.

"**Proceeds**" means cash and other assets (including without limitation stock consideration) that are proceeds from the Liquidity Event or the Dissolution Event, as applicable, and legally available for distribution.

"**Promised Options**" means promised but ungranted Options that are the greater of those (i) promised pursuant to agreements or understandings made prior to the execution of, or in connection with, the term sheet or letter of intent for the Equity Financing or Liquidity Event, as applicable (or the initial closing of the Equity Financing or consummation of the Liquidity Event, if there is no term sheet or letter of intent), (ii) in the case of an Equity Financing, treated as outstanding Options in the calculation of the price per share, or (iii) in the case of a Liquidity Event, treated as outstanding Options in the calculation of the distribution of the Proceeds.

"**SAFE**" means any simple agreement for future equity (or other similar agreement), including a SAFE, which is issued by the Issuer for bona fide financing purposes, and which may convert into Equity Securities in accordance with its terms.

"**SAFE Price**" means the price per unit equal to (x) the Pre-Money Valuation Cap divided by (y) the Fully Diluted Capitalization.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Unissued Option Pool**" means all Equity Securities that are reserved, available for future grant and not subject to any outstanding Options or Promised Options (but in the case of a Liquidity Event, only to the extent Proceeds are payable on such Promised Options) under any equity incentive or similar Issuer plan.

4. Custodian; Securities Entitlement

(a) The Issuer and the Investor appoints and authorizes the Custodian for the benefit of the Investor, to hold the SAFE and any securities that may be issued upon conversion thereof in registered form in the Custodian's name or the name of the Custodian's nominees for the benefit of the Investor and the Investor's permitted assigns. The Investor acknowledges and agrees that upon acceptance of the SAFE, the Issuer shall issue and deliver the SAFE to the Custodian, who shall solely hold such SAFE and any securities that may be issued upon conversion thereof for the benefit of the Investor and shall be a "protected purchaser" of such SAFE within the meaning of Section 8-303 of the Delaware Uniform Commercial Code, which shall be in book-entry uncertificated form, and that the Investor shall hold and acquire only a "securities entitlement" within the meaning of Section 8-501 of the Delaware Uniform Commercial Code in the SAFE and any securities that may be issued upon conversion thereof equal to the ratio of the Investor's purchase amount to the aggregate purchase amounts of the SAFE in the Offering.

(b) Issuer and Investor acknowledge and agree that the Custodian may assign any and all of its agreements with Investor, delegate its duties thereunder, and transfer Investor's SAFE and any securities that may be issued upon conversion thereof to any of its affiliates or to its successors and assigns, whether by merger, consolidation or otherwise, in each case, without the consent of the Investor or the Issuer. Investor acknowledges and agrees that Investor may not assign or transfer any of its rights or obligations under such agreements without the Custodian's prior written consent, and any attempted transfer or assignment in violation hereof shall be null and void.

5. Issuer Representations, Warranties and Covenants

The Issuer represents, warrants, and covenants to the Investor and the Intermediary as follows:

(a) The Issuer is a corporation duly organized, validly existing and in good standing under the laws of the state of its organization, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Issuer of this instrument is within the power of the Issuer and, other than with respect to the actions to be taken when equity is to be issued to Investor, has been duly authorized by all necessary actions on the part of the Issuer. This instrument constitutes a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To the knowledge of the Issuer, it is not in violation of (i) its current organizational documents; (ii) any material statute, rule or regulation applicable to the Issuer; or (iii) any material indenture or contract to which the Issuer is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Issuer.

(c) The performance and consummation of the transactions contemplated by this instrument do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Issuer; (ii) result in the acceleration of any material indenture or contract to which the Issuer is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Issuer or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Issuer, its business or operations.

(d) No consents or approvals are required in connection with the performance of this instrument, other than: (i) approvals from the Issuer's board of directors; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Equity Securities issuable pursuant to Section 1.

(e) The Issuer shall reserve from its authorized but unissued shares of Capital Stock for issuance and delivery upon the conversion of this instrument, such number of shares of the Capital Stock as necessary to effect the conversion contemplated by this instrument, and, from time to time, will take all steps necessary to amend its charter to provide sufficient authorized numbers of shares of the Capital Stock issuable upon the conversion of this instrument. All such shares shall be duly authorized, and when issued upon any such conversion, shall be validly issued, fully paid and non-assessable, free and clear of all liens, security interests, charges and other encumbrances or restrictions on sale and free and clear of all preemptive rights, except encumbrances or restrictions arising under federal or state securities laws.

(f) The Issuer is (i) not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act, (ii) not an investment company as defined in Section 3 of the Investment Company Act of 1940 (the "**ICA**"), and is not excluded from the definition of investment company by Section 3(b) or Section 3(c) of the ICA, (iii) not planning to engage in a merger or acquisition with an unidentified company or companies, and (iv) organized under, and subject to, the laws of a state or territory of the United States or the District of Columbia.

(g) The Issuer hereby authorizes the Custodian to hold this SAFE and the securities issuable upon conversion thereof in registered form in its name or the name of its nominees for the benefit of the Investors, which shall be in uncertificated form. The Issuer agrees that the Custodian is an intended third- party beneficiary to the representations made by the Investor and the Issuer via the SAFE.

6. **Investor Representations, Warranties, and Covenants**

The Investor represents, warrants and covenants to the Issuer, the Issuer's representatives and agents, and Intermediary, as follows:

(a) This SAFE has been duly authorized, executed and delivered by the Investor and, upon due authorization, execution and delivery by the Issuer, will constitute the valid and legally binding agreement of the Investor enforceable in accordance with its terms against the Investor, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws of general application relating to or affecting the enforcement of creditors' rights and remedies, as from time to time in effect; (ii) application of equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law); and (iii) considerations of public policy or the effect of applicable law relating to fiduciary duties.

(b) The Investor understands that the Securities are restricted from transfer for a period of time under applicable federal securities laws and that the Securities Act and the rules of the Securities and Exchange Commission ("**SEC**") provide in substance that the Investor may dispose of the Securities only pursuant to an effective registration statement under the Securities Act or an exemption therefrom, after which certain state restrictions may apply. The Investor understands that the Company has no obligation or intention to register any of the Securities, or to take action so as to permit sales pursuant to the Securities Act. Even if and when the Securities become freely transferable, a secondary market in the Securities may not develop. Consequently, the Investor understands that the Investor must bear the economic risks of the investment in the Securities for an indefinite period of time.

(c) The Investor understands that the Securities have not been, and will not be, registered under the Securities Act or any state securities laws, by reason of specific exemptions under the provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of each Investor's representations as expressed herein.

(d) The Investor acknowledges that the Investor has received all the information the Investor has requested from the Issuer and the Investor considers necessary or appropriate for deciding whether to acquire the Securities, and the Investor represents that the Investor has had an opportunity to ask questions and receive answers from the Issuer regarding the terms and conditions of the Securities and to obtain any additional information necessary to verify the accuracy of the information given to the Investor. In deciding to purchase this instrument, the Investor is not relying on the advice or recommendations of the Issuer or of the Intermediary and the Investor has made its own independent decision that an investment in the Securities is suitable and appropriate for the Investor. The Investor understands that no federal or state agency has passed upon the merits or risks of an investment in the Securities or made any finding or determination concerning the fairness or advisability of this investment.

(e) The Investor understands and acknowledges that the Securities provide the Investor no voting, information or inspection rights, aside from any disclosure requirements the Issuer is required to make under relevant securities regulations.

(f) The Investor understands that no public market now exists for any of the Securities issued by the Issuer, and that the Issuer has made no assurances that a public market will ever exist for the Securities to be acquired by the Investor hereunder.

(g) The Investor is not (i) a citizen or resident of a geographic area in which the purchase of or holding of the Securities, or any securities convertible or issuable therefrom, is prohibited by applicable law, decree, regulation, treaty, or administrative act, (ii) a citizen or resident of, or located in, a geographic area that is subject to U.S. or other applicable sanctions or embargoes, or (iii) an individual, or an individual employed by or associated with an entity, identified on the U.S. Department of Commerce's Denied Persons or Entity List, the U.S. Department of Treasury's Specially Designated Nationals List, the U.S. Department of State's Debarred Parties List or other applicable sanctions lists. Investor hereby represents and agrees that if Investor's country of residence or other circumstances change such that the above representations are no longer accurate, the Investor will immediately notify the Issuer. The Investor further represents and warrants that it will not knowingly sell or otherwise transfer any interest in the Securities, or any securities convertible or issuable therefrom, to a party subject to U.S. or other applicable sanctions.

(h) If the Investor is not a U.S. person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Investor hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation, purchase and payment for, and continued ownership of, its beneficial interest in the Securities, or any securities convertible or issuable therefrom, will not violate any applicable securities or other laws of the Investor's jurisdiction, including (i) the legal requirements within its jurisdiction for the purchase of its beneficial interest in the Securities, or any securities convertible or issuable therefrom; (ii) any foreign exchange restrictions applicable to such purchase; (iii) any governmental or other consents that may need to be obtained; and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, conversion, redemption, sale, or transfer of its beneficial interest in the Securities, or any securities convertible or issuable therefrom. The Investor acknowledges that the Issuer has taken no action in foreign jurisdictions with respect to the Securities, or any securities convertible or issuable therefrom, (and the Investor's beneficial interest therein) and the underlying securities.

(i) If the Investor is a corporate entity: (i) such corporate entity is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, and has the power and authority to enter into this SAFE; (ii) the execution, delivery and performance by the Investor of the SAFE is within the power of the Investor and has been duly authorized by all necessary actions on the part of the Investor; (iii) to the knowledge of the Investor, it is not in violation of its current charter or bylaws, any material statute, rule or regulation applicable to the Investor; and (iv) the performance of the SAFE does not and will not violate any material judgment, statute, rule or regulation applicable to the Investor; result in the acceleration of any material indenture or contract to which the Investor is a party or by which it is bound, or otherwise result in the creation or imposition of any lien upon the Purchase Amount.

(j) The Investor further acknowledges that it has read, understood, and had ample opportunity to ask the Issuer questions about its business plans, "Risk Factors," and all other information presented in the offering documents related to this transaction.

(k) The Investor represents that the Investor understands the substantial likelihood that the Investor will suffer a **TOTAL LOSS** of all capital invested, and that Investor is prepared to bear the risk of such total loss.

(l) Investor directs the Issuer to issue the Securities that are ultimately issued pursuant to this SAFE in the name of the Custodian, and the Investor acknowledges and agrees that the Custodian will hold the Securities in registered form for the benefit of the Investors, which shall be in uncertificated form. To the extent otherwise agreed upon in writing between the Investor and the Custodian, Custodian may take direction from the Lead (as defined below) who will act on behalf of the Investors, and the Issuer, the Intermediary and the Custodian may be permitted to rely on the Lead's instructions relating to the Securities. The Investor agrees that the Custodian is an intended third-party beneficiary to the representations made by the Investor and the Issuer via the SAFE, including, without limitation, any representations, warranties, and covenants made by the Issuer and the Investor.

(m) The Investor will maintain an account in good standing with Custodian pursuant to a valid and binding Custody Account Agreement. To the extent any of the provisions of such Custody Account Agreement contradict this instrument, the Custody Account Agreement shall govern.

(n) The Investor agrees that any action contemplated by this instrument and requested by the Issuer must be completed by the Investor within thirty (30) calendar days of receipt of the relevant notice (whether actual or constructive) to the Investor or the Custodian as Investor's agent.

7. **Transfer Restrictions**.

(a) The Investor hereby agrees that during the Lock-up Period it will not, without the prior written consent of the managing underwriter: (A) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any Equity Securities or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Equity Securities (whether any such securities are then owned by the Investor or are thereafter acquired); or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities; whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Equity Securities or other securities, in cash, or otherwise.

(b) The foregoing provisions of Section 6(a) will: (x) apply only to the IPO and will not apply to the sale of any of the Issuer's securities issued to an underwriter pursuant to an underwriting agreement; (y) not apply to the transfer of any Issuer's securities to any trust for the direct or indirect benefit of the Investor or the immediate family of the Investor, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer will not involve a disposition for value; and (z) be applicable to the Investor only if all officers of the Issuer are subject to the same restrictions and the Issuer uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than 5% of the outstanding Equity Securities or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Equity Securities. Notwithstanding anything herein to the contrary, the underwriters in connection with the IPO are intended third-party beneficiaries of Section 6(a) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Investor further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with the IPO that are consistent with Section 6(a) or that are necessary to give further effect thereto.

(c) In order to enforce the foregoing covenant, the Issuer may impose stop transfer instructions with respect to the Investor's registrable securities of the Issuer (and the Issuer securities of every other person subject to the foregoing restriction) until the end of the Lock-up Period. The Investor agrees that a legend reading substantially as follows will be placed on all certificates representing all of the Investor's registrable securities of the Issuer (and the securities of the Issuer held by every other person subject to the restriction contained in Section 6(a)):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD BEGINNING ON THE EFFECTIVE DATE OF THE ISSUER'S REGISTRATION STATEMENT FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE ISSUER'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SECURITIES.

(d) Without in any way limiting the representations and warranties set forth in Section 4 above, the Investor further agrees not to make any disposition of all or any portion of this instrument or the underlying securities unless and until the transferee has agreed in writing for the benefit of the Issuer to make the representations and warranties set out in Section 5 and the undertaking set out in Section 6(a) and:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) The Investor shall have notified the Issuer of the proposed disposition and shall have furnished the Issuer with a detailed statement of the circumstances surrounding the proposed disposition and, if reasonably requested by the Issuer, the Investor shall have furnished the Issuer with an opinion of counsel reasonably satisfactory to the Issuer that such disposition will not require registration of such securities under the Securities Act.

(e) If the Investor intends to transfer the SAFE ("**Transfer**"), the party accepting Transfer ("**Transferee**") must pass and continue to comply with any applicable know your customer ("**KYC**") and anti-money laundering ("**AML**") policies and, at the Issuer's sole determination, execute an Omnibus Nominee Agreement, provided in connection with the Transfer. The Investor understands that the Transferee's failure to pass the requisite KYC and AML procedures or to execute an Omnibus Nominee Agreement contemporaneously with the Transfer, if determined necessary in the Issuer's sole discretion, may render the Transfer void, null, unenforceable, and the Transferee will be unable to redeem their security.

(f) The Investor understands and agrees that the certificates, book entry or other form of notation representing the Securities sold pursuant to this SAFE will be notated with a legend or designation, which communicates in some manner that the Securities were issued pursuant to Section 4(a)(2) of the Securities Act.

Tokenization and Fractionalization

(a) The Issuer has the right, but not the obligation, to mint and distribute to, or for the benefit of, the Investor digital tokens ("**Tokens**") on a blockchain network, which may serve as a digital representation of, or economic arrangement to, the Securities or as a technological means of providing a transfer instruction to the Issuer or an entitlement order to a securities intermediary holding this SAFE on behalf of others. The Tokens, if issued, may embody certain rights, preferences, privileges, and restrictions of the respective Securities to which they relate or may provide the means to give such instructions or entitlement orders.

(b) The Securities, whether in the form of Tokens or otherwise, may be issued in whole or fractional parts, in the Issuer's sole discretion.

8. Miscellaneous

(a) The Investor agrees to execute an Omnibus Nominee Agreement contemporaneously and in connection with the purchase of this SAFE. The Investor agrees and understands that the Investor's failure to execute an Omnibus Nominee Agreement contemporaneously with this SAFE may render the SAFE void, null and unenforceable.

(b) The Investor agrees to take any and all actions determined in good faith by the Issuer's board of directors to be advisable to reorganize this instrument and any Equity Securities issued pursuant to the terms of this instrument.

(c) Any provision of this SAFE may be amended, waived or modified only at the direction of the board of directors of the Issuer (the "**Lead**"). The Lead shall act in accordance with the principals of good faith and fair dealing in the performance of their role as Lead.

(d) The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of Equity Securities for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a stockholder of the Issuer or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive purchase rights or otherwise until securities have been issued upon the terms described herein.

(e) Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the Issuer and the Investor; *provided, however*, that this instrument and/or the rights contained herein may be assigned without the Issuer's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or units the same management company with, the Investor; and *provided, further*, that the Issuer may assign this instrument in whole, without the consent of the Investor, in connection with a reincorporation to change the Issuer's domicile or organizational form.

(f) In the event any one or more of the terms or provisions of this instrument is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the terms or provisions of this instrument operate or would prospectively operate to invalidate this instrument, then such term(s) or provision(s) only will be deemed null and void and will not affect any other term or provision of this instrument and the remaining terms and provisions of this instrument will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(g) The Custodian through this SAFE and related Omnibus Nominee Agreement entered into between the Investor and the Custodian shall be considered the legal record holder of the SAFE and any securities convertible thereon, including the Equity Securities.

(h) All rights and obligations hereunder will be governed by the laws of the State of New York, without regard to the conflicts of law provisions of such jurisdiction.

(i) Any dispute, controversy or claim arising out of, relating to or in connection with this instrument, including the breach or validity thereof, shall be determined by final and binding arbitration administered by the American Arbitration Association (the "**AAA**") under its Commercial Arbitration Rules and Mediation Procedures ("**Commercial Rules**"). The award rendered by the arbitrator shall be final, non-appealable and binding on the parties and may be entered and enforced in any court having jurisdiction. There shall be one arbitrator agreed to by the parties within twenty (20) days of receipt by respondent of the request for arbitration or, in default thereof, appointed by the AAA in accordance with its Commercial Rules. The place of arbitration shall be within twenty-five (25) miles of the Issuer's principal place of business. Except as may be required by law or to protect a legal right, neither a party nor the arbitrator may disclose the existence, content or results of any arbitration without the prior written consent of the other parties.

(j) The parties acknowledge and agree that for U.S. federal and state income tax purposes only this SAFE is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the parties agree to treat this SAFE consistent with the foregoing intent for all U.S. federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

INVESTOR:

By: ______________________________

Name: ___________________________

Date: ____________________________

Email: ___________________________

Address: _________________________

____

Purchase Amount: $__________________

ISSUER: PAVE FINANCE, INC.

By: ______________________________

Name and Title: Chris Ainsworth, CEO

Date: _____________________________

Email: chris@pavefinance.com

Address: 171 Madison Avenue, Suite 1500
New York, NY 10016

EXHIBIT B

CUSTODIAL SERVICES AGREEMENT

This Custodial Services Agreement (this "Agreement") is made as of the later date of the signatures below (the "Effective Date") by and between: ______________________________ ("Client"), ____ (Address) and Custodian. This Agreement governs Client's use of the Custodial Services and the Wallet Services (each as defined below, and collectively, the "Services") provided or made available by Custodian.

Definitions:

(a) "Agreement" means this Custodial Agreement, as it may be amended from time to time, and includes all schedules and exhibits to this Custodial Agreement, as they may be amended from time to time.

(b) "Applicable Law" means any applicable statute, rule, regulation, regulatory guideline, order, law, ordinance or code; the common law and laws of equity; any binding court order, judgment or decree; any applicable industry code, rule, guideline, policy or standard enforceable by law (including as a result of participation in a self-regulatory organization), and any official interpretations of any of the foregoing.

(c) "Assets" means, as applicable, Digital Assets, Securities, and/or Fiat Currency.

(d) "Authorized Persons" means any person authorized by the Client to give Instructions to the Custodian or perform other operations through the Company Site on behalf of the Client (i.e. viewer, admin, enterprise owner, viewer with additional video rights, etc.).

(e) "Bank" means either (a) a U.S. banking institution insured by the Federal Deposit Insurance Corporation (FDIC) or (b) an organization that is organized under the laws of a foreign country, or a territory of the United States that is recognized as a bank by the bank supervisory or monetary authority of the country of its organization or the country in which its principal banking operations are located.

(f) "Custodian" means BitGo Trust Company, Inc., a South Dakota trust company duly organized and chartered under § 51A-6A-1(12A) of the South Dakota Banking Law and licensed to act as custodian of Client's Assets on Client's behalf.

(g) "Digital Assets" means digital assets, virtual currencies, tokens, or coins, held for Client under the terms of this Agreement.

(h) "Fiat Currency" means certain supported fiat currencies, such as U.S. Dollars.

(i). "Platform Provider" means the third-party hosted application that electronically refers Client to the Custodian for access to the Services with no integration agreement via API.

(j) "Securities" means, without limitation, common stock and other equity securities, shares, units, bonds, debentures and other debt securities, notes, mortgages, or other obligations, and any instruments representing rights to receive, purchase, or subscribe for the same, or representing any other rights or interests therein.

1. SERVICES.

1.1. Custodian. Client authorizes, approves, and directs Custodian to establish and maintain one or more custody accounts on its books (each a "Custodial Account"), pursuant to the terms of this Agreement, for the receipt, safekeeping, and maintenance of supported Digital Assets, Fiat Currency, and Securities ("Custodial Services").

1.2. Wallet Software and Non-Custodial Wallet Service.

(a) Custodian also provides Client with the option to create non-custodial wallets that support certain Digital Assets via an API and web interface ("Wallet Services"). Wallet Services are provided by BitGo, Inc, an affiliate of Custodian ("BitGo Inc."). Wallet Services provide access to wallets where BitGo Inc. holds a minority of the keys, and Client is responsible for holding a majority of the keys ("Client Keys").

(b) The Wallet Services do not send or receive Fiat Currency or Digital Assets. The Wallet Services enable Client to interface with virtual currency networks to view and transmit information about a public cryptographic key commonly referred to as a blockchain address. As further set forth in Section 3.5, Client assumes all responsibility and liability for securing the Client Keys. Further, Client assumes all responsibility and liability for creation, storage, and maintenance of any backup keys associated with accounts created using the Wallet Services.

(c) Client's use of the Wallet Services is subject to the terms and conditions set forth at https://www.bitgo.com/terms (the "Wallet Terms"), as they may be amended from time to time. In the event of a conflict between the Wallet Terms and the terms of this Agreement, the terms of this Agreement shall control.

1.3. Fiat Services.

(a) As part of Custodial Services, Client may use Custodian to safeguard Fiat Currency in a Custodial Account for Client's benefit ("Fiat Services"). Custodian will custody Fiat Currency in one or more of the following "Customer Omnibus Accounts", as determined by Custodian: (i) deposit accounts established by Custodian with a Bank (each an "Omnibus Deposit Account"); (ii) money market accounts established by Custodian at a Bank (each, a "Money Market Account") and/or (iii) such other accounts as may be agreed between Client and Custodian in writing from time to time.

(b) Each Customer Omnibus Account shall be titled in the name of Custodian or in the name of Custodian for the benefit of its customers, in either case under the control of Custodian. Each Customer Omnibus Account shall be maintained separately and apart from Custodian's business, operating, and reserve accounts. Each Omnibus Account constitutes a banking relationship between Custodian and the relevant Bank and shall not constitute a custodial relationship between Custodian and Bank.

(c) Client acknowledges and agrees that Custodian may hold some or any portion of Fiat Currency in accounts that may or may not receive interest or other earnings. Client hereby agrees that the amount of any such interest or earnings attributable to such Fiat Currency in Customer Omnibus Accounts shall be retained by Custodian as additional consideration for its services under this Agreement, and nothing in this Agreement entitles Client to any portion of such interest or earnings. In addition, Custodian may receive earnings or compensation for a Customer Omnibus Account in the form of services provided at a reduced rate or similar compensation. Client agrees that any such compensation shall be retained by Custodian, Client understands and agrees that Client is not entitled to any portion of such compensation, and no portion of any such compensation shall be paid to or for Client. Client further acknowledges that Client's rights in the Customer Omnibus Accounts is limited to the specific amount of Fiat Currency Client custodies via the Fiat Services, as may be limited herein and by applicable law.

(d) Client acknowledges and agrees that it may send Fiat Currency to Custodian or from Custodian to an external account either by wire deposit or Automated Clearing House ("ACH") transfer. Wire deposits and ACH transfers are subject to differing processes, rules, and timelines. Client agrees to the terms and conditions presented in Appendix 2 of this Agreement (the "ACH Transfer Terms & Conditions"), which will apply to any ACH transfer that Client chooses to initiate to or from Custodian.

(e) Wire deposits sent before 4 PM ET by domestic or international wire from Client's account(s) at a depository institution that has been approved by Custodian will typically settle and be credited to Custodian's Omnibus Account on the same day or next business day. Wire withdrawals initiated before 4 PM ET will typically be processed on the same day or next business day. Wire deposits may not be credited and wire withdrawals may not be processed outside of normal banking hours. Client agrees and understands that wire deposit settlement times and wire withdrawal transfer times are subject to factors outside of Custodian's control, including, among other things, processes and operations related to the Customer Bank Account and the Custodian's Bank.

1.4. Securities Services.

(a) To Custodial Account. Subject to the terms of this Agreement, Client may transfer Securities from itself, an external provider, or other third parties to a Custodial Account. Prior to any transfer of Securities to a Custodial Account, Client will send Instructions to Custodian. The Custodian is not obligated to credit any Securities to the Account before the Custodian actually receives such Securities by final settlement.

i. Upon receiving such Instructions and verifying the transferred Securities and that such Instructions comply with Section 2.3, Custodian will provide Client with settlement instructions, including specific account details and delivery instructions. Client will initiate the transfer by instructing their current holding institution or broker to deliver the Securities to the Custodian. The transfer will be executed following established industry practices and relevant regulations.

ii. Custodian will reconcile the received Securities with the Client's Account records and confirm the successful transfer to the Account.

(b) From Custodial Account. Subject to the terms of this Agreement, Client may initiate the transfer of Securities from the Custodial Account by sending Instructions to Custodian.

i. Upon receiving the Instructions and verifying the request complies with Section 2.3, Custodian will provide Client with settlement instructions for the requested transfer. Client will follow the provided instructions to initiate the transfer from the Custodial Account.

ii. Custodian will provide Client with a confirmation of the pending transfer.

iii. If Instructions would result in the transfer of Securities exceeding the available balance in the Account, Custodian may reject such Instructions at its sole discretion.

iv. If Client separately maintains one or more blockchain-based tokens, including self-custodied blockchain-based tokens, associated with securities entitlements in the Account ("Security Instruction Token(s)" or "SIT(s)"), and Client subsequently sells or otherwise transfers SITs on a third-party securities exchange, alternative trading system, or similar trading venue, Client acknowledges and agrees that Custodian will recognize such transfer as an Instruction by Client to Custodian, and Custodian shall transfer a corresponding amount of securities entitlements from the Client's Account to the account of the acquirer of such SITs.

1.5. Third-Party Payments. The Custodial Services are not intended to facilitate third-party payments of any kind, which shall include the use of Fiat Currency, Securities, and/or Digital Assets. As such, Custodian has no control over, or liability for, the delivery, quality, safety, legality or any other aspect of any goods or services that Client may purchase or sell to or from a third party (including other users of Custodial Services) involving Assets that Client intends to store, or have stored, in Client's Custodial Account.

1.6. API Access.

(a) Most Services are provided through https://www.bitgo.com/ or any associated websites or application programming interfaces ("APIs") (collectively, the "Company Site"). Client may elect to utilize the APIs either directly or indirectly within an independently developed application ("Developer Application").

(b) All API-based Services are subject to usage limits and the terms and conditions set forth at https://www.bitgo.com/legal/services-agreement (the "API Terms"), as they may be amended from time to time. In the event of a conflict between the API Terms and the terms of this Agreement, the terms of this Agreement shall control. If Client exceeds a usage limit, Custodian may provide assistance to seek to reduce Client usage so that it conforms to that limit. If Client is unable or unwilling to abide by the usage limits, Client will order additional quantities of the applicable Services promptly upon request or pay Custodian's invoices for excess usage.

1.7. Fees. The fees associated with the Services shall be calculated, invoiced and paid in accordance with Schedule A ("Fee Schedule"). Custodian reserves the right to revise its Fee Schedule at any time following the Initial Term, provided that Custodian will provide Client with at least thirty (30) days' advance notice of any such revision. Within such 30-day period, Client may terminate this Agreement in accordance with Section 5.4 and discontinue the Services hereunder at no additional charge to Client.

1.8. Acknowledgement of Risks.

(a) General Risks; No Investment, Tax, or Legal Advice; No Brokerage. CLIENT ACKNOWLEDGES THAT CUSTODIAN DOES NOT PROVIDE INVESTMENT, TAX, OR LEGAL ADVICE, NOR DOES CUSTODIAN BROKER TRANSACTIONS ON CLIENT'S BEHALF. CLIENT ACKNOWLEDGES THAT CUSTODIAN HAS NOT PROVIDED AND WILL NOT PROVIDE ANY ADVICE, GUIDANCE OR RECOMMENDATIONS TO CLIENT WITH REGARD TO THE SUITABILITY OR VALUE OF ANY DIGITAL ASSETS OR SECURITIES, AND THAT CUSTODIAN HAS

NO LIABILITY REGARDING ANY SELECTION OF A DIGITAL ASSET OR SECURITY THAT IS HELD BY CLIENT THROUGH CLIENT'S CUSTODIAL ACCOUNT AND THE CUSTODIAL SERVICES OR THE WALLET SERVICES. ALL DEPOSIT AND WITHDRAWAL TRANSACTIONS ARE EXECUTED BASED ON CLIENT'S INSTRUCTIONS, AND CLIENT IS SOLELY RESPONSIBLE FOR DETERMINING WHETHER ANY INVESTMENT, INVESTMENT STRATEGY, OR RELATED TRANSACTION INVOLVING DIGITAL ASSETS OR SECURITIES IS APPROPRIATE FOR CLIENT BASED ON CLIENT'S INVESTMENT OBJECTIVES, FINANCIAL CIRCUMSTANCES, AND RISK TOLERANCE. CLIENT SHOULD SEEK LEGAL AND PROFESSIONAL TAX ADVICE REGARDING ANY TRANSACTION.

(b) Material Risk in Investing in Digital Currencies. CLIENT ACKNOWLEDGES THAT:

(1) VIRTUAL CURRENCY IS NOT LEGAL TENDER, IS NOT BACKED BY THE GOVERNMENT, AND ACCOUNTS AND VALUE BALANCES ARE NOT SUBJECT TO FEDERAL DEPOSIT INSURANCE CORPORATION OR SECURITIES INVESTOR PROTECTION CORPORATION PROTECTIONS;
(2) LEGISLATIVE AND REGULATORY CHANGES OR ACTIONS AT THE STATE, FEDERAL, OR INTERNATIONAL LEVEL MAY ADVERSELY AFFECT THE USE, TRANSFER, EXCHANGE, AND VALUE OF VIRTUAL CURRENCY;
(3) TRANSACTIONS IN VIRTUAL CURRENCY MAY BE IRREVERSIBLE, AND, ACCORDINGLY, LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS MAY NOT BE RECOVERABLE;
(4) SOME VIRTUAL CURRENCY TRANSACTIONS SHALL BE DEEMED TO BE MADE WHEN RECORDED ON A PUBLIC LEDGER, WHICH IS NOT NECESSARILY THE DATE OR TIME THAT THE CUSTOMER INITIATES THE TRANSACTION;
(5) THE VALUE OF VIRTUAL CURRENCY MAY BE DERIVED FROM THE CONTINUED WILLINGNESS OF MARKET PARTICIPANTS TO EXCHANGE FIAT CURRENCY FOR VIRTUAL CURRENCY, WHICH MAY RESULT IN THE POTENTIAL FOR PERMANENT AND TOTAL LOSS OF VALUE OF A PARTICULAR VIRTUAL CURRENCY SHOULD THE MARKET FOR THAT VIRTUAL CURRENCY DISAPPEAR;
(6) THERE IS NO ASSURANCE THAT A PERSON WHO ACCEPTS A VIRTUAL CURRENCY AS PAYMENT TODAY WILL CONTINUE TO DO SO IN THE FUTURE;
(7) THE VOLATILITY AND UNPREDICTABILITY OF THE PRICE OF VIRTUAL CURRENCY RELATIVE TO FIAT CURRENCY MAY RESULT IN SIGNIFICANT LOSS OVER A SHORT PERIOD OF TIME;
(8) THE NATURE OF VIRTUAL CURRENCY MAY LEAD TO AN INCREASED RISK OF FRAUD OR CYBER ATTACK;
(9) THE NATURE OF VIRTUAL CURRENCY MEANS THAT ANY TECHNOLOGICAL DIFFICULTIES EXPERIENCED BY THE LICENSEE MAY PREVENT THE ACCESS OR USE OF A CUSTOMER'S VIRTUAL CURRENCY; AND
(10) ANY BOND OR TRUST ACCOUNT MAINTAINED BY THE LICENSEE FOR THE BENEFIT OF ITS CUSTOMERS MAY NOT BE SUFFICIENT TO COVER ALL LOSSES INCURRED BY CUSTOMERS.

(c) CLIENT ACKNOWLEDGES THAT USING DIGITAL ASSETS AND ANY RELATED NETWORKS AND PROTOCOLS, INVOLVES SERIOUS RISKS. CLIENT AGREES THAT IT HAS READ AND ACCEPTS THE RISKS LISTED IN THIS SECTION 1.6,

WHICH IS NON- EXHAUSTIVE AND WHICH MAY NOT CAPTURE ALL RISKS ASSOCIATED WITH CLIENT'S ACTIVITY. IT IS CLIENT'S DUTY TO LEARN ABOUT ALL THE RISKS INVOLVED WITH DIGITAL ASSETS AND ANY RELATED PROTOCOLS AND NETWORKS. CUSTODIAN MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE VALUE OF DIGITAL ASSETS OR THE SECURITY OR PERFORMANCE OF ANY RELATED NETWORK OR PROTOCOL.

(d) Risks in Relation to Securities Transactions. SUBJECT TO THE TERMS OF THIS AGREEMENT, THE CLIENT MAY TRANSFER SECURITIES FROM ITSELF, AN EXTERNAL PROVIDER, OR OTHER THIRD PARTIES TO A CUSTODIAL ACCOUNT. THE CLIENT WILL BEAR THE SOLE RISK AND EXPENSE ASSOCIATED WITH THE TRANSFER OF SECURITIES, INCLUDING ANY DELAYS OR INABILITY TO ACHIEVE FINAL SETTLEMENT AS REQUIRED BY THIS AGREEMENT. THE CUSTODIAN WILL FOLLOW ESTABLISHED INDUSTRY PRACTICES AND RELEVANT REGULATIONS TO FACILITATE THE TIMELY SETTLEMENT OF SECURITIES TRANSACTIONS. HOWEVER, THE CUSTODIAN WILL NOT BE LIABLE FOR ANY DELAYS OR FAILURES IN SETTLEMENT ARISING FROM CIRCUMSTANCES BEYOND ITS REASONABLE CONTROL OR THAT ARE ATTRIBUTABLE TO THE ACTIONS OR OMISSIONS OF THIRD PARTIES INVOLVED IN THE SETTLEMENT PROCESS. THE CLIENT ACKNOWLEDGES THAT THE SETTLEMENT OF SECURITIES MAY INVOLVE INTERMEDIARY ENTITIES, SUCH AS CLEARINGHOUSES, DEPOSITORIES, OR TRANSFER AGENTS, AND THAT THE CUSTODIAN'S ROLE IS LIMITED TO THE CUSTODY, AND TRANSFER, AND PROVISION OF OTHER SERVICES WITH RESPECT TO OF THE SECURITIES AS INSTRUCTED BY THE CLIENT.

2. CUSTODIAL ACCOUNT.

2.1. Registration; Authorized Persons

(a) To use the Custodial Services, Client must create a Custodial Account by providing Custodian with all information requested. Custodian may, in its sole discretion, refuse to allow Client to establish a Custodial Account, limit the number of Custodial Accounts, and/or decide to subsequently terminate a Custodial Account.

(b) Client will maintain an updated and current list of Authorized Persons at all times on the Company Site and will immediately notify Custodian of any changes to the list of Authorized Persons by updating the list on the Company Site, including for termination of employment, or otherwise. Client shall make available all necessary documentation and identification information, as reasonably requested by Custodian to confirm: (i) the identity of each Authorized Person; (ii) that each Authorized Person is eligible to be deemed an "Authorized Person" as defined in this Agreement; and (iii) the party(ies) requesting the changes in the list of Authorized Persons have valid authority to request changes on behalf of Client.

2.2. General. The Custodial Services allow Client to deposit supported Assets to Client's Account, and to withdraw supported Assets from Client's Custodial Account to an external location, in each case, pursuant to Instructions Client provides through the Company Site (each such transaction is a "Custody Transaction"). The Assets stored in Client's Custodial Account will not be commingled with other Assets without express action taken by Client and will be held in custody pursuant to the terms of this Agreement. Custodian reserves the right to refuse to process or to cancel any pending Custody Transaction: as required by Applicable Law; to enforce transaction, threshold, and condition limits; or if Custodian reasonably believes that the Custody Transaction may violate or facilitate the violation of any Applicable Law, regulation or rule of a governmental authority or self-regulatory organization. Custodian cannot reverse a Custody Transaction which has been broadcast to a Digital Asset network.

2.3. Instructions.

(a) Custodian acts upon instructions ("Instructions") given by Authorized Persons that are received and verified by Custodian in accordance with its procedures and this Agreement.

(b) Instructions will be required for any action requested of the Custodian. Instructions shall continue in full force and effect until canceled (if possible) or executed.

(c) The Custodian shall be entitled to rely upon any Instructions it receives from an Authorized Person (or from a person reasonably believed by the Custodian to be an Authorized Person) pursuant to this Agreement.

(d) The Custodian may assume that any Instructions received hereunder are not in any way inconsistent with the provisions of organizational documents of the Client or of any vote, resolution, or proper authorization and that the Client is authorized to take the actions specified in the Instructions.

(e) Client must verify all transaction information prior to submitting Instructions to the Custodian. The Custodian shall have no duty to inquire into or investigate the validity, accuracy or content of any Instructions.

(f) If any Instructions are ambiguous, incomplete, or conflicting, Custodian may refuse to execute such Instructions until any ambiguity, incompleteness, or conflict has been resolved. Custodian may refuse to execute Instructions if, in its sole opinion, such Instructions are outside the scope of its duties under this Agreement or are contrary to any Applicable Law.

(g) Client is responsible for Losses (as defined below) resulting from inaccurate Instructions (e.g., if Client provides the wrong destination address for executing a withdrawal transaction). Custodian does not guarantee the identity of any user, receiver, requestee, or other party to a Custody Transaction. Custodian shall have no liability whatsoever for failure to perform pursuant to such Instructions except in the case of Custodian’s gross negligence, fraud, or willful misconduct.

(h) Unless otherwise directed by Client and confirmed by Custodian in writing, Client expressly acknowledges and agrees that the Platform Provider shall constitute an Authorized Person. Any and all Instructions received by the Custodian, whether electronically or otherwise, from the Platform Provider will be deemed as proper Instructions.

2.4. Digital Asset Deposits and Withdrawals.

(a) Prior to initiating a deposit of Digital Assets to Custodian, Client must confirm that Custodian offers Custodial Services for that specific Digital Asset. The list of supported Digital Assets is currently available at: https://www.bitgo.com/resources/coins. The foregoing list or foregoing URL may be updated or changed from time to time in Custodian's sole discretion. By initiating a deposit of Digital Assets to a Custodial Account, Client attests that Client has confirmed that the Digital Asset being transferred is supported by Custodian.

(b) Client must initiate any withdrawal request through Client's Custodial Account to a Client wallet address. Custodian will process withdrawal requests for amounts under $250,000, either in a single transaction or aggregated in a series of transactions, during a rolling 24 hour period without video verification, to a Client-whitelisted address which has been previously used to which Client has made a withdraw to at least once. The time of such a request shall be considered the time of transmission of such notice from Client's Custodial Account. Custodian reserves the right to request video verification for any transaction or series of transactions under the threshold of $250,000. Custodian will require video verification for withdrawal requests greater than $250,000 or requests made to a new address, either in a single transaction or aggregated in a series of transactions, during a rolling 24 hour period; provided, Custodian can require video calls for amounts less than $250,000 if it deems necessary for security, compliance, or any other purposes in its sole discretion. The initiation of the 24 hour time period to process the withdrawal request shall be considered at the time at which client completes video verification.

(c) As further set forth in Section 3.5, Client must manage and keep secure any and all information or devices associated with deposit and withdrawal procedures, including YubiKeys and passphrases or other security or confirmation information. Custodian reserves the right to charge or pass through network fees (e.g. miner fees or validator fees) to process a Digital Asset transaction on Client's behalf. Custodian will notify Client of the estimated network fee at or before the time Client authorizes the transaction.

2.5. Access Time.

(a) Custodian requires up to 24 hours (excluding weekends and US federal holidays) between any request to withdraw Digital Assets or Securities from Client's Custodial Account and submission of Client's withdrawal to the applicable Digital Asset network.

(b) Custodian reserves the right to take additional time beyond the 24 hour period if such time is required to verify security processes for large or suspicious transactions. Any such processes will be executed reasonably and in accordance with Custodian documented protocols, which may change from time to time at the sole discretion of Custodian.

(c) Custodian makes no representations or warranties with respect to the availability and/or accessibility of the Digital Assets or Securities. Custodian will make reasonable efforts to ensure that Client initiated deposits are processed in a timely manner, but Custodian makes no representations or warranties regarding the amount of time needed to complete processing of deposits which is dependent upon factors outside of Custodian's control.

2.6. Supported Digital Assets. The Custodial Services are available only in connection with those Digital Assets that Custodian supports (list currently available at https://www.bitgo.com/resources/coins). The Digital Assets that Custodian supports may change from time to time in Custodian's discretion. Custodian assumes no obligation or liability whatsoever regarding any unsupported Digital Asset sent or attempted to be sent to it, or regarding any attempt to use the Custodial Services for Digital Assets that Custodian does not support. Custodian may, from time to time, determine types of Digital Assets that will be supported or cease to be supported by the Custodial Services. Custodian will use commercially reasonable efforts to provide Client with thirty (30) days' prior written notice before ceasing to support a Digital Asset, unless Custodian is required to cease such support sooner to comply with Applicable Law or in the event such support creates an urgent security or operational risk in Custodian's reasonable discretion (in which event Custodian will provide as much notice as is practicable under the circumstances). Under no circumstances should Client attempt to use the Custodial Services to deposit or store any Digital Assets that are not supported by Custodian. Depositing or attempting to deposit Digital Assets that are not supported by Custodian will result in such Digital Asset being unretrievable by Client and Custodian.

2.7. Advanced Protocols. Unless specifically announced on the Custodian or Company website, Custodian does not support airdrops, side chains, or other derivative, enhanced, or forked protocols, tokens, or coins which supplement or interact with a Digital Asset supported by Custodian (collectively, "Advanced Protocols"). Client shall not use its Custodial Account to attempt to receive, request, send, store, or engage in any other type of transaction involving an Advanced Protocol. Custodian assumes absolutely no responsibility whatsoever in respect to Advanced Protocols.

2.8. Operation of Digital Asset Protocols.

(a) Custodian does not own or control the underlying software protocols which govern the operation of Digital Assets supported on the Custodian platform. By using the Custodial Services, Client acknowledges and agrees that:

(i) Custodian is not responsible for operation of the underlying protocols and that Custodian makes no guarantee of their functionality, security, or availability;

(ii) the underlying protocols are subject to sudden changes in operating rules (a.k.a. "forks"); and

(iii) that such forks may materially affect the value, function, and/or even the name of the Digital Assets that Client stores in Client's Custodial Account. In the event of a fork, Client agrees that Custodian may temporarily suspend Custodian operations with respect to the affected Digital Assets (with or without advance notice to Client) and that Custodian may, in its sole discretion, decide whether or not to support (or cease supporting) either branch of the forked protocol entirely. Client acknowledges and agrees that Custodian assumes absolutely no liability whatsoever in respect of an unsupported branch of a forked protocol or its determination whether or not to support a forked protocol.

(b) Client agrees that all "airdrops" (free distributions of certain Digital Assets) and forks will be handled by Custodian pursuant to its fork policy (the "Fork Policy") (currently available at www.bitgo.com/resources/bitgo-fork-policy). Client acknowledges that Custodian is under no obligation to support any airdrops or forks, or handle them in any manner, except as detailed above and in the Fork Policy. Client further acknowledges that Custodian, at its sole discretion, may update the Fork Policy from time to time and/or the URL at which it is available and Client agrees that Client is responsible for reviewing any such updates. Client is under no obligation to provide notification to Client of any modification to the Fork Policy.

2.9. Account Statements.

(a) Custodian will provide Client with an electronic account statement every calendar quarter. Each statement will be provided via the Custodian's website and notice of its posting will be sent via electronic mail.

(b) The Client will have forty-five (45) days to file any written objections or exceptions with the Custodian after the posting of a Custodial Account statement online. If the Client does not file any objections or exceptions within a forty-five (45) day period, this shall indicate the Client's approval of the statement and will preclude the Client from making future objections or exceptions regarding the information contained in the statement. Such approval by the Client shall be full acquittal and discharge of Custodian regarding the transactions and information on such statement.

(c) To value Digital Assets held in the Client's account, the Custodian will electronically obtain USD equivalent prices from digital asset market data with amounts rounded up to the seventh decimal place to the right. Custodian cannot guarantee the accuracy or timeliness of prices received and the prices are not to be relied upon for any investment decisions for the Client's account.

2.10. Independent Verification. If Client is subject to Rule 206(4)-2 under the Investment Advisers Act of 1940, Custodian shall, upon written request, provide Client's authorized independent public accountant confirmation of, or access to, information sufficient to confirm (i) Client's Digital Assets as of the date of an examination conducted pursuant to Rule 206(4)-2(a)(4), and (ii) Client's Digital Assets are held either in a separate account under Client's name or in accounts under Client's name as agent or trustee for Client's clients.

2.11. Support and Service Level Agreement. Custodian will use commercially reasonable efforts: (i) to provide reasonable technical support to Client, by email or telephone, during Custodian's normal business hours (9:30 AM to 6 PM ET); (ii) to respond to support requests in a timely manner; (iii) resolve such issues by providing updates and/or workarounds to Client (to the extent reasonably possible and practical), consistent with the severity level of the issues identified in such requests and their impact on Client's business operations; (iv) abide by the terms of the Service Level Agreement currently made available at https://www.bitgo.com/resources/bitgo- service-level-agreement (as Service Level Agreement or the URL at which it is made available may be amended from time to time); and (vii) to make Custodial Accounts available via the internet 24 hours a day, 7 days a week.

2.12. Clearing and Settlement Services.

(a) Custodian may offer clearing and settlement services (the "Settlement Services") that facilitate the settlement of transactions of Digital Assets, Securities, or Fiat Currency between Client and Client's trade counterparty that also has a Custodial Account with Custodian ("Settlement Partner"). Client acknowledges that the Settlement Service is an API product complemented by a Web user interface (UI). Clients may utilize the Settlement Services by way of settlement of one-sided requests with counterparty affirmation or one-sided requests with instant settlement; and two-sided requests with reconciliation. Client understands that the Assets available for use within the Settlement Services may not include all of Client's

Assets under custody. For the avoidance of doubt, use of the API product is subject to the terms and conditions set forth in Section 1.4 of this Agreement.

(b) The Settlement Services allow Client to submit, through the Custodian's settlement platform, a request to settle a purchase or sale of Assets with a Settlement Partner. Client authorizes Custodian to accept Client's cryptographic signature submitted by way of the Settlement Services API. When a cryptographic signature is received by way of the Settlement Services along with the settlement transaction details, Client is authorizing Custodian to act on Client's direction to settle such transaction.

i. A one-sided request with counterparty affirmation requires Client to submit a request, including its own cryptographic signature on the trade details, via API calls. Custodian will notify the Settlement Partner and lock funds of both parties while waiting for the Settlement Partner to affirm the request. Custodian will settle the trade immediately upon affirmation and the locked funds will be released.

ii. A one-sided request with instant settlement requires one side of the trade to submit a request, including cryptographic signatures of both parties to the trade, via API calls. Custodian will settle the trade immediately.

iii. A two-sided request with reconciliation requires that both Client and Settlement Partner submit requests via API calls, with each party providing their own cryptographic signatures. Custodian will reconcile the trades and settle immediately upon successful reconciliation.

iv. In any one-sided or two sided request, the Settlement Partner must be identified and selected by Client prior to submitting a settlement request.

v. Client may submit a balance inquiry through the settlement platform, to verify that Settlement Partner has a sufficient balance of the applicable Asset(s) to be transacted before the Parties execute a transaction. This balance inquiry function is to be utilized only for the purpose of executing a trade transaction to ensure the Settlement Partner has sufficient Assets to settle the transaction. Client hereby expressly authorizes and consents to Custodian providing access to such information to Client's Settlement Partner in order to facilitate the settlement.

vi. Client and Settlement Partner's Custodial Accounts must have sufficient Assets prior to initiating any settlement request. The full amount of assets required to fulfill a transaction are locked until such order has been completed. All orders are binding on Client and Client's Custodial Account. Custodian does not guarantee that any settlement will be completed by any Settlement Partner. Client may not be able to withdraw an offer (or withdraw its acceptance of an offer) prior to completion of a settlement and Custodian shall not be liable for the completion of any order after a cancellation request has been submitted.

vii. Client acknowledges and accepts responsibility for ensuring only an appropriate Authorized Person of its Custodial Account has access to the API key(s).

viii. Client further understands and agrees that Client is solely responsible for any decision to enter into a settlement by way of the Settlement Services, including the evaluation of any and all risks related to any such transaction and has not relied on any statement or other representation of Custodian. Client understands that Custodian is a facilitator and not a counterparty to any settlement; and, as a facilitator, Custodian bears no liability with respect to any transaction and does not assume any clearing risk.

ix. Any notifications that Client may receive regarding the Settlement Services are Client's responsibility to review in a timely manner.

(c) Upon execution of the settlement, the Settlement Services shall provide Client, by electronic means, a summary of the terms of the transaction, including: the type of Digital Asset or Securities purchased or sold; the delivery time; and the purchase or sale price. Settlement of a transaction is completed in an omnibus account by way of offsetting ledger transactions.

(d) Custodian reserves the right to refuse to settle any transaction, or any portion of any transaction, for any reason, at its sole discretion. Custodian bears no responsibility if any such order was placed or active during any time the Settlement Services system is unavailable or encounters an error; or, if any such order triggers certain regulatory controls.

(e) Client understands and agrees that Custodian may charge additional fees for the Settlement Services furnished to Client as indicated in the Fee Schedule attached as Schedule A and any amendments to Schedule A.

(f) Clearing and settlement transactions shall be subject to all Applicable Law.

3. USE OF SERVICES.

3.1. Company Site and Content. Custodian hereby grants Client a limited, nonexclusive, non-transferable, revocable, royalty-free license, subject to the terms of this Agreement, to access and use the Company Site and related content, materials, information (collectively, the "Content") solely for using the Services in accordance with this Agreement. Any other use of the Company Site or Content is expressly prohibited and all other right, title, and interest in the Company Site or Content is exclusively the property of Custodian and its licensors. Client shall not copy, transmit, distribute, sell, license, reverse engineer, modify, publish, or participate in the transfer or sale of, create derivative works from, or in any other way exploit any of the Content, in whole or in part. "www.bitgo.com," "BitGo," "BitGo Custody," and all logos related to the Custodial Services or displayed on the Company Site are either trademarks or registered marks of Custodian or its licensors. Client may not copy, imitate or use them without Custodian's prior written consent in each instance.

3.2. Website Accuracy. Although Custodian intends to provide accurate and timely information on the Company Site, the Company Site (including, without limitation, the Content, but excluding any portions thereof that are specifically referenced in this Agreement) may not always be entirely accurate, complete, or current and may also include technical inaccuracies or typographical errors. In an effort to continue to provide Client with as complete and accurate information as possible, such information may be changed or updated from time to time without notice, including without limitation information regarding Custodian policies, products and services. Accordingly, Client should verify all information before relying on it, and all decisions based on information contained on the Company Site are Client's sole responsibility and Custodian shall have no liability for such decisions. Links to third-party materials (including without limitation websites) may be provided as a convenience but are not controlled by Custodian. Custodian is not responsible for any aspect of the information, content, or services contained in any third-party materials or on any third-party sites accessible from or linked to the Company Site.

3.3. **Third-Party or Non-Permissioned Users.** Client acknowledges that granting permission to a third party or non-permissioned user to take specific actions on Client's behalf does not relieve Client of any of Client's responsibilities under this Agreement and may violate the terms of this Agreement. Client is fully responsible for all activities taken on Client's Custodial Account (including, without limitation, acts or omissions of any third party or non-permissioned user with access to Client's Custodial Account). Further, Client acknowledges and agrees that Client will not hold Custodian responsible for, and will indemnify, defend and hold harmless the Custodian Indemnitees (as defined below) from and against any Losses arising out of or related to any act or omission of any party using Client's Custodial Account (including, without limitation, acts or omissions of any third party or non-permissioned user with access to Client's Custodial Account). Client must notify Custodian immediately if a third party or non-permissioned user accesses or connects to Client's Custodial Account by contacting Client's Custodial Account representative or by emailing security@bitgo.com from the email address associated with Client's Custodial Account.

3.4. **Prohibited Use.** Client acknowledges and agrees that Custodian may monitor use of the Services and the resulting information may be utilized, reviewed, retained and or disclosed by Custodian in aggregated and non-identifiable forms for its legitimate business purposes or in accordance with Applicable Law. Client will not use the Services, directly or indirectly via the Developer Application, to: (i) upload, store or transmit any content that is infringing, libelous, unlawful, tortious, violate privacy rights, or that includes any viruses, software routines or other code designed to permit unauthorized access, disable, erase, or otherwise harm software, hardware, or data; (ii) engage in any activity that interferes with, disrupts, damages, or accesses in an unauthorized manner the Services, servers, networks, data, or other properties of Custodian or of its suppliers or licensors; (iii) develop, distribute, or make available the Developer Application in any way in furtherance of criminal, fraudulent, or other unlawful activity; (iv) make the Services available to, or use any Services for the benefit of, anyone other than Client or end users of the Developer Application; (v) sell, resell, license, sublicense, distribute, rent or lease any Services, or include any Services in a Services bureau or outsourcing offering; (vi) permit direct or indirect access to or use of any Services in a way that circumvents a contractual usage limit; (vii) obscure, remove, or destroy any copyright notices, proprietary markings or confidential legends; (viii) to build a competitive product or service; (ix) distribute the Developer Application in source code form in a manner that would disclose the source code of the Services; or (x) reverse engineer, decrypt, decompile, decode, disassemble, or otherwise attempt to obtain the human readable form of the Services, to the extent such restriction is permitted by applicable law. Client will comply with the restrictions set forth in Appendix 1.

3.5. **Security; Client Responsibilities.**

(a) Client is responsible for maintaining adequate security and control of any and all Client Keys, IDs, passwords, hints, personal identification numbers , non-custodial wallet keys, API keys, yubikeys, 2-factor authentication devices or backups, or any other codes that Client uses to access the Services. Any loss or compromise of the foregoing information and/or

Client's personal information may result in unauthorized access to Client's Custodial Account by third parties and the loss or theft of Assets. Client is responsible for keeping Client's email address and telephone number up to date in Client's profile in order to receive any notices or alerts that Custodian may send Client. Custodian assumes no responsibility for any loss that Client may sustain due to compromise of login credentials due to no fault of Custodian and/or failure to follow or act on any notices or alerts that Custodian may send to Client. In the event Client believes Client's Custodial Account information has been compromised, Client will contact Custodian Support immediately at security@bitgo.com.

(b) Client will ensure that all Authorized Persons will be adequately trained to safely and securely access the Services, including understanding of general security principles regarding passwords and physical security of computers, keys, and personnel.

(c) Client will immediately notify Custodian of any unauthorized access, use or disclosure of Client's Account credentials, or any relevant breach or suspected breach of security (including breach of Client's systems, networks or developer applications). Client will provide Custodian with all relevant information Custodian reasonably requests to assess the security of the assets, Custodial Accounts and wallets.

3.6. Taxes. The Client will, for all tax purposes, be treated as the owner of all Assets held by the Custodian pursuant to this Agreement. It is the Client's sole responsibility to determine whether and to what extent Taxes and Tax reporting obligations may apply to the Client with respect to its Assets, Custodial Accounts, and transactions, and the Client will timely pay all such taxes and will file all returns, reports, and disclosures required by Applicable Law. Client is solely responsible for any taxes applicable to any deposits or withdrawals Client conducts through the Custodial Services, and for withholding, collecting, reporting, and/or remitting the correct amount of taxes to the appropriate tax authorities. Client's deposit and withdrawal history is available by accessing Client's Custodial Account through the Company Site or by contacting Custodian directly. If Custodian or an affiliate of Custodian has a legal obligation to pay or collect taxes for which Client is responsible, Client will be invoiced for the relevant amount and Client will pay that amount unless Client provides the Custodian or relevant affiliate of Custodian with a valid tax exemption certificate authorized by the appropriate taxing authority.

3.7. Third Party Providers. Client acknowledges and agrees that the Services may be provided from time to time by, through or with the assistance of affiliates of or vendors to Custodian, including BitGo Inc. as described above. Custodian shall remain liable for its obligations under this Agreement in the event of any breach of this Agreement caused by such affiliates or any vendor.

3.8. Developer Applications.

(a) Subject to Custodian's acceptance of Client as a developer, and subject to Client's performance of its obligations under this Agreement, Custodian grants Client a non-assignable, non-transferrable, revocable, personal and non-exclusive license under Custodian's applicable intellectual property rights to use and reproduce the Custodian software development kit for Developer Applications.

(b) Client agrees that all end users of any Developer Application will be subject to the same use restrictions that bind Client under this Agreement (including under Section 3.4 (Prohibited Use) and Appendix 1).

(c) Client is solely responsible and has sole liability for Client's end users that access or use the Services via the Developer Application and all acts or omissions taken by such end users will be deemed to have been taken (or not taken) by Client. Client is responsible for the accuracy, quality and legality of Developer Application content and user data. Client will comply with and ensure that Client's Developer Application and end users comply with all Applicable Law.

4. CUSTODIAN OBLIGATIONS.

4.1. Insurance. Custodian will obtain and/or maintain insurance coverage in such types and amounts as are commercially reasonable for the Custodial Services provided hereunder. Client acknowledges that any insurance related to theft of Digital Assets will apply to Custodial Services only (where keys are held by Custodian) and not Wallet Services for non-custodial accounts (where keys are held by Client).

4.2. Standard of Care. Custodian will use commercially reasonable efforts in performing its obligations under this Agreement. Subject to the terms of this Agreement, Custodian shall not be responsible for any loss or damage suffered by Client as a result of the Custodian performing such duties unless the same results from an act of gross negligence, fraud, or willful misconduct on the part of the Custodian. Custodian shall not be responsible for the title, validity or genuineness of any of the Assets (or any evidence of title thereto) received or delivered by it pursuant to this Agreement.

4.3. Business Continuity Plan. Custodian has established a business continuity plan that will support its ability to conduct business in the event of a significant business disruption ("SBD"). This plan is reviewed and updated annually, and can be updated more frequently, if deemed necessary by Custodian in its sole discretion. Should Custodian be impacted by an SBD, Custodian aims to minimize business interruption as quickly and efficiently as possible. To receive more information about Custodian's business continuity plan, please send a written request to security@bitgo.com.

5. TERM; TERMINATION.

5.1. Initial Term; Renewal Term. This Agreement will commence on the Effective Date and will continue for one (1) year, unless earlier terminated in accordance with the terms of this Agreement (the "Initial Term"). After the Initial Term, this Agreement will automatically renew for successive one-year periods (each a "Renewal Term"), unless either party notifies the other of its intention not to renew at least sixty (60) days prior to the expiration of the then-current Term. "Term" means the Initial Term and any Renewal Term.

5.2. Termination for Breach. Either party may terminate this Agreement if the other party breaches a material term of this Agreement and fails to cure such breach within thirty (30) calendar days following written notice thereof from the other party.

5.3. Suspension, Termination, or Cancellation by Custodian.

(a) Custodian may suspend or restrict Client's access to the Custodial Services and/or deactivate, terminate or cancel Client's Custodial Account if:

i. Custodian is so required by a facially valid subpoena, court order, or binding order of a government authority;

ii. Custodian reasonably suspects Client of using Client's Custodial Account in connection with a Prohibited Use or Prohibited Business, as set forth in Appendix 1 to this Agreement;

iii. Custodian perceives a risk of legal or regulatory non-compliance associated with Client's Custodial Account activity or the provision of the Custodial Account to Client by Custodian (including but not limited to any risk perceived by Custodian in the review of any materials, documents, information, statements or related materials provided by Client after execution of this Agreement);

iv. Custodian service partners are unable to support Client's use;

v. Client takes any action that Custodian deems as circumventing Custodian's controls, including, but not limited to, opening multiple Custodial Accounts, abusing promotions which Custodian may offer from time to time, or otherwise misrepresenting of any information set forth in Client's Custodial Account;

vi. Client fails to pay fees for a period of 90 days; or

vii. Client's Custodial Account has no Digital Assets, Fiat Currency, or Securities for 180 consecutive days.

(b) If Custodian suspends or restricts Client's access to the Custodial Services and/or deactivates, terminates or cancels Client's Custodial Account for any reason, Custodian will provide Client with notice of Custodian's actions via email unless prohibited by Applicable Law. Client acknowledges that Custodian's decision to take certain actions, including limiting access to, suspending, or closing Client's Custodial Account, may be based on confidential criteria that are essential to Custodian's compliance, risk management or and security protocols. Client agrees that Custodian is under no obligation to disclose the details of any of its internal risk management and security procedures to Client.

(c) If Custodian terminates Client's Custodial Account, this Agreement will automatically terminate on the later of (i) the effective date of such cancellation or (ii) the date on which all of Client's funds are withdrawn.

5.4. Effect of Termination. On termination of this Agreement, (A) Client will shall withdraw all Assets associated with Client's Custodial Account within ninety (90) days after Custodial Account termination or cancellation unless such withdrawal is prohibited by Applicable Law (including but not limited to applicable sanctions programs or a facially valid subpoena, court order, or binding order of a government authority); (B) Client will pay all fees owed or accrued to Custodian through the date of Client's withdrawal of funds, which may include any applicable withdrawal fee; (C) Client authorizes Custodian to cancel or suspend any pending deposits or withdrawals as of the effective date of termination; and (D) the definitions set forth in this Agreement and Sections 1. 7, 1. 8, 5.4, 6, 8, 9.1, 10, 11, and 12 will survive.

5.5. Early Termination. Client may terminate this Agreement before the end of the current term if Client: (a) provides Custodian at least thirty (30) days written notice of Client's intent to exercise its termination right under this Section, (b) pays all outstanding amounts due under this Agreement through the date of termination and (c) pays a one-time early termination fee equal to the highest monthly fees due, excluding any Onboarding Fee, for any month of Services before such termination multiplied by the number of months remaining in the term, including partial months (the "Early Termination Fee"). Such termination will not be deemed effective unless and until (1) Client removes all assets from Custodial Accounts and Wallet Services, and (2) BitGo receives such Early Termination Fee, which Client understands and acknowledges will not be deemed a penalty but a figure reasonably calculated to reflect remaining payment due to Custodian in return for Client's term commitment. Client may not cancel the subscription of Services before the expiration of their current term, except as specified herein.

6. DISPUTE RESOLUTION.

THE PARTIES AGREE THAT ALL CONTROVERSIES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE USE OF THE SERVICES ("DISPUTES"), WHETHER ARISING PRIOR, ON, OR SUBSEQUENT TO THE EFFECTIVE DATE, SHALL BE ARBITRATED AS FOLLOWS: The Parties irrevocably agree to submit all Disputes between them to binding arbitration conducted under the Commercial Dispute Resolution Procedures of the American Arbitration Association (the "AAA"), including the Optional Procedures for Large Complex Commercial Disputes. The place and location of the arbitration shall be in Sioux Falls, South Dakota. All arbitration proceedings shall be closed to the public and confidential and all related records shall be permanently sealed, except as necessary to obtain court confirmation of the arbitration award. The arbitration shall be conducted before a single arbitrator selected jointly by the parties. The arbitrator shall be a retired judge with experience in custodial and trust matters under South Dakota law. If the parties are unable to agree upon an arbitrator, then the AAA shall choose the arbitrator. The language to be used in the arbitral proceedings shall be English. The arbitrator shall be bound to the strict interpretation and observation of the terms of this Agreement and shall be specifically empowered to grant injunctions and/or specific performance and to allocate between the parties the costs of arbitration, as well as reasonable attorneys' fees and costs, in such equitable manner as the arbitrator may determine. Judgment upon the award so rendered may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of any award and an order of enforcement, as the case may be. In no event shall a demand for arbitration be made after the date when institution of a legal or equitable proceeding based upon such claim, dispute or other matter in question would be barred by the applicable statute of limitations. Notwithstanding the foregoing, either party shall have the right, without waiving any right or remedy available to such party under this Agreement or otherwise, to seek and obtain from any court of competent jurisdiction any interim or provisional relief that is necessary or desirable to protect the rights or property of such party, pending the selection of the arbitrator hereunder or pending the arbitrator's determination of any dispute, controversy or claim hereunder.

7. REPRESENTATIONS, WARRANTIES, AND COVENANTS.

7.1. By Client. Client represents, warrants, and covenants to Custodian that:

(a) To the extent applicable, Client operates in full compliance with all Applicable Law in each jurisdiction in which Client operates, including without limitation applicable securities and commodities laws and regulations, efforts to fight the funding of terrorism and money laundering, sanctions regimes, licensing requirements, and all related regulations and requirements. Client ensures full compliance with all Applicable Laws in each jurisdiction where they engage in activities. This includes adherence to laws and regulations on securities and commodities, combating terrorism financing and money laundering, sanctions, licensing requirements, and other relevant legal obligations and requirements.

(b) To the extent Client creates receive addresses to receive Digital Assets from third-parties, Client represents and warrants that the receipt of said Digital Assets is based on lawful activity.

(c) Client shall have conducted and satisfied any and all due diligence procedures required by Applicable Law with respect to such third parties prior to placing with Custodian any Digital Assets, Securities or Fiat Currency associated with such third party.

(d) Client will not use any Services for any illegal activity, including without limitation illegal gambling, money laundering, fraud, blackmail, extortion, ransoming data, the financing of terrorism, other violent activities or any prohibited market practices, including without limitation the prohibited activities and business set forth in Appendix 1.

(e) To the extent applicable, Client is currently and will remain at all times in good standing with all relevant government agencies, departments, regulatory or supervisory bodies in all relevant jurisdictions in which Client does business and Client will immediately notify Custodian if Client ceases to be in good standing with any applicable regulatory authority;

(f) Client will promptly provide such information as Custodian may reasonably request from time to time regarding: (i) Client's policies, procedures, and activities which relate to the Custodial Services in any manner, as determined by Custodian in its sole and absolute discretion; and (ii) any transaction which involves the use of the Services, to the extent reasonably necessary to comply with Applicable Law, or the guidance or direction of, or request from any regulatory authority or financial institution, provided that such information may be redacted to remove confidential commercial information not relevant to the requirements of this Agreement;

(g) Client either owns or possesses lawful authorization to transact with all Assets involved in the Custody Transactions;

(h) Client has the full capacity and authority to enter into and be bound by this Agreement and the person executing or otherwise accepting this Agreement for Client has full legal capacity and authorization to do so;

(i) All information provided by Client to Custodian in the course of negotiating this Agreement and the on-boarding of Client as Custodian's customer and user of the Custodial Services is complete, true, and accurate in all material respects, including with respect to the ownership of Client, no material information has been excluded; and no other person or entity has an ownership interest in Client except for those disclosed in connection with such onboarding; and

(j) Client is not owned in part or in whole, nor controlled by any person or entity that is, nor is it conducting any activities on behalf of, any person or entity that is (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, or any other Governmental Authority with jurisdiction over Custodian or its affiliates with respect to U.S. sanctions laws; (ii) identified on the Denied Persons, Entity, or Unverified Lists of the U.S. Department of Commerce's Bureau of Industry and Security; or (iii) located, organized or resident in a country or territory that is, or whose government is, the subject of U.S. economic sanctions, including, without limitation, the Crimean, Donetsk, and Luhansk regions of Ukraine, Cuba, Iran, North Korea, or Syria.

7.2. By Custodian. Custodian represents, warrants, and covenants to Client that:

(a) Custodian will safekeep the Digital Assets and segregate all Digital Assets from both the (i) property of Custodian, and (ii) assets of other customers of Custodian, except for Digital Assets specifically moved into shared accounts by Client;

(b) Custodian will maintain adequate capital and reserves to the extent required by Applicable Law;

(c) Custodian is duly organized, validly existing and in good standing under the applicable South Dakota laws, has all corporate powers required to carry on its business as now conducted, and is duly qualified to do business in each jurisdiction where such qualification is necessary; and

(d) Custodian has the full capacity and authority to enter into and be bound by this Agreement and the person executing or otherwise accepting this Agreement for Custodian has full legal capacity and authorization to do so.

7.3. Notification. Without limitation of either party's rights or remedies, each party shall immediately notify the other party if, at any time after the Effective Date, any of the representations, warranties, or covenants made by it under this Agreement fail to be true and correct as if made at and as of such time. Such notice shall describe in reasonable detail the representation, warranty, or covenant affected, the circumstances giving rise to such failure and the steps the notifying party has taken or proposes to take to rectify such failure.

8. **DISCLAIMER**. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, THE SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS, IMPLIED OR STATUTORY. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, CUSTODIAN SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND/OR NON-INFRINGEMENT. CUSTODIAN DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES THAT ACCESS TO THE COMPANY SITE, ANY PART OF THE SERVICES, OR ANY OF THE MATERIALS CONTAINED IN ANY OF THE FOREGOING WILL BE CONTINUOUS, UNINTERRUPTED, OR TIMELY; BE COMPATIBLE OR WORK WITH ANY SOFTWARE, SYSTEM OR OTHER SERVICES; OR BE SECURE, COMPLETE, FREE OF HARMFUL CODE, OR ERROR-FREE.

9. **CONFIDENTIALITY, PRIVACY, DATA SECURITY.**

9.1. Confidentiality.

(a) As used in this Agreement, "Confidential Information" means any non-public, confidential or proprietary information of a party ("Discloser") including, without limitation information relating to Discloser's business operations or business relationships, financial information, pricing information, business plans, customer lists, data, records, reports, trade secrets, software, formulas, inventions, techniques, and strategies. A party receiving Confidential Information of Discloser ("Recipient") will not disclose it to any unrelated third party without the prior written consent of the Discloser, except as provided in subsection (B) below and has policies and procedures reasonably designed to create information barriers with respect to such party's officers, directors, agents, employees, affiliates, consultants, contractors and professional advisors. Recipient will protect such Confidential Information from unauthorized access, use and disclosure. Recipient shall not use Discloser's Confidential Information for any purpose other than to perform its obligations or exercise its rights under this Agreement. The obligations herein shall not apply to any (i) information that is or becomes generally publicly available through no fault of Recipient, (ii) information that Recipient obtains from a third party (other than in connection with this Agreement) that, to recipient's best knowledge, is not bound by a confidentiality agreement prohibiting such disclosure; or (iii) information that is independently developed or acquired by Recipient without the use of or reference to Confidential Information of Discloser.

(b) Notwithstanding the foregoing, Recipient may disclose Confidential Information of Discloser to the extent required under Applicable Law; provided, however, Recipient shall first notify Discloser (to the extent legally permissible) and shall afford Discloser a reasonable opportunity to seek a protective order or other confidential treatment. For the purposes of this Agreement, no affiliate of Custodian shall be considered a third party and Custodian may share Client's Confidential Information with affiliates, as authorized by Client; provided that Custodian causes such entity to undertake the obligations in this Section 9.1.

(c) Confidential Information includes all documents and other tangible objects containing or representing Confidential Information and all copies or extracts thereof or notes derived therefrom that are in the possession or control of Recipient and all of the foregoing shall be and remain the property of the Discloser. Confidential Information shall include the existence and the terms of this Agreement. At Discloser's request or on termination of this Agreement (whichever is earlier), Recipient shall return or destroy all Confidential Information; provided, however, Recipient may retain one copy of Confidential Information (i) if required by law or regulation, or (ii) pursuant to a bona fide and consistently applied document retention policy; provided, further, that in either case, any Confidential Information so retained shall remain subject to the confidentiality obligations of this Agreement. For the avoidance of doubt, aggregated Depersonalized Information (as hereinafter defined) shall not be Confidential Information. "Depersonalized Information" means data provided by or on behalf of Client in connection with the Custodial Services and all information that is derived from such data, that has had names and other personal information removed such that it is not reasonably linkable to any person, company, or device.

9.2. **Privacy.** Client acknowledges that Client has read the BitGo Privacy Notice, available at https://www.bitgo.com/privacy.

9.3. **Security.** Custodian has implemented and will maintain a reasonable information security program that includes policies and procedures that are reasonably designed to safeguard Custodian's electronic systems and Client's Confidential Information from, among other things, unauthorized disclosure, access, or misuse, including, by Custodian and its affiliates. In the event of a data security incident Custodian will provide all notices required under Applicable Law.

10. INDEMNIFICATION.

10.1. Indemnity. Client will defend, indemnify and hold harmless Custodian, its affiliates and service providers, and each of its or their respective officers, directors, agents, employees, and representatives, from and against any liabilities, damages, losses, costs and expenses, including but not limited to reasonable attorneys' fees and costs resulting from any third-party claim, demand, action or proceeding (a "Claim") arising out of or related to Client's (i) use of Services; (ii) breach of this Agreement, or (iii) violation of any Applicable Law in connection with its use of Services.

10.2. Indemnification Process.

(a) Custodian will (i) provide Client with prompt notice of any indemnifiable Claim under Section 10.1 (provided that the failure to provide prompt notice shall only relieve Client of its obligation to the extent it is materially prejudiced by such failure and can demonstrate such prejudice); (ii) permit Client to assume and control the defense of such action upon Client's written notice to Custodian of Client's intention to indemnify, with counsel acceptable to Custodian in its reasonable discretion; and (iii) upon Client's written request, and at no expense to Custodian, provide to Client all available information and assistance reasonably necessary for Client to defend such Claim. Custodian shall be permitted to participate in the defense and settlement of any Claim with counsel of Custodian's choice at Custodian's expense (unless such retention is necessary because of Client's failure to assume the defense of such Claim, in which event Client shall be responsible for all such fees and costs). Client will not enter into any settlement or compromise of any such Claim, which settlement or compromise would result in any liability to any Custodian Indemnitee or constitute any admission of or stipulation to any guilt, fault or wrongdoing, without Custodian's prior written consent.

(b) Client acknowledges and agrees that any Losses imposed on Custodian (whether in the form of fines, penalties, or otherwise) as a result of a violation by Client of any Applicable Law, may at Custodian's discretion, be passed on to Client and Client acknowledges and represents that Client will be responsible for payment to Custodian of all such Losses.

11. LIMITATIONS OF LIABILITY.

11.1. NO CONSEQUENTIAL DAMAGES. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW AND SUBJECT TO THE EXCEPTIONS PROVIDED IN SECTION 11.3 BELOW, IN NO EVENT SHALL CUSTODIAN, ITS AFFILIATES AND SERVICE PROVIDERS, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES OR REPRESENTATIVES, BE LIABLE FOR ANY LOST PROFITS OR ANY SPECIAL, INCIDENTAL, INDIRECT, INTANGIBLE, OR CONSEQUENTIAL DAMAGES, WHETHER BASED IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH AUTHORIZED OR UNAUTHORIZED USE OF THE COMPANY SITE OR THE SERVICES, OR THIS AGREEMENT, EVEN IF CUSTODIAN HAS BEEN ADVISED OF OR KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES.

11.2. LIMITATION ON DIRECT DAMAGES. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW AND SUBJECT TO THE EXCEPTIONS PROVIDED IN SECTION 11.3 BELOW, IN NO EVENT SHALL THE AGGREGATE LIABILITY OF CUSTODIAN, ITS AFFILIATES AND SERVICE PROVIDERS, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES

OR REPRESENTATIVES, EXCEED THE FEES PAID OR PAYABLE TO CUSTODIAN UNDER THIS AGREEMENT DURING THE 3- MONTH PERIOD IMMEDIATELY PRECEDING THE FIRST INCIDENT GIVING RISE TO SUCH LIABILITY.

11.3. EXCEPTIONS TO EXCLUSIONS AND LIMITATIONS OF LIABILITY. THE EXCLUSIONS AND LIMITATIONS OF LIABILITY IN SECTION 11.1 AND SECTION 11.2 WILL NOT APPLY TO CUSTODIAN'S FRAUD, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE. CUSTODIAN'S LIABILITY FOR GROSS NEGLIGENCE SHALL BE LIMITED TO THE VALUE OF THE AFFECTED ASSETS .

12. MISCELLANEOUS.

12.1. Notice. All notices under this Agreement shall be given in writing, in the English language, and shall be deemed given when personally delivered, when sent by email, or three days after being sent by prepaid certified mail or internationally recognized overnight courier to the addresses set forth in the signature blocks below (or such other address as may be specified by party following written notice given in accordance with this Section).

12.2. Publicity. Client hereby consents to Custodian's identification of Client as a customer of the Services, including in marketing and/or investor materials, and Custodian hereby consents to Client's use of Custodian's name and/or approved logos or promotional materials to identify Custodian as its custodial service provider as contemplated by this Agreement. Notwithstanding the foregoing, Custodian may revoke its consent to such publicity under this Section at any time for any reason, and upon notice, Client will cease any further use of Custodian's name, logos, and trademarks and remove all references and/or postings identifying Custodian as soon as possible.

12.3. Entire Agreement. This Agreement, any appendices or attachments to this Agreement, the BitGo Privacy Policy, and all disclosures, notices or policies available on the BitGo website that are specifically referenced in this Agreement, comprise the entire understanding and agreement between Client and Custodian as to the Custodial Services, and supersedes any and all prior discussions, agreements, and understandings of any kind (including without limitation any prior versions of this Agreement) and every nature between and among Client and Custodian with respect to the subject matter hereof. Section headings in this Agreement are for convenience only and shall not govern the meaning or interpretation of any provision of this Agreement.

12.4. Computer Viruses. Custodian shall not bear any liability, whatsoever, for any damage or interruptions caused by any computer viruses, spyware, scareware, Trojan horses, worms or other malware that may affect Client's computer or other equipment, or any phishing, spoofing or other attack, unless such damage or interruption directly resulted from Custodian's gross negligence, fraud, or willful misconduct. Custodian advises the regular use of a reputable and readily available virus screening and prevention software. Client should also be aware that SMS and email services are vulnerable to spoofing and phishing attacks and should use care in reviewing messages purporting to originate from Custodian. Client should always log into Client's Custodial Account through the Company Site to review any deposits or withdrawals or required actions if Client has any uncertainty regarding the authenticity of any communication or notice.

12.5. No Waiver. The waiver by a party of any breach or default will not constitute a waiver of any different or subsequent breach or default.

12.6. Amendments. Any modification or addition to this Agreement must be in a writing signed by a duly authorized representative of each of the parties. Client agrees that Custodian shall not be liable to Client or any third party for any modification or termination of the Custodial Services, or suspension or termination of Client's access to the Custodial Services, except to the extent otherwise expressly set forth herein.

12.7. Assignment. Client may not assign any rights and/or licenses granted under this Agreement without the prior written consent of Custodian. Custodian may not assign any of its rights without the prior written consent of Client; except that Custodian may assign this Agreement without the prior consent of Client to any Custodian affiliates or subsidiaries or pursuant to a transfer of all or substantially all of Custodian's business and assets, whether by merger, sale of assets, sale of stock, or otherwise. Any attempted transfer or assignment in violation hereof shall be null and void. Subject to the foregoing, this Agreement will bind and inure to the benefit of the parties, their successors, and permitted assigns.

12.8. Severability. If any provision of this Agreement shall be determined to be invalid or unenforceable, such provision will be changed and interpreted to accomplish the objectives of the provision to the greatest extent possible under any applicable law and the validity or enforceability of any other provision of this Agreement shall not be affected.

12.9. Survival. All provisions of this Agreement which by their nature extend beyond the expiration or termination of this Agreement, including, without limitation, sections pertaining to suspension or termination, Custodial Account cancellation, debts owed to Custodian, general use of the Company Site, disputes with Custodian, indemnification, and general provisions, shall survive the termination or expiration of this Agreement.

12.10. Governing Law. The laws of the State of South Dakota, without regard to principles of conflict of laws, will govern this Agreement and any claim or dispute that has arisen or may arise between Client and Custodian, except to the extent governed by federal law of the United States of America.

12.11. Force Majeure. Custodian shall not be liable for delays, suspension of operations, whether temporary or permanent, failure in performance, or interruption of service which result directly or indirectly from any cause or condition beyond the reasonable control of Custodian, including but not limited to, any delay or failure due to any act of God, natural disasters, act of civil or military authorities, act of terrorists, including but not limited to cyber-related terrorist acts, hacking, government restrictions, exchange or market rulings, civil disturbance, war, strike or other labor dispute, fire, interruption in telecommunications or Internet services or network provider services, failure of equipment and/or software, other catastrophe or any other occurrence which are beyond the reasonable control of Custodian.

12.12. Relationship of the Parties. Nothing in this Agreement shall be deemed or is intended to be deemed, nor shall it cause, Client and Custodian to be treated as partners, joint ventures, or otherwise as joint associates for profit, or either Client or Custodian to be treated as the agent of the other.

[*Remainder of page intentionally left blank. Signature page follows.*]

IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

BITGO TRUST COMPANY, INC.

By: ______________________________

Name: ___________________________

Title: ____________________________

Date: ____________________________

Address for Notice:

6216 Pinnacle Place, Suite 101
Sioux Falls, SD 57108
Attn: Legal
Email: legal@bitgo.com

CLIENT NAME: ______________________

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

Address for Notice:

____
____
____
____

APPENDIX 1:

PROHIBITED USE, PROHIBITED BUSINESSES AND CONDITIONAL USE

1.1 Prohibited Use. Client may not use Client's Custodial Account to engage in the following categories of activity ("Prohibited Uses"). The Prohibited Uses extend to any third party that gains access to the Custodial Services through Client's account or otherwise, regardless of whether such third party was authorized or unauthorized by Client to use the Custodial Services associated with the Custodial Account. The specific types of use listed below are representative, but not exhaustive. If Client is uncertain as to whether or not Client's use of Custodial Services involves a Prohibited Use, or have questions about how these requirements applies to Client, please contact Custodian at trustonboarding@bitgo.com.

By opening a Custodial Account, Client confirms that Client will not use Client's Custodial Account to do any of the following:

- **Unlawful Activity**: Activity which would violate, or assist in violation of any law, statute, ordinance, or regulation, sanctions programs administered in the countries where Custodian conducts business, including, but not limited to, the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), or which would involve proceeds of any unlawful activity; publish, distribute or disseminate any unlawful material or information.

- **Abusive Activity**: Actions which impose an unreasonable or disproportionately large load on Custodian's infrastructure, or detrimentally interfere with, intercept, or expropriate any system, data, or information; transmit or upload any material to the Site that contains viruses, Trojan horses, worms, or any other harmful or deleterious programs; attempt to gain unauthorized access to the Site, other Custodial Accounts, computer systems or networks connected to the Site, through password mining or any other means; use Custodial Account information of another party to access or use the Site; or transfer Client's Custodial Account access or rights to Client's Custodial Account to a third party, unless by operation of law or with the express permission of Custodian.

- **Abuse Other Users**: Interfere with another Custodian user's access to or use of any Custodial Services; defame, abuse, extort, harass, stalk, threaten or otherwise violate or infringe the legal rights (such as, but not limited to, rights of privacy, publicity and intellectual property) of others; incite, threaten, facilitate, promote, or encourage hate, racial intolerance, or violent acts against others; harvest or otherwise collect information from the Site about others, including, without limitation, email addresses, without proper consent.

- **Fraud**: Activity which operates to defraud Custodian, Custodian users, or any other person; provide any false, inaccurate, or misleading information to Custodian.

- **Gambling**: Lotteries; bidding fee auctions; sports forecasting or odds making; fantasy sports leagues with cash prizes; Internet gaming; contests; sweepstakes; games of chance.

- **Intellectual Property Infringement**: Engage in transactions involving items that infringe or violate any copyright, trademark, right of publicity or privacy or any other proprietary right under the law, including but not limited to sales, distribution, or access to counterfeit music, movies, software, or other licensed materials without the appropriate authorization from the rights holder; use of Custodian intellectual property, name, or logo, including use of Custodian trade or service marks, without express consent from Custodian or in a manner that otherwise harms Custodian, or Custodian's brand; any action that implies an untrue endorsement by or affiliation with Custodian.

- **Written Policies**: Client may not use the Custodial Account or the Custodial Services in a manner that violates, or is otherwise inconsistent with, any operating instructions promulgated by Custodian.

1.2. Prohibited Businesses. The following categories of businesses, business practices, and sale items are barred from the Custodial Services ("Prohibited Businesses"). The specific types of use listed below are representative, but not exhaustive. If Client is uncertain as to whether or not Client's use of the Custodial Services involves a Prohibited Business or has questions about how these requirements apply to Client, please contact us at trustonboarding@bitgo.com.

By opening a Custodial Account, Client confirms that Client will not use the Custodial Services in connection with any of the following businesses, activities, practices, or items:

- Individuals convicted of an offense related to drug trafficking, financial crimes, arms trafficking, human smuggling, or human trafficking

- Individuals or entities that own or operate virtual currency mixers or wallets with built-in mixers.

- Shell banks (a shell bank is a financial institution that does not have a physical presence in any country, unless it is controlled by, or is under common control with, a depository institution, credit union, or another foreign financial institution that maintains a physical presence either in the U.S. or a foreign country).

- Anonymous and fictitiously named accounts

- Companies that issue bearer shares.

- Business involved in the sale of narcotics or controlled substances.

- Any individual or entity designated under any trade, economic, or financial sanctions laws, regulations, embargoes, or restrictive measures imposed, administered, or enforced by the U.S. or the United Nations, including Specially Designated Nationals ("SDNs") and Blocked Persons.

- Any unlicensed/unregulated banks, remittance agents, exchanges houses, casa de cambio, bureaux de change or money transfer agents.

- Individuals and entities who trade in conflict diamonds, which are rough diamonds that have not been certified in accordance with the Kimberley Process Certification Scheme.

- Individuals and entities designated as a Primary Money Laundering Concern by the U.S. Treasury under Section 311 of the USA PATRIOT Act.

- Any foreign banks operating with a banking license issued by a foreign country that has been designated as non-cooperative with international AML principles or procedures by FATF; or a banking license issued by a foreign country that has been designated by the Secretary of the Treasury as warranting special measures due to money laundering concerns.

***

EXHIBIT C

OMNIBUS NOMINEE AGREEMENT

THIS OMNIBUS NOMINEE AGREEMENT (this "Nominee Agreement"), dated as of the last undersigned date, is entered into by and between BitGo Trust Company, Inc. (the "Nominee") and the undersigned (the "Beneficial Owner").

RECITALS

WHEREAS, the Beneficial Owner has invested and/or intends to invest in one or more exempt securities offerings pursuant to which the Beneficial Owner may acquire securities (each, a "Security" and as each such Security is described from time to time on Exhibit A hereto, the "Property");

WHEREAS, the Property is, or upon issuance will be, 100% beneficially owned by the Beneficial Owner;

WHEREAS, the title holder of the Property will be one or more trusts established by and maintained by Nominee for the purposes of safeguarding the Property and providing for efficiencies with respect to tax reporting, distributions and estate planning purposes related to such Property;

WHEREAS, Beneficial Owner wishes to engage Nominee as its limited agent to safeguard and provide certain limited services with respect to the Property held in trust; and

WHEREAS, the Beneficial Owner and the Nominee wish to establish a nominee relationship upon the terms and conditions, and for the limited purposes, set forth in this Nominee Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants contained in this Nominee Agreement, the parties agree as follows:

1. Appointment. The Beneficial Owner hereby appoints the Nominee to act as nominee for the Beneficial Owner, to serve in such capacity until the appointment and authority conferred shall be revoked, for the limited purpose of causing to be held, and holding, in the name of the Nominee alone, title to the Property beneficially owned by the Beneficial Owner and acquired by the Nominee for the benefit of Beneficial Owner or otherwise conveyed to the Nominee pursuant to this Nominee Agreement in accordance with the directions of the Beneficial Owner, with power and authority limited to registering and holding the Property in the Nominee name, and otherwise acting with respect to the Property in accordance with the instructions of the Beneficial Owner, as provided in this Nominee Agreement or as may be given by the Beneficial Owner from time to time. In the context of investments made on or after the date hereof, the Beneficial Owner hereby directs the Nominee to acquire, on behalf of the Beneficial Owner, any Security that the Beneficial Owner subscribes for directly from the issuer thereof in the name of the Nominee. The Beneficial Owner acknowledges and agrees that it shall pay the aggregate subscription amount due in respect of any such Security at the time and in the manner contemplated in the related subscription agreement, and that the Nominee will have no obligation to make any payments on behalf of the Beneficial Owner in respect of its acquisition of any Security. The Beneficial Owner acknowledges and agrees that the issuer of a Security may have the right to reject the Beneficial Owner's subscription for any given Security, and that the Nominee will have no liability for the failure of any Security to be issued pursuant to any subscription entered into by the Beneficial Owner,

and the Beneficial Owner waives, to the fullest extent permitted by law, any claims of any kind it may have against the Nominee for executing any documents on behalf of, or for the benefit of the Beneficial Owner pursuant to this Nominee Agreement and agrees that the Nominee will have no liability (whether direct or indirect) to the Beneficial Owner in respect of any claim or to any person asserting a claim on behalf of or in right of the Beneficial Owner.

2. Acceptance. The Nominee hereby accepts the appointment described in Paragraph 1 above, upon the terms and conditions set forth in this Nominee Agreement and will always faithfully and promptly carry out and observe the instructions of the Beneficial Owner regarding the acquisition, holding of title to or otherwise acting with respect to the Property of the Beneficial Owner transferred to the Nominee hereunder and with respect to the Property. The Nominee acknowledges that it shall have no right or authority to act with respect to the Property, except upon the instructions of the Beneficial Owner.

3. Revocation. The Beneficial Owner may, at any time, in their absolute discretion, terminate this Nominee Agreement in whole or in part; provided, however, that no such termination will be effective with respect to any Property the transfer of which is restricted by contract, law, edict or otherwise ("Restricted Property") unless consented to by the issuer thereof (including by blanket consent). To be effective, any such termination shall be in writing, signed by the Beneficial Owner and delivered to the Nominee in accordance with the provisions of Paragraph 13 hereof with instructions for the return of the Property to the Beneficial Owner or their designee without consideration.

4. Custody of Property. Throughout the term of this Nominee Agreement, the Property will be held in the custody of the Nominee and the Nominee will take all actions reasonably necessary to assure the safekeeping of such Property. In taking any action with respect to the Property, the Nominee shall be acting solely as the agent and nominee of the Beneficial Owner. Property shall include any funds, securities, or other assets acquired through the benefit of holding the Securities (including by conversion of any convertible, exchangeable or redeemable Security (collectively "Convertible Instruments")).

5. No Beneficial Interest. The Nominee's sole function during the term of this Nominee Agreement shall be to hold nominal legal title to the Property for the benefit of the Beneficial Owner under and subject to the Beneficial Owner's instructions. If third parties may require that they be furnished with documents executed by the Nominee as such holder of legal title to the Property, the Beneficial Owner shall prepare such documents, and the Nominee shall execute such documents in accordance with the Beneficial Owner's instructions. The Nominee shall have no discretionary authority to exercise any control over the Property, except as set forth herein, it being expressly understood that the Nominee shall have no real interest in the Property, except to perform ministerial tasks at the instructions of the Beneficial Owner. The Nominee acknowledges that the Beneficial Owner is, and during the entire term of this Nominee Agreement shall remain, the true and actual owner of the Property. The Nominee and the Beneficial Owner hereby acknowledge and agree that, with respect to the Property, the Beneficial Owner will have the rights of an entitlement holder under Article 8 of the Uniform Commercial Code as in effect in the State of South Dakota. Neither the Nominee nor any officer, director, employee, or shareholder of the Nominee will have or claim any beneficial interest whatsoever in the Property nor any right to vote on matters that relate to the Property. Further, the Nominee will not hold itself out as having, or represent to any person that it has, any beneficial interest whatsoever in the Property. Notwithstanding the foregoing, with respect to Property that consists of shares of stock of a domestic or foreign corporation or other entity, the Nominee may, if so, instructed by the Beneficial Owner, register such shares on the books of the issuing entity in the Nominee's name alone, without indication of any nominee or other fiduciary capacity.

6. Instructions From the Beneficial Owner. Pursuant to the written (including electronic form) instructions of the Beneficial Owner, the Nominee will promptly execute and deliver all contracts, consents, assignments, powers of attorney, resolutions, proxies, waivers, disclaimers, and other instruments, general or specific, affecting or relating to the Property; provided, however, that the Beneficial Owner hereby provides standing instructions to the Nominee to consent to the conversion of any Convertible Instrument provided, further, and for the avoidance of doubt, while the Nominee shall consent to any other instrument that requires consent for conversion thereof it shall not do so without written instructions from the Beneficial Owner if such conversion consent is tied to an amendment or change in terms to the Convertible Instrument. Immediately upon receipt by the Nominee, the Nominee will transmit all funds received with respect to the Property to the Beneficial Owner, together with an accounting therefor, and will deliver to the Beneficial Owner all correspondence, notices, invoices, proxies, certificates, and other documents received with respect to the Property.

7. Signatures Required. The signature of the Beneficial Owner, as contemplated in this Nominee Agreement, will be sufficient to bind the Nominee for all purposes of this Nominee Agreement, including, without limitation, the sale, assignment, pledge, hypothecation, or other transfer, encumbrance, or disposition of the Property.

8. Indemnification. The Beneficial Owner will, at all times, hold harmless and indemnify the Nominee and each of the officers, directors, attorneys, and employees of the Nominee from and against any and all costs, expenses, damages, claims, demands, and liabilities of every kind of character that relate to the Property and may arise out of this Nominee Agreement or the performance of the duties imposed by this Nominee Agreement, or that may be incurred with respect to the Property or with respect to any acts or omissions directed by the Beneficial Owner; provided, however, that the foregoing indemnification will not apply to costs, expenses, damages, claims, demands, and liabilities that may arise or be imposed upon the Nominee or any officer, director, attorney or employee of the Nominee by reason of that person's intentional misconduct or gross negligence.

9. Binding Effect. This Nominee Agreement will inure to the benefit of and bind the parties and their respective successors and assigns.

10. Counterparts. This Nominee Agreement may be signed in any number of counterparts, each of which shall be an original and all of which together shall constitute one instrument. This Nominee Agreement may be executed by signatures, electronically or otherwise, delivered by email, and a copy hereof that is properly executed and delivered by a party will be binding upon that party to the same extent as an original executed version hereof.

11. Governing Law. This Nominee Agreement shall be construed in accordance with and governed by the laws of the State of South Dakota. Any dispute concerning the terms or enforceability of this Nominee Agreement shall be brought in a court subject to the jurisdiction of the State of South Dakota.

12. Notices. All notices demands, consents, elections, offers, requests or other communications (collectively, a "notice") required or permitted hereunder shall be in writing and shall be deemed effective upon delivery as follows: (a) if to the Beneficial Owner, when sent via email to the email address below or otherwise on record for the Beneficial Owner and (b) if to Nominee, when sent via email to legal@bitgo.com. Any such notice, in either case, must specifically reference that it is a notice given under this Nominee Agreement.

13. Termination. This Nominee Agreement may be terminated by (i) the Nominee at any time by providing the Beneficial Owner with not less than ten days advance written notice and (ii) the Beneficial Owner if the Nominee is in material breach of this Nominee Agreement or with respect to any registered Property, by providing the Nominee with not less than ten days advance written notice. Upon termination, the Nominee will execute all documents reasonably necessary to resign as Nominee and to transfer legal title ownership of the Property to the Beneficial Owner or their designee provided, however, any Restricted Property will be transferred to a qualified successor to the Nominee, as determined in the Nominee's reasonable discretion unless allowed by Paragraph 3 of this Nominee Agreement.

IN WITNESS WHEREOF, the Nominee and the Beneficial Owner have adopted this Nominee Agreement to be effective as of the date first written above.

BENEFICIAL OWNER	**BITGO TRUST COMPANY, INC.**
Signature:____________________	Signature:______________________
Name: ________________________	Name: __________________________
Date: _________________________	Date: ___________________________
Email: ________________________	Email: __________________________

Pave Finance, Inc.

Up to $2,000,000

SAFE

March 31, 2025