

Risk Factors Comparison 2025-03-12 to 2024-04-25 Form: 10-K

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In addition to the other information contained in this Annual Report, including the matters addressed under the heading “Cautionary Statement Regarding Forward- Looking Statements,” you should carefully consider the following risk factors in this Annual Report before investing in our securities. Certain factors may have a material adverse effect on our business, financial conditions and results of operations. The risks and uncertainties described below disclose both material and other risks and uncertainties, and are not intended to be exhaustive and are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe to be immaterial also may materially adversely affect our business, financial condition, results of operations and cash flows in future periods or are not identified because they are generally common to businesses. If any of these risks occurs, our business, financial condition, results of operations and future prospects could be materially and adversely affected. In that event, the trading price of our Class A Ordinary Shares could decline, and you could lose part or all of your investment. Unless otherwise noted or the context otherwise requires, all references in this section to the “Company,” “we,” “us” or “our” refer to the business of Pagaya. Risks Related to the Operations of Our Business We are a rapidly growing company with a relatively limited operating history, which may result in increased risks, uncertainties, expenses and difficulties, and it may be difficult to evaluate our future prospects. We were founded in 2016 and have experienced rapid growth in recent years in the markets we serve and we plan to continue to expand our product offerings and in existing and new markets. Our limited operating history may make it difficult to make accurate predictions about our future performance. Assessing our business and future prospects may also be difficult because of the risks and difficulties we face. These risks and difficulties include our inability to: • maintain cost- effective access to capital and a diversified asset funding strategy; • improve the effectiveness, predictiveness and performance of our AI technology; • successfully adjust our proprietary AI technology, products and services in a timely manner in response to changing macroeconomic conditions, including consumer credit performance, fluctuations in the credit markets, the recent increase in interest rates and the wind- down of stimulus programs; • maintain and increase the volume of financial products facilitated with the assistance of our AI technology; • enter into new and maintain existing relationships with Partners; • expand the use and applicability of our AI technology; • successfully build our brand and protect our reputation from negative publicity; • successfully compete with companies that are currently in, or may in the future enter, the business of providing technological services to enhance the access to credit for customers and funding services; • enter into new markets and introduce new products and services to new or existing partners; • comply with and successfully adapt to complex and evolving legal and regulatory environments in our existing markets and ones we may enter in the future; • effectively secure and maintain the confidentiality of the information received, accessed, stored, provided and used across our systems; • successfully obtain and maintain funding and liquidity to support continued growth and general corporate purposes; • successfully manage rollover risk, and contractual and contingent liquidity outflow risks related to our financing facilities; • attract, integrate and retain qualified employees and independent contractors; and • effectively manage, scale and expand the capabilities of our teams, outsourcing relationships, third- party service providers, operating infrastructure and other business operations. If we are not able to timely and effectively address these risks and difficulties as well as those described elsewhere in this “ Risk Factors ” section, our business, financial condition and results of operations may be harmed. Our revenue and FRLPC growth rate and financial performance in recent periods may not be indicative of future performance and such growth may slow over time. In addition, the historical returns attributable to the Financing Vehicles should not be indicative of the future results of the Financing Vehicles and poor performance of the Financing Vehicles would likely cause a decline in our revenue, net income and cash flow. We have grown rapidly over the last several years, and our recent revenue and FRLPC growth rate and financial performance may not be indicative of our future performance. Our revenue and other income was \$ **1,032.2 million and \$ 812.1 million** and \$ **748.9 million** for the years ended December 31, **2023-2024** and December 31, **2022-2023**, respectively, representing a **8-27%** growth rate. For the years ended December 31, **2023-2024** and December 31, **2022-2023**, we generated net loss attributable to shareholders of \$ **128-401.4 million** and \$ **302-128.3-4 million**, respectively, and Adjusted EBITDA of positive \$ **82-210.0-4 million** and negative \$ **4-82.8-0 million**, respectively. The Adjusted EBITDA increase for the year ended December 31, **2023-2024** as compared to the prior year period reflects the impact of (i) FRLPC improvement initiatives we implemented in **2023-2024**, and (ii) disciplined cost management to improve operating efficiency and reduce vendor- related expenses in **2023-2024**. We intend to continue to make investments to support our business growth and those investments along with the potential for **more challenging macroeconomic conditions higher interest rates and cost of capital** could negatively impact our net income (loss) attributable to shareholders and Adjusted EBITDA. Our revenue for any previous quarterly or annual period may not be a reliable indicator of our revenue or revenue growth in future periods. As our business has grown, our revenue growth rates have slowed and may continue to slow, and our revenue may decline, in future periods for a number of reasons, which may include slowing demand for our AI technology offerings, products and services, increasing competition, a decrease in our ability to access capital or the growth of our network, increasing regulatory costs and challenges, adverse changes in the macroeconomic environment and consumers’ ability to service their debt and our failure to capitalize on growth opportunities. Further, we believe our growth over the last several years has been driven in large part by the expansion across similar consumer credit assets, which may slow. In addition, we believe this growth has been driven in part by the transformative shift by consumers to e- commerce and the acceptance of online networks and digital solutions for the use of and access to financial products that we expect may slow down over time, and as a result, our financial performance may be adversely affected. **FRLPC has grown during 2022 and 2023 primarily as a result of**

our ability to monetize the value creation inherent in our lending product. Approximately 40 % of our lending partnerships are generating FRLPC from both our lending and investor products, while the remaining 60 % are only generating FRLPC from our investor product. Our ability to convert the remaining 60 % to generating FRLPC from both lending and investing products is a strategic initiative. If we are unable to grow FRLPC, net income and adjusted EBITDA may be adversely affected. We have established Financing Vehicles, certain of which have a limited track record, which may make our business difficult to evaluate. The historical and potential future returns of the Financing Vehicles are not directly linked to returns on Pagaya Ordinary Shares. Therefore, any positive performance of the Financing Vehicles will not necessarily result in positive returns on an investment in Pagaya Ordinary Shares. However, poor performance of the Financing Vehicles would likely cause a decline in our revenue, net income / loss and cash flow from such Financing Vehicles, and would likely negatively affect our ability to raise additional capital for the same or future Financing Vehicles, and would therefore have a negative effect on our performance and, in all likelihood, the returns on an investment in Pagaya Ordinary Shares. **In fact, beginning in December of 2022 and carrying into 2023, one of these Financing Vehicles experienced its first negative month.** Moreover, we have incurred and could experience additional losses related to our risk retention holdings as a result of poor investment performance by the Financing Vehicles. As a result of ~~record~~ ABS issuances during **2023-2024**, our risk retention holdings have increased during **2023-2024**. Accordingly, the magnitude of potential losses has also increased. The future rate of return for any current or future Financing Vehicles may vary considerably from the historical rate of return generated by any particular Financing Vehicle, or for the Financing Vehicles as a whole. Poor performance of the Financing Vehicles could make it more difficult for us to raise new capital. Asset investors might decline to invest in future Financing Vehicles we raise, and asset investors in existing Financing Vehicles might withdraw their investments, as a result of poor performance of the Financing Vehicles in which they are invested. In fact, **in 2023, two over the last few years certain** of our fund Financing Vehicles experienced a marked increase in redemption requests, which were satisfied with either cash or “ in kind, ” using participation interests, as permitted under the Financing Vehicle’ s organizational documents. Accordingly, poor performance may deter future investment in Financing Vehicles and thereby decrease the capital invested in the Financing Vehicles and, ultimately, our fee revenue, net income / loss and cash flow. If we fail to effectively manage our growth, our business, financial condition, and results of operations could be adversely affected. In addition, we may from time to time undertake internal corporate reorganizations that may adversely impact our business and results of operations. Over the last several years, we have experienced rapid growth in our business and the number of employees and independent contractors, and we **may expect to** continue to experience growth in the future. This rapid growth has placed, and may continue to place, significant demands on our management, processes, systems and operational, technological and financial resources. Our ability to manage our growth effectively, integrate new employees, independent contractors and technologies into our existing business and attract new Partners and maintain relationships with existing Partners will require us to continue to retain, attract, train, motivate and manage employees and independent contractors and expand our operational, technological and financial infrastructure. For example, in **2023-2024**, we underwent **a reductions-reduction** in workforce affecting more than 20 % of our workforce across both the United States and Israel, as compared to our headcount as of December 31, **2022-2023**. We incurred a severance-related charge of approximately \$ 3. **8-1** million, consisting primarily of one-time separation payments, in the first and second quarters of **2023-2024**. This reduction in workforce was undertaken in response to rapid growth in recent years to enable us to streamline our operations in the current market environment and achieve our near- to medium- term priorities. We may need to undertake additional workforce reductions or restructuring activities in the future. If we do, we will incur expenses associated with the separation with those employees. We may also incur additional expenses due to events associated with the reduction in workforce, for example, the reduction in workforce may have a future impact on other areas of our liabilities and obligations, which could result in losses in future periods. If we are unable to realize the expected operational efficiencies and cost savings from the restructuring, our operating results and financial condition would be adversely affected. Furthermore, any reduction in workforce may be disruptive to our operations. For example, our workforce reduction could yield unanticipated consequences, such as attrition beyond planned staff reductions, increased difficulties in our day- to- day operations and reduced employee morale. If employees who were not affected by the reduction in workforce seek alternative employment, this could result in unplanned additional expense to ensure adequate resourcing or harm our productivity. Any workforce reduction could also harm our ability to attract and retain qualified management, sales and marketing personnel who are critical to our business. Any failure to attract or retain qualified personnel could adversely affect our business. From time to time, we rely on temporary independent contractor programs for various aspects of our business. Failure to effectively implement and manage such programs could result in misclassification or other employment- related claims or inquiries by governmental agencies. Continued growth could strain our ability to develop and improve our operational, technological, financial and management controls, reporting systems and procedures, recruit, train and retain highly skilled personnel, obtain cost- effective funding and maintain Partners’ and their customers’ satisfaction. Any of the foregoing factors could negatively affect our business, ability to obtain cost- effective funding, financial condition, and results of operations. From time to time, we have undertaken, and may undertake again, internal corporate reorganizations in an effort to simplify our organizational structure, streamline our operations or for other operational reasons. Such internal reorganization involves and may involve, among other things, the combination or dissolution of certain of our existing subsidiaries and the creation of new subsidiaries. These transactions could be disruptive to our business, result in significant expense, require regulatory approvals, and fail to result in the intended or expected benefits, any of which could adversely impact our business and results of operations. Our business and the performance of Financing Vehicles may be adversely affected by economic conditions and other factors that we cannot control. These factors include interest rates, rising inflation, the instability of the banking system, acts of war (including the ongoing war in Israel and the ongoing Russia- Ukraine conflict), supply chain disruptions, labor shortages, the wind- down of stimulus programs, unemployment rates, conditions in the housing market, immigration policies, government shutdowns, trade wars **or other impacts of tariffs** and delays in tax refunds, as well

as events such as natural disasters, terrorism, catastrophes, and pandemics (such as COVID- 19). Uncertainty and negative trends in general economic conditions, including significant tightening of credit markets, historically have created a difficult operating environment for us, our Partners and their respective customers, and our asset investors. Many factors, including factors that are beyond our control, may impact our results of operations or financial condition and our overall success by affecting our access to capital. Challenges our Partners may face with low demand for their financial products or willingness or capacity of their customers to make payment on obligations, or the returns on other assets, may affect the success of the Financing Vehicles. For example, the personal loans acquired from our Partners are, for the most part, unsecured, and our Partners' customers may not prioritize repayment of those loans in an economic downcycle. These factors include interest rates, rising inflation, supply chain disruptions, labor shortages, weakening exchange rates, unemployment levels, conditions in the housing market, immigration policies, government shutdowns, trade wars and delays in tax refunds, as well as events such as natural disasters, acts of war (including the ongoing war in Israel and the ongoing Russia- Ukraine conflict), terrorism, catastrophes and pandemics. We face a heightened level of interest rate risk ~~as at times when~~ the U. S. Federal Reserve Board (the "FRB") ~~reverses~~ ~~has tapered~~ its quantitative easing program and ~~continues to / or increase~~ ~~increases~~ interest rates. ~~In addition, in~~ ~~an effort to reduce~~ ~~particular,~~ ~~on October 7, 2023, a terrorist organization primarily based in the~~ ~~level~~ Gaza Strip launched a series of attacks on Israel ~~inflation in the U. S. economy~~. As a result of such attack, on October 8, 2023, Israel officially declared a state of war. Although the current conflict in Israel has not materially impacted our business or operations as of the date of this ~~Annual~~ Report, ~~the conflict is its persistence~~ rapidly evolving and developing and it is not ~~potential escalation continue to create~~ ~~uncertainty, with~~ possible to predict its long- term consequences, ~~which could include~~ ~~including~~ further ~~heightened~~ regional instability, ~~geopolitical shifts~~ ~~energy market disruptions~~, and adverse effects on ~~trade between Israel and its trading partners,~~ macroeconomic ~~conditions, security~~ conditions and financial markets. For more information, see " — Conditions in Israel and relations between Israel and other countries could adversely affect our business, including current uncertainty and instability resulting from the war between Israel and ~~a various~~ ~~terrorist organization~~ ~~organizations~~ primarily based in the Gaza Strip, as well as other regional hostilities." Furthermore, beginning in March 2022, and continuing through 2023, the U. S. Federal Reserve Board announced several increases in the federal funds rate, ~~primarily due in an effort to~~ ~~reduce elevated levels of~~ inflation and a ~~strong tight~~ labor market. ~~These~~ ~~This recent increase in~~ ~~interest rates~~ ~~rate has~~ ~~increases have~~ led to a tighter market for credit, ~~leading to~~ and we have and may further experience reduced access to capital and ~~negatively impacting~~ our revenue ~~b could be negatively impacted~~. Increased interest rates could unfavorably impact demand for all refinancing loan activities and reduce demand across personal loans and home loans, including, but not limited to, any variable- rate loan products, as well as adversely impact the spending levels of borrowers and their ability and willingness to borrow money. The growth of the personal lending market has benefited from historically low interest rates and ~~as higher~~ interest rates ~~increase~~ ~~could slow~~ the growth of this market and our growth could be negatively impacted. Higher interest rates often lead to higher payment obligations, which may reduce the ability of borrowers to remain current on their ~~loan~~ obligations and therefore, lead to increased delinquencies, defaults, customer bankruptcies, charge- offs, and decreasing recoveries, all of which could have a material adverse effect on our business. Any impact to investor returns may lead to an adverse impact on our ~~ability to raise~~ ~~capital which could negatively impact~~ earnings. ~~As If~~ the risk- free rate of return increases, investor demand for risk assets, such as consumer credit, may be impacted, which may constrain our ability to raise new funding for loan originations and have a negative impact on our results of operations. While we continue to raise new funding, the cost of capital ~~has~~ ~~can be expected~~ ~~to increased~~ ~~increase in~~ due to the higher interest rate ~~environment~~ ~~environments~~. In addition, major medical expenses, divorce, death or other issues that affect borrowers could affect a borrower' s willingness or ability to make payments on their loans. If borrowers default on loans, the cost to service these loans may also increase without a corresponding increase in fees and the value of the loans held by our funds and financing vehicles could decline. Higher default rates by these borrowers may lead to lower demand by Partners, which would adversely affect our business, financial condition and results of operations. Any sustained decline in demand for investment in loans (including through our funds or financing vehicles) or any increase in delinquencies, defaults or foreclosures that result from economic downturns, may adversely affect our business, financial condition and results of operations. In addition, the United States has recently experienced historically high levels of inflation. According to the U. S. Department of Labor, the annual inflation rate for the United States has ranged from approximately 9. 1 % for June 2022 to 6. 5 % in December of 2022, dropping to 3. 4% in ~~December~~ ~~January~~ 2023-2025. Rising inflation may adversely impact the ability of borrowers to service their debt, which could lead to deterioration of the credit performance of loans and impact investor returns, and therefore may result in lower demand from investors for assets generated on our platform and lead to constraints on our ability to fund new volume origination. In addition, rising inflation may ~~increase~~ ~~create an~~ ~~escalation in~~ our operating costs, including employee compensation and general corporate expenses, which could reduce cash flow and operating income. Although we have not experienced material impacts to our business performance from inflationary pressure, our business may be materially impacted in the future. Failure of the U. S. federal government to manage its fiscal matters or to raise or further suspend the debt ceiling, and changes in the amount of federal debt, may negatively impact the economic environment and adversely impact our results of operations. The U. S. federal government has established a limit on the level of federal debt that the U. S. federal government can have outstanding, often referred to as the debt ceiling. The U. S. Congress has authority to raise or suspend the debt ceiling and to approve the funding of U. S. federal government operations within the debt ceiling, and has done both frequently in the past, often on a relatively short- term basis. Generally, if effective legislation to manage the level of federal debt is not enacted and the debt ceiling is reached in any given year, the federal government may suspend its investments for certain government accounts, among other available options, in order to prioritize payments on its obligations. Contention among policymakers, among other factors, may hinder the enactment of policies to further increase the borrowing limit or address its debt balance timely. A failure by the U. S. Congress to raise the debt limit would increase the risk of default by the U. S. on its obligations, the risk of a lowering of the U. S. federal government' s credit

rating, and the risk of other economic dislocations. Such a failure, or the perceived risk of such a failure, could consequently have a material adverse effect on the financial markets and economic conditions in the U. S. and globally. If economic conditions severely deteriorate as a result of U. S. federal government fiscal gridlock, our operations, our Partners or their respective customers, or our asset investors, could be affected, which may adversely impact our financial condition and results of operations. These risks may also impact our overall liquidity, our borrowing costs, or the market price of our ordinary shares.

~~In response to the economic impacts and disruptions associated with COVID-19, governments around the world, including in the United States, provided significant fiscal and monetary stimuli, which have had the effect, among other things, of supporting overall levels of employment, consumer spending and savings levels, and the ability of consumers to service their debt. The continued wind-down of these stimulus programs may adversely affect economic conditions and consumer credit performance, which may reduce the demand for and pricing of consumer credit assets and negatively impact our growth, revenues and profitability.~~

If there is an economic downturn that affects our current and prospective Partners and their customers, asset investors or the performance of the Financing Vehicles, or if we are unable to address and mitigate the risks associated with any of the foregoing, our business, financial condition and results of operations could be adversely affected. Additionally, our AI technology has not been extensively tested during economic downturns. For more information, see “ — Our AI technology has not yet been extensively tested during different economic conditions, including down- cycles. We continue to build and refine our AI technology to offer new products and services as we expand into new markets, such as real estate, and if our AI technology does not perform as well in these new markets as it has in our existing business and we are unable to manage the related risks and effectively execute our growth strategy as we enter into these new lines of business, our growth prospects, business, financial condition and results of operations could be adversely affected. ” We have incurred U. S. GAAP net losses, and we may not be able to achieve profitability in the future. For the years ended December 31, 2024 and 2023 and 2022, we incurred U. S. generally accepted accounting principles (“ U. S. GAAP ”) net losses of \$ ~~128~~ 401.4 million and \$ ~~302~~ 128.3-4 million, respectively. We intend to continue to develop and improve our proprietary technology, attract and develop business relationships with new and existing partners, expand our product offerings supported by our AI technology, and otherwise continue to grow our business. Revenue and related fee revenue less production costs growth and cost savings may not keep pace with our continued investments. Failure to increase revenue and FRLPC, ~~reduce~~ / maintain cost levels sufficiently to keep pace with our investments, or material fair value losses associated with our investments in risk retention assets could prevent us from generating GAAP net income in the future. 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. Adverse developments affecting financial institutions, companies in the financial services industry or the financial services industry generally, such as actual events or concerns involving liquidity, defaults or non- performance, could adversely affect our operations and liquidity. Adverse developments affecting financial institutions, companies in the financial services industry or the financial services industry generally, such as actual events or concerns involving liquidity, defaults or non- performance, could adversely affect our operations and liquidity. During the first half of 2023, the banking industry experienced significant turmoil and disruption. For instance, after the failure of Silicon Valley Bank (“ SVB ”) and Signature Bank, the Department of the Treasury, the Federal Reserve, and the Federal Deposit Insurance Corporation (the “ FDIC ”) elected to step up and insure that depositors would have access to their funds, even those in excess of the standard FDIC insurance limits, under a systemic risk exception. At the time, the Company had a banking relationship with SVB, in the form of an operating account, the Company’ s SVB Revolving Credit Facility and the Company’ s Receivables Facility. Ultimately, the Company was able to access all of its funds with SVB. Despite our proactive measures and the measures taken by the United States federal government, the uncertainty in the markets regarding the stability of regional banks and the safety of deposits creates a risk that similar events in the future may have a material adverse effect on our liquidity and financial condition if our ability, and the ability of our Partners, vendors, and other third parties, to access funds at their respective financial institutions and our ability to transfer cash, cash equivalents and investments to another large institutional bank are impaired. Further, events such as these may make equity or debt financing more difficult to obtain, and additional equity or debt financing might not be available on reasonable terms, if at all ; difficulties obtaining equity or debt financing could have a material adverse effect on our financial condition, as well as our ability to continue to grow our operations. Our business, financial condition and results of operations could be adversely affected as a result of an unexpected failure of a vendor, bank or other third party service provider that presents concentration risks to us or our Partners. Our business, financial condition and results of operations could be adversely affected as a result of an unexpected failure of a vendor, bank or other third party service provider that presents concentration risks to us or our Partners. We, as well as our Partners, are dependent on a number of third party service providers for our core business and operations, such as our data providers, technology service providers, financial institutions, and other third party service providers. Although our risk with SVB was fully mitigated, SVB’ s recent failure highlights the risk that the failure of other financial institutions, or other third party service providers, could have a material impact on our business, financial condition and results of operations. If a third party on which we or our Partners depends fails to supply the required services, we may not be able to replace those services in a timely manner, on favorable terms, or at all. If we are unable to adequately diversify or otherwise mitigate such concentration risks and such risks come to pass, we could be subject to reduced revenues, increased expenses, or an inability to recover assets which could have a material adverse effect on our financial condition, results of operations, and cash flows. We are heavily dependent on our AI technology. If we are unable to continue to improve our AI technology or if our AI technology does not operate or perform as we expect, contains errors or is otherwise ineffective, our network may improperly evaluate products, not be able to process the volume we have historically, and our growth prospects, business, financial condition and results of operations could be adversely affected. Our ability to enable our Partners to increase the number and quality of loans or other assets that they originate with the assistance of our AI technology will depend in large part on our ability to effectively evaluate the creditworthiness and likelihood of default of our Partners’ customers and, based on that evaluation, help our Partners offer

competitively- priced loans or other assets as well as obtain higher approval rates. Further, our overall operating efficiency and margins will depend in large part on our AI technology's ability to effectively evaluate the creditworthiness, likelihood of default and credit asset pricing for our Partners' customers, which will affect our Partners' business volume. In the ordinary course, we enter into contractual arrangements with our Partners with customary indemnification provisions (including for violation of law). Such indemnification provisions potentially assume regulatory liability and liability for claims by Partners or third parties if the AI technology contains errors or incorrectly evaluates Partners' customers. We further assume liability as the investment manager, sponsor and / or administrator for the Financing Vehicles, including if the AI technology contains errors or incorrectly evaluates the Partners' customers underlying the assets purchased by the Financing Vehicles. Such liability may result in claims by asset investors or regulatory action. For more information, see the risk factors entitled " If we fail to comply with or facilitate compliance with, or our Partners fail to comply with the variety of federal, state and local laws to which we or they are subject, including those related to consumer protection, consumer finance, lending, fair lending, data protection, and investment advisory services, or if we or our Partners are found to be operating without having obtained necessary state or local licenses, it may result in regulatory action, litigation, or monetary payments or may otherwise negatively impact our reputation, business, and results of operations, and may prevent us from serving users in jurisdictions where those regulations apply, " " Risks Related to Our Legal and Regulatory Environment " and " Any legal proceedings, investigations or claims against us could be costly and time- consuming to defend and could harm our reputation regardless of the outcome. In addition, our business and operations could be negatively affected if they become subject to any securities litigation or shareholder activism, which could cause us to incur significant expense, hinder execution of business and growth strategy and impact our share price. " In addition, we utilize the data gathered from various sources in our automated credit analysis process. The data that we gather is evaluated and curated by our AI technology. The ongoing development, maintenance and operation of our AI technology is expensive and complex, and may involve unforeseen difficulties including material performance problems and undetected defects or errors, for example, with new or existing capabilities incorporating AI. Our proprietary technology uses machine learning models as a subset of our AI, but those models are static and do not have the ability to self- correct, self- improve, and / or learn over time, and therefore any change to the models requires human intervention, testing, validation, and governance approvals. We may encounter technical obstacles, and it is possible that we may discover additional problems that prevent our AI technology from operating properly. If our AI technology fails to adequately predict the creditworthiness of Partners' applicants or customers, or to properly place loans or other assets for acquisition by Financing Vehicles due to the design of our models or programming or other errors or failures, other characteristics of our AI or for any other reasons, or any of the other components of the automated credit analysis process fails, we, our Partners and our asset investors may experience higher than forecasted loan and other losses that will in turn negatively impact the performance of the Financing Vehicles that acquire our Partners' assets. Additionally, errors or inaccuracies in our AI technology could result in exposure to the credit risk of loans or other assets originated by Partners, whether it be exposure for us, Partners or asset investors, which may result in higher than expected losses or lower than desired returns of such loans or other assets. Any of the foregoing could result in our Partners experiencing sub- optimally priced assets, incorrect approvals or denials of transactions, or higher than expected losses, or could require remediation and / or result in our Partners' dissatisfaction with us, which in turn could adversely affect our ability to attract new Partners or cause our Partners to terminate their agreements with us and decrease our Partners' financial product volume, and could also negatively impact the performance of Financing Vehicles, certain asset investors' willingness to invest in future Financing Vehicles, and our ability to continue to create new Financing Vehicles, our ability to source cost- effective capital in our Financing Vehicles and our business, financial condition and results of operations may be adversely affected. We rely on our Partners to originate assets facilitated with the assistance of our AI technology. Currently, a limited number of Partners account for a substantial portion of our Network Volume — the financial products facilitated with the assistance of our AI technology — and, ultimately, our Revenue. If these Partners were to cease or limit operations with us, our business, financial condition and results of operations could be adversely affected. Currently, a majority of the loans or receivables that are facilitated with the assistance of our AI technology result from transactions with a small number of Partners who operate in the financial technology space. These Partners, taken together, originate a majority of the loans or receivables facilitated with the assistance of our AI technology. The fees we earn when these loans or other assets are acquired from these Partners by Financing Vehicles account for a majority of our revenue. We have entered into several types of agreements with each of our Partners. Our commercial arrangements with these Partners are generally nonexclusive and are based on the type of asset class. For example, we enter into purchase agreements with our Partners, which provide the Financing Vehicles with the opportunity to acquire assets by the Partner assisted by our AI technology, that have a typical duration of one to three years with the option to extend for additional periods. The Financing Vehicles are not required to acquire specific types or amounts of assets from our Partners under such agreements. In addition, there are servicing agreements with our Partners or third parties covering the assets originated by such Partners that typically last for the life of the asset. As it relates to any specific asset, these servicing agreements require us to continue to use the Partner or their preferred third party that originated the asset for the life of such asset. See " — A disruption or failure in services provided by third parties could materially and adversely affect our business. " In addition, even during the term of our arrangement, our Partner could choose to reduce the volume of loans or other assets facilitated with the assistance of our AI technology or increase the volume that it chooses to fund and retain on its own balance sheet. We or any of our Partners may terminate our arrangement for various reasons, which may include material breaches and change in control, subject to payment of a termination fee in some cases, and Partners could decide to stop working with us, have disputes with us, ask to modify their commercial or legal terms in a manner disadvantageous to us or enter into exclusive or more favorable relationships with our competitors. In addition, capital and leverage requirements applicable to our Partners that are banks or other financial institutions subject to such requirements could result in decreased demand for our products. Further, our Partners' respective regulators may require that they terminate or otherwise limit their business with us, or impose regulatory

pressure limiting their ability to do business with us. We are a service provider to Partners, and due to some of our Partners being regulated by federal and / or state regulators, including the FDIC, we are subject to audit by such Partners in accordance with the relevant guidance related to management of vendors. We are also subject to the examination and enforcement authority of certain of those regulators, including the FDIC under the Bank Service Company Act. If any of our Partners were to stop working with us, suspend, limit or cease their operations or otherwise terminate or modify adversely to us their relationship with us, the number of financial products originated by our Partners with the assistance of our AI technology could decrease, ~~and our revenue, FRLPC and revenue and FRLPC growth rates~~ and our business, financial condition and results of operations could be adversely affected. If we are unable to both retain existing Partners and attract and onboard new Partners on attractive commercial terms, our business, financial condition and results of operations could be adversely affected. A majority of our revenue is generated through fees we receive when the loans and other financial products originated by our Partners with the assistance of our AI technology are acquired by Financing Vehicles. Currently, we have a small number of Partners that operate in the financial technology space who originate a majority of these loans and other assets. To continue to expand our market share in existing markets and grow into new markets we will need to attract and onboard new Partners on attractive commercial terms and also maintain and grow those relationships. If we are not successful in retaining existing Partners and attracting and onboarding new Partners, our business, financial condition and results of operations could be adversely affected. Our ability to raise capital from asset investors is vital to our ability to offer products to Partners. If we are unable to raise capital from asset investors at competitive rates, or at all, it would materially reduce our revenue and cash flow and adversely affect our financial condition. We have relied upon the securitization market and committed asset-backed facilities to provide a significant portion of the capital needed to purchase Partner assets ~~evaluated and selected / evaluated~~ using our AI. The ability of the Financing Vehicles to provide funding at competitive rates, or at all, is essential to our business. Our ability to raise capital from asset investors for Financing Vehicles depends on a number of factors, including certain factors that are outside our control. Certain factors, such as the performance of the equity and bond markets and the asset allocation rules or investment policies to which such asset investors are then subject, could inhibit or restrict the ability of asset investors to make investments in Financing Vehicles or the asset classes in which Financing Vehicles invest. An inability to access the securitization market, or a significant reduction in (1) liquidity in the secondary market for securitization transactions, (2) the continued acceptance of our prefunded securitization model, or (3) access to the funding market at all could have an adverse impact on the funding component of our product ~~and, by extension, our~~ financial position and results of operations. Our ability to launch new Financing Vehicles could similarly be hampered if the appeal of those investments in the market were to decline. For example, there is a risk that the single-family rental properties that we have invested in have some undiscovered flaw, or would otherwise require additional expenditures to make them rentable in excess of the expected amount, which could result in greater total renovation costs and a loss of revenue. Further, an investment in a share, unit, membership interest or limited partner interest in a Financing Vehicle is more illiquid, especially when the underlying assets (such as consumer credit assets) are illiquid, and the returns on such investment may be more volatile than an investment in securities for which there is a more active and transparent market. In periods of positive markets and low volatility, for example, investors may favor passive investment strategies such as index funds over our actively managed investment vehicles or more liquid assets like equities over consumer credit assets. Alternative investments could also fall into disfavor as a result of concerns about liquidity and short-term performance. In connection with launching new Financing Vehicles or making further investments in existing Financing Vehicles, we may negotiate terms for such Financing Vehicles with existing and potential asset investors. The outcome of such negotiations could result in our agreement to terms that are materially less favorable to us than for prior Financing Vehicles or as compared to Financing Vehicles of our competitors, including ~~by requiring us to have maintain~~ a greater share in the risk of loss with respect to fees and / or incentive fees, which could have an adverse impact on our revenues. Such terms could also restrict our ability to raise Financing Vehicles with investment objectives or strategies that compete with existing Financing Vehicles, add additional expenses and obligations for us or increase our potential liabilities, all of which could ultimately reduce our revenues. In addition, certain investors, including sovereign wealth funds and public pension funds, have demonstrated an increased preference for alternatives to the traditional financing vehicle structure. Such alternatives may not be as profitable for us as the traditional fund structure, and such a trend could have a material impact on the cost of our operations or profitability if we were to implement these alternative investment structures. In addition, certain investors, including public pension funds, have publicly criticized certain fee and expense structures, including transaction and advisory fees. Although we have no obligation to modify any of our fees with respect to our existing Financing Vehicles, we may experience pressure to do so in new Financing Vehicles. A reduction in fee revenues earned from Financing Vehicles could have an adverse effect on our results of operations. The growth of the assets of such Financing Vehicles and related fees generated, as well as our ability to deploy capital into investments, would slow or decrease if we are unable to raise new and successor Financing Vehicles, all of which would materially reduce our fee revenues and cash flows and adversely affect our financial condition. A portion of our revenue from Financing Vehicles in any given period is dependent on the size of the assets of such Financing Vehicles in such period and fee rates charged. We may not be successful in producing investment returns and prioritizing services that will allow us to maintain our current fee structure, to maintain or grow the assets of such Financing Vehicles, or to generate performance income. A decline in the size or pace of the growth of assets of Financing Vehicles or applicable fee rates will reduce our revenues. ~~A Such a decline in the size or pace of the growth of the assets of Financing Vehicles or applicable fee rates~~ **Such a decline in the size or pace of the growth of the assets of Financing Vehicles or applicable fee rates** may result from a range of factors, including: • Volatile and challenging economic and market conditions, such as global or regional economic downturns or recessions, as well as macroeconomic and policy impacts of political instability and armed conflicts, which could cause asset investors to delay making new commitments to existing or new Financing Vehicles, limit the ability of our existing Financing Vehicles to deploy capital or result in asset investors in our funds submitting redemption requests; • Competition may make fundraising and the deployment of capital more difficult, thereby limiting our ability to grow or maintain the assets of such

Financing Vehicles; • Changes in our strategy or the terms of our network AI fees; and • Poor performance of one or more of the Financing Vehicles, either relative to market benchmarks or in absolute terms, or compared to our competitors, may cause asset investors to regard the Financing Vehicles less favorably than those of our competitors, thereby adversely affecting our ability to raise more capital for existing Financing Vehicles or new or successor Financing Vehicles, or result in asset investors submitting redemption requests. If we are unable to develop and maintain diverse and robust funding sources for our network, our growth prospects, business, financial condition and results of operations could be adversely affected. In addition, certain of our funds Financing Vehicles have periodic redemption features and a substantial withdrawal of capital by one or more asset investors, or use of such features, may have an adverse effect on the Financing Vehicles' performance and our ability to raise new Financing Vehicles. Our business depends on sourcing and maintaining diverse and robust funding to enable loans or other assets from our Partners to be acquired by a Financing Vehicle. The number of asset investors in our markets where a long- term track record of performance has not been developed is often very concentrated. Were the availability of this funding to decrease, our ability to generate Network Volume and revenue will be adversely affected. Furthermore, five of the largest asset investors together contributed 54 approximately 50% of all ABS funding raised in 2023-2024, compared to 70-50% of all ABS funding raised in 2022-2023. New capital from asset investors may be unavailable on reasonable terms or at all beyond the current maturity dates of Financing Vehicles. Further, events of default or breaches of financial, performance or other covenants, or worse than expected performance of certain pools of obligations underpinning Financing Vehicles, could reduce the likelihood of affiliates sponsoring, managing or administering Financing Vehicles that acquire assets from our Partners. The performance of such assets is dependent on a number of factors, including the predictiveness of our AI technology and social and economic conditions. The availability and capacity of certain asset investors to participate in Financing Vehicles that acquire assets from our Partners also depend on many factors that are outside of our control, such as credit market volatility, politics and regulatory reforms. In the event of a sudden or unexpected disruption of asset investors' participation in Financing Vehicles that acquire assets from our Partners, our network may not be able to maintain the necessary levels of funding to retain current volume of acquisition by Financing Vehicles of loans or other assets originated by our Partners without incurring substantially higher funding costs, which could adversely affect our business, financial condition and results of operations. A substantial withdrawal of capital by one or more asset investors in any of our private funds with redemption features may have an adverse effect on such private funds' performance. We may find it difficult under such circumstances to adjust the private funds' asset allocation to the reduced amount of assets. Moreover, in order to provide sufficient funds to pay withdrawal amounts, the private funds might be required to liquidate positions at an inopportune time or at prices that we believe do not reflect the true value of such investments and that would adversely affect the applicable asset investors, or the adviser may not be able to liquidate such positions at all or it may determine it would be inappropriate to do so. If such withdrawals of capital were to continue over a protracted period of time, these issues may be magnified such that similar assets sold at subsequent withdrawal dates might receive even less favorable liquidation values. Furthermore, if any of our private funds decide to make in-kind distributions, satisfy redemptions in-kind whether through a distribution of a private funds' assets or the distribution of interests in a vehicle (i. e., a special purpose vehicle) to which all or a portion of a private funds' assets or interests have been transferred or by some other means, implement a gate or suspend redemptions, any of such actions may have an adverse reputational impact on our ability retain existing capital and / or raise new capital. Withdrawals of capital through redemption may also make it more difficult for such private funds' to generate the same level of profits operating on a smaller capital base and may trigger defaults, termination events or restrictive or financial covenants under one or more loans, credit facilities or other financing arrangements. Our AI technology has not yet been extensively tested during different economic conditions, including down-cycles. We continue to build and refine our AI technology to offer new products and services as we expand into new markets, such as real estate and point-of-sale, and if our AI technology does not perform as well in these new markets as it has in our existing business and we are unable to manage the related risks and effectively execute our growth strategy as we develop new products, our growth prospects, business, financial condition and results of operations could be adversely affected. We continue to build and refine our AI technology to offer new products and services in new markets, and we expect to continue to expand our offering to other markets. There are substantial risks and uncertainties associated with these efforts. We may invest significant time and resources to develop and market new lines of business and / or products and services and we may not achieve the return on our investment that we expect. Initial timetables for the introduction and development of new lines of business, new asset types or new products or services may not be achieved and price and profitability targets may not prove feasible. Further, we may not be able to develop, commercially market and achieve market acceptance of any new products and services. In addition, our investment of resources to develop new products and services may either be insufficient or result in expenses that are excessive in light of the revenue actually derived from these new products and services. If the profile of consumers using any new products and services is different from that of those currently served by our Partners' existing financial products, our AI technology may not be able to accurately evaluate the credit risk of such customers, and the affiliates sponsoring, managing or administering Financing Vehicles that are acquiring our Partners' financial products may in turn experience higher levels of delinquencies or defaults. Failure to accurately predict demand or growth with respect to our new products and services could have an adverse impact on our reputation and business, and there is always a risk that new products and services will be unprofitable, increase our costs, decrease operating margins or take longer than anticipated to achieve target margins. In addition, any new products or services may raise new and potentially complex regulatory compliance obligations, which would increase our costs and may cause us to change our business in unexpected ways. Further, our development efforts with respect to these initiatives could distract management from current operations and divert capital and other resources from our existing business. Furthermore, our AI technology may not perform as well in the real estate asset market as it has in the consumer markets. For example, the use of our AI technology to evaluate and facilitate the acquisition, renovation, lease and eventual realization of real estate assets is significantly different than its application toward the evaluation and origination of loans and

financial products, due to the special characteristics of the real estate market and the inherent uniqueness of these assets. The purchase price, renovation time and costs, attainable rent and appreciation potential of real estate assets are affected by numerous parameters that are often specific to each asset, and attempting to predict them through AI- based, big- data analytics is prone to error. While we have adapted and calibrated our AI technology to account for such parameters and their irregularity among individual assets, it may not be able to accurately predict the creditworthiness of each such asset and the outcome of its purchase, renovation, lease or future realization. Our strategic acquisition of Darwin Homes, Inc., a Delaware corporation (“ Darwin ”) in January 2023 has bolstered the capabilities of our technology, but we may not be able to effectively integrate or utilize the Darwin technologies to effectively reduce risks related to our real estate investment activities. See “ — We **actively evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. We may fail not be able to realize the potential benefits of any such future business investments or acquisitions, and we may not be able** to successfully integrate Darwin into our existing operations and / or fail to fully realize all of the anticipated benefits, including enhanced revenue, earnings and cash flow from our acquisition **targets,** which could **hurt** have a significant and adverse impact on our SFR operations or **our ability to grow our business** the returns of certain Financing Vehicles. ” In addition, while we believe our AI technology will accurately evaluate risk in the non- consumer credit asset markets, our AI technology has not been extensively tested in these markets. If our AI technology is unable to accurately evaluate risk in these markets, our Partners and Financing Vehicles through which asset investors invest may experience greater than expected losses on such loans or other assets, which would harm our reputation and erode the trust we have built with our Partners and asset investors. Any of these factors could adversely affect our business, financial condition and results of operations. We may also have difficulty with securing the adequate participation of asset investors for Financing Vehicles investing in any such new financial products and services by our Partners, and if we are unable to do so, our ability to develop and grow these new offerings and services will be impaired. If we are unable to effectively manage the foregoing risks, our growth prospects, business, financial condition and results of operations could be adversely affected. For example, in real estate investments, the yields available from properties depend on the amount of revenue generated and expenses incurred. If certain properties or assets do not generate sufficient revenues to meet their acquisition and operating expenses, a Financing Vehicle’ s cash flow and ability to pay distributions to its asset investors will be adversely affected. Further, if we do not successfully manage the regulatory, business and market risks associated with our expansion into new markets and new products and effectively execute our growth strategy in these new lines of business, our growth prospects, business, financial condition and results of operations could be adversely affected. We continue to build and refine our AI technology to appropriately manage our point- of- sale business, and if our AI technology does not perform as well in the point- of- sale market as it has in our existing business and we are unable to manage the related risks and effectively execute our growth strategy, our growth prospects, business, financial condition and results of operations could be adversely affected. We are continuing to invest in developing AI technology to support the origination of new financial products by our Partners and service offerings, such as point- of- sale loans and the acquisition of such financial products by Financing Vehicles. New initiatives are inherently risky, as each involves unproven business strategies, addressing and complying with new regulatory requirements, industry expertise and new financial products and services with which we, and in some cases our Partners, have limited or no prior development or operating experience. The industry in which we operate is highly competitive, and if we fail to compete effectively, we could experience price reductions, reduced margins or loss of revenues. We operate in a highly competitive and dynamic industry. Our AI technology faces competition from a variety of players, including those that enable transactions and commerce via digital payments. Our primary competition consists of: other sources of consumer credit, including banks, non- bank lenders and other fintech networks, private equity firms, publicly traded financial technology companies, as well as a variety of technology companies that seek to help financial services providers with the digital transformation of their businesses and various “ second- look ” financing providers that offer lenders revenue when they approve applications that had otherwise been turned down. We expect competition to intensify in the future, both as emerging technologies continue to enter the marketplace and as large financial incumbents increasingly seek to innovate the services that they offer to compete with our network. Technological advances and the continued growth of e- commerce activities have increased consumers’ accessibility to more credit products and services and led to the expansion of competition in digital payment options that diminished the need for regular consumer credit such as pay- over- time solutions. Some of our competitors are substantially larger than we are, which gives those competitors advantages we do not have, such as more diversified products, a broader Partner and investor base, the ability to reach more Partners and asset investors, the ability to cross- sell their financial products and cross- subsidize their offerings through their other business lines, operational efficiencies, more versatile technology networks, broad- based local distribution capabilities and lower- cost funding. In addition, because many of our competitors are large financial institutions that fund themselves through low- cost insured deposits and originate and own the assets they produce, they have certain revenue and funding opportunities unavailable to us. Our competitors may also have longer operating histories, more extensive and broader consumer and merchant relationships, and greater brand recognition and brand loyalty than we have. For example, more established companies that possess large, existing Partner and investor bases, substantial financial resources, larger marketing teams and established distribution channels could enter the market. Increased competition could require us to alter the pricing and terms we offer to our Partners. If we are unable to successfully compete, the demand for our AI technology and products could stagnate or substantially decline, and we could fail to retain or grow the number of Partners using our network **or the volume of loans or financial products originated by our Partners using our AI technology**, which would reduce the attractiveness of our network to Partners, and which would materially and adversely affect our business, results of operations, financial condition and future prospects. A significant portion of our current revenues are derived from Financing Vehicles that acquire consumer credit assets and related financial products, and as a result, we are particularly susceptible to fluctuations in consumer credit activity and the capital markets. Currently, the majority of our

Partners' asset originations facilitated with the assistance of our AI technology are unsecured personal loans ~~and also, point-of-sale~~ auto loans in the U. S. market. The market for unsecured personal loans has grown rapidly in recent years, and it is unclear to what extent such a market will continue to grow, if at all. A wide variety of factors could impact the market for unsecured personal loans, including macroeconomic conditions such as rising interest rates, rising inflation and changes in monetary policy, competition, regulatory developments and changes in consumer credit activity. For example, FICO has recently changed its methodology in calculating credit scores in a manner that potentially penalizes borrowers who take out personal loans to pay off or consolidate credit card debt. This change could negatively affect the overall demand for unsecured personal loans. The personal lending market has also benefited from historically low interest rates, as our Partners' customers are attracted to relatively low borrowing costs. The market for auto loans is sensitive to employment rates, prevailing interest rates and other domestic economic conditions, and it is unclear how rising interest rates or a recession may impact the growth of this market. Delinquencies, repossessions and losses generally increase during economic slowdowns or recessions. Because of our focus on sub-prime customers, the actual rates of delinquencies, repossessions and losses on our automobile contracts could be higher under adverse economic conditions than those experienced in the automobile finance industry ~~in general as a whole~~. Furthermore, we may see a reduction in our overall recovery rates due to the volatility of wholesale auction prices leading to higher levels of losses. Our success will depend, in part, on the continued growth of the unsecured personal loan market and auto loan market in the U. S., and if these markets do not further grow, or grows more slowly than we expect, our business, financial condition and results of operations could be adversely affected. In addition, our Partners may, in the future, seek partnerships with competitors that are able to help them offer them a broader array of credit products, such as secured loans. Over time, in order to preserve and expand our relationships with our existing Partners, and enter into relationships with new Partners, it may become increasingly important for us to expand our offerings and be able to help our Partners offer a wider variety of products and services. We also may be susceptible to competitors that choose to offer higher yields to asset investors or offer to pay higher prices for loans or other assets acquired from our Partners. Competitors may elect to provide these incentives, even if they expect such pricing practices to lead to losses for them. Such practices by competitors could negatively affect the overall demand for personal loans facilitated with the assistance of our AI technology and, therefore, our business, financial condition and results of operations. Further, the personal loans that are acquired from our Partners into Financing Vehicles are, for the most part, unsecured, and there is a risk that our Partners' customers will not prioritize repayment of such loans, particularly in an economic downcycle. For example, if our Partners' customers incur secured debt, such as a mortgage, a home equity line of credit or an auto loan, our Partners' customers may choose to repay their obligations under such secured debt before repaying their unsecured loans, which could lead to higher default rates by our Partners' customers with respect to their unsecured debt. This in turn could lead to losses for Financing Vehicles, which could lead to less demand from asset investors. If this leads to decreased demand by asset investors to participate in Financing Vehicles that acquire assets and other financial products facilitated with the assistance of our AI technology, our business, financial condition and results of operations could be adversely affected. If our estimates, judgments or assumptions 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 financial statements in conformity with U. S. GAAP requires our management to make estimates, judgments and assumptions that affect the amounts reported and disclosed in our consolidated financial statements and accompanying notes. We base our estimates and assumptions on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of certain assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements and accompanying notes include those related to ~~revenue recognition, the valuation of certain financial instruments, and allowance for credit losses; consolidation of VIE, and deferred tax assets and valuation allowance~~. 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, which may result in a decline in the trading price of Class A Ordinary Shares. Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, or changes and challenges to existing standards or their interpretation, we might be required to change our accounting policies, alter our operational policies or implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Such changes or challenges to existing standards or in their interpretation may have an adverse effect on our reputation, business, financial condition, and profit and loss, or cause an adverse deviation from our revenue and operating profit and loss target, which may negatively impact our results of operations. We are a young company with a limited operating history and there are no assurances our revenue and business model will continue to be viable as we grow and scale. While we have grown significantly since our founding in 2016, there is no assurance that our revenue and business model, or any changes to our revenue and business model to better position us with respect to our competitors, will be successful. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue sufficiently to offset our higher operating expenses. We may incur losses and not achieve future profitability or, if achieved, we may be unable to maintain such profitability, due to a number of reasons, including the risks described in this Annual Report on Form 10-K, unforeseen expenses, difficulties, complications and delays, differences between our assumptions and estimates and results, further deterioration in macroeconomic conditions and other unknown events. Our reputation and brand are important to our success. If we are unable to continue developing our reputation and brand, or if our brand or reputation is compromised, our ability to retain existing and attract new Partners and asset investors and our ability to maintain and improve our relationship with regulators of our industry could be adversely affected. As a result, our business, financial condition and results of operations may suffer. We believe maintaining a strong brand and trustworthy reputation is

critical to our success and our ability to **retain and** attract ~~new~~ Partners and asset investors. Factors that affect our brand and reputation include, among other things: perceptions of AI, our industry and our Company, including the quality and reliability of our AI technology, the accuracy of our AI technology, perceptions regarding the application of AI to consumer lending or other markets specifically, the funding component of our business, privacy and security practices, litigation, regulatory activity, and the overall user experience of our Partners and their customers. Negative publicity, negative reviews or negative public perception of these factors, even if inaccurate, could adversely affect our brand and reputation. Certain of the Partners' arrangements have been criticized in government and media reports as "rent-a-charter" or "rent-a-bank" which has drawn the heightened attention of consumer advocacy groups, government officials and elected representatives. As a result, bank regulators have taken actions causing banks to exit third-party programs that the regulators determined involved unsafe and unsound practices. Further, Federal and State regulators have continued to monitor, investigate, and implement both revised and new regulations for consumer credit products. While these regulators have primarily focused their attention on payday and "short-term, small-dollar" loans, they have looked more broadly to the use of AI technology in the origination of other consumer credit products including, but not limited to, potential claims regarding financial inclusion. Payday and "short-term, small-dollar" loans are different from assets facilitated with the assistance of our AI technology, in our view. However, if we are nevertheless associated because of the heightened attention with such payday or short-term, small-dollar consumer loans, or if we are associated with increased criticism of non-payday loan programs involving relationships between bank originators and non-bank lending networks and program managers, or if regulatory scrutiny increases on the use of AI in our Partner's origination practices, demand for loans or other assets could significantly decrease, which could cause our Partners to reduce their origination volumes or terminate their arrangements with us, impede our ability to attract new Partners or delay the onboarding of Partners, impede our ability to attract asset investors to participate in the funding component of our network or reduce the number of potential Partners that use our network. Any of the foregoing could adversely affect our results of operations and financial condition. We may also become subject to lawsuits, including class action lawsuits, or other challenges such as government investigations, inquiries, enforcement, or arbitration, against our Partners or us for obligations from our Partners through our AI technology. If there are changes in laws or in the interpretation or enforcement of existing laws affecting loans or other assets we place with the assistance of our AI technology, or if we become subject to such lawsuits, investigations or inquiries, our business, financial condition and results of operations would be adversely affected. Harm to our reputation can also arise from many other sources, including employee and independent contractor or former employee and independent contractor misconduct, misconduct or negligence by outsourced service providers or other counterparties, failure by us or our Partners to meet minimum standards of service and quality, and inadequate protection of borrower information and compliance failures and claims. If we are unable to protect our reputation and brand, our business, financial condition and results of operations would be adversely affected. If we are unable to manage the risks associated with fraudulent activity, our brand and reputation, business, financial condition, and results of operations could be adversely affected and we could face material legal, regulatory and financial exposure (including fines and other penalties). Fraud is prevalent in the financial services industry and is likely to increase as perpetrators become more sophisticated. We are subject to the risk of fraudulent activity associated with our Partners' customers and third parties handling our Partners' borrower information and, in limited situations, cover certain fraud losses of Partners and asset investors. Fraud rates could also increase in a down-cycle economy. While we perform initial and ongoing due diligence on our Partners' fraud prevention and detection policies and procedures, we rely on our Partners to predict and otherwise validate or authenticate applicant-reported data and data derived from third-party sources and notify us if any fraud is detected. If such efforts are insufficient to accurately detect and prevent fraud, the level of fraud-related losses of products could increase, which would decrease confidence in our AI technology. There have been some instances of fraud by Partners' customers in the past which have generally occurred at the origination of the asset in the normal course of business and are not material to us. If any such fraud is identified, the applicable Partner is typically required to repurchase the related asset. A failure to accurately detect and prevent fraud may also lead to increased costs if we have to invest in developing new technology to defend against fraud, which, in turn may lead to decreased returns in Financing Vehicles and therefore decreased returns for asset investors. In addition, our Partners and asset investors may not be able to recover amounts disbursed on products made in connection with inaccurate statements, omissions of fact or fraud, which could erode the trust in our brand and negatively impact our ability to attract new Partners and asset investors. High profile fraudulent activity within the financial services industry also could negatively impact our brand and reputation. In addition, significant increases in fraudulent activity could lead to regulatory intervention, which could increase our costs and also negatively impact our brand and reputation. Further, if there is any increase in fraudulent activity that increases the need for human intervention in screening application data, the level of automation on our network could decline and negatively affect our unit economics. If we are unable to manage these risks, our business, financial condition and results of operations could be adversely affected. We are subject to risks related to our dependency on our Founders, key personnel, employees and independent contractors, including highly-skilled technical experts, as well as attracting, retaining and developing human capital in a highly competitive market. Our success and future growth depend upon the continued services of our management team and other key employees and independent contractors, including highly-skilled technical experts. In particular, the Founders, who are members of our leadership team, are critical to our overall management, as well as the continued development of our products and services, our culture and our strategic direction. From time to time, there may be changes in our management team resulting from the hiring or departure of executives, key employees and independent contractors, which could disrupt our business. The loss of one or more members of our senior management or key employees or independent contractors could harm our business, and we may not be able to find adequate replacements. We may not be able to retain the services of any members of our senior management, key employees or independent contractors, including high-skilled technical experts. From time to time, we rely on temporary independent contractor programs to scale our operations team. Failure to effectively implement and manage such programs

could result in misclassification or other employment related claims or inquiries by governmental agencies. In addition, to execute our growth plan, we must attract and retain highly qualified personnel, including engineering and data analytics personnel. Competition for highly skilled technical experts, including engineering and data analytics personnel, is extremely intense, particularly in Israel where we have large operations. From time to time, we have experienced, and we expect to continue to experience, difficulty in hiring and retaining employees and independent contractors with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, prospective and existing employees and independent contractors often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, experiences significant volatility or increases such that prospective employees or independent contractors believe there is limited or less upside to the value of our equity awards, it may adversely affect our ability to recruit and retain key employees and independent contractors. In addition, our recent reduction in workforce, and any future reductions in workforce or other restructuring intended to improve operational efficiencies and operating costs, may adversely affect our ability to attract and retain employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects would be harmed. We generally enter into non-competition agreements with our employees and independent contractors. These agreements prohibit our employees and independent contractors, if they cease working for us, from competing directly with us or working for our competitors for a limited period. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees and independent contractors work, and it may be difficult for us to restrict our competitors from benefiting from the expertise our former employees and independent contractors developed while working for us. The funding component of our business related to the Financing Vehicles is highly competitive. The funding component of our business is highly competitive, with competition based on a variety of factors, including macroeconomic conditions, investment performance, the quality of assets provided to asset investors, investor liquidity and willingness to invest, vehicle terms (including fees), brand recognition and business reputation. The funding component of our business competes with a number of other specialized investment funds, hedge funds, funds of hedge funds, other managing pools of capital, securitizations by our Partners or other consumer credit originators, as well as corporate buyers, traditional asset managers, commercial banks, investment banks and other financial institutions (including sovereign wealth funds), and we expect that funding sources may be limited as competition will continue to increase. For example, certain traditional asset managers have developed their own lending networks and are marketing other lending and credit strategies as alternatives to fund investments. Additionally, developments in financial technology, or fintech, such as distributed ledger technology, or blockchain, have the potential to disrupt the financial industry and change the way consumer lenders and other financial institutions do business. A number of factors serve to increase our competitive risks: • a number of our competitors in some of our businesses have greater financial, technical, marketing and other resources and more personnel than we do; • some Financing Vehicles may not perform as well as competitors' Financing Vehicles or other available investment products; • several of our competitors have significant amounts of capital, and many of them have similar investment objectives to ours, which may create additional competition for investment opportunities and may reduce the size and duration of pricing inefficiencies that many alternative investment strategies seek to exploit; • some of our competitors may be subject to less regulation and accordingly may have more flexibility to undertake and execute certain investments, including in certain industries or businesses, than we can and / or bear less compliance expense than we do; • some of our competitors may have more flexibility than us in raising certain types of Financing Vehicles under the contracts or terms they have negotiated with their investors; and • some of our competitors may have higher risk tolerances, different risk assessments or lower return thresholds, which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments that we want to make. We have historically competed primarily on the basis of the performance of Financing Vehicles, and not on the level of our fees or incentive fees relative to those of our competitors. However, there is a risk that fees and incentive fees in the alternative investment or securitization industry will decline, without regard to our historical performance. Fee or incentive fee income reductions on existing or future Financing Vehicles, without corresponding decreases in our cost structure, would adversely affect our business and revenues. Maintaining our reputation is critical to attracting and retaining asset investors and for maintaining our relationships with our regulators. Negative publicity regarding us, our personnel or our Partners could give rise to reputational risk that could significantly harm our existing business and business prospects. Similarly, events could occur that damage the reputation of our industry generally, such as the insolvency or bankruptcy of large funds or lending networks or a significant number of funds or lending networks or highly publicized incidents of fraud or other scandals, any one of which could have a material adverse effect on our business, regardless of whether any of those events directly relate to the Financing Vehicles or the investments made by Financing Vehicles. In addition, the attractiveness of Financing Vehicles relative to investments in other investment products could decrease depending on economic conditions. Furthermore, any new or incremental regulatory measures for the U. S. financial services and lending industries may increase costs and create regulatory uncertainty and additional competition for many Financing Vehicles. See “ — As the political and regulatory framework for AI technology and machine learning evolves, our business, financial condition and results of operations may be adversely affected. ” This competitive pressure could adversely affect our ability to make successful investments and limit our ability to raise future Financing Vehicles, either of which would adversely impact our business and revenues. Our failure to deal appropriately with conflicts of interest in the funding component of our business, related to our allocation of investment opportunities between Financing Vehicles, could damage our reputation and adversely affect our businesses. Conflicts of interest may also arise in our allocation of costs and expenses, and we are subject to increased regulatory scrutiny and uncertainty with regard to those determinations. As we have expanded and as we continue to expand the number and scope of our businesses, we increasingly confront potential conflicts of interest relating to the investment activities of the Financing Vehicles. Conflicts of interest continue to be a significant area of focus for regulators, investors and the media. Because of the variety of businesses and investment strategies that we pursue, we may face a higher degree of scrutiny

compared with others that focus on fewer asset classes. We place assets across Financing Vehicles. In addition, certain Financing Vehicles may purchase an interest in one or more other Financing Vehicles. However, the risk that asset investors or regulators could challenge allocation decisions as inconsistent with our obligations under applicable law, governing agreements or our own policies cannot be eliminated. Further, the perception of non-compliance with such requirements or policies could harm our reputation with asset investors. A failure to appropriately deal with these, among other, potential conflicts, could negatively impact our reputation and ability to raise additional Financing Vehicles or result in potential litigation or regulatory action against us. The investment activities or strategies used for certain Financing Vehicles may conflict with the transactions and strategies employed on behalf of other Financing Vehicles, and may affect the prices and availability of investments in which a Financing Vehicle may invest. Subject to any legal and regulatory obligations, the investment activities of our affiliates or a Financing Vehicle are carried out generally without reference to positions held by another Financing Vehicle and may have an effect on the value of the positions so held, or may result in an affiliate having an interest in an issuer adverse to that of a Financing Vehicle. Because the Financing Vehicles operate different businesses, the affiliates are subject to a number of potential and actual conflicts of interest, potentially greater regulatory oversight, and more legal and contractual restrictions than would be the case if the affiliates had only a single line of business. In particular, Financing Vehicles may invest in the same types of assets in which the other Financing Vehicles currently invest and expect to continue to invest in the future. Although we anticipate that the Financing Vehicles will operate within a limited and defined set of parameters (e. g., time, scope and duration) when acquiring any such assets, a Financing Vehicle could encounter actual and potential conflicts to the extent that any such Financing Vehicle competes with others for investment opportunities or our resources (e. g., personnel). These activities can adversely affect the prices and availability of loans or other assets held by or potentially considered for purchase for the account of a Financing Vehicle. Subject to the requirements of each Financing Vehicle's governing documents, investment opportunities sourced by affiliates or Financing Vehicles will generally be placed among the accounts of the applicable Financing Vehicles in a manner that the applicable manager or sponsor believes to be appropriate given the factors that it believes to be relevant, such as each Financing Vehicle's respective investment objectives, concentration limits, interest and asset coverage tests, collateral quality, liquidity and requirements tests, lender covenants, the amount of free cash each of them has available for investment, total capital and capital commitments, anticipated future cash flows and cash requirements, and other considerations and limitations of such Financing Vehicle. We regularly make determinations to allocate costs and expenses both among Financing Vehicles and between such vehicles and their respective governing entities. Certain of those determinations are inherently subjective and virtually all of them are subject to regulatory oversight. Any determination or allegation of, or investigation into, a potential violation could cause reputational harm and a loss of investor confidence in our business. It could also result in regulatory lapses and applicable penalties, as well as increased regulatory oversight of our business. In addition, any determination to allocate fees to the applicable investment adviser or manager could negatively affect our net income, and ultimately decrease the value of our Class A Ordinary Shares and our dividends to our shareholders. We have **historically**, and may **in the future** need ~~to continue~~ to raise additional funds ~~in the future~~, including, but not limited to, through equity, debt, secured borrowings, or convertible debt financings, to support business growth, and those funds may be unavailable on acceptable terms, or at all. As a result, we may be unable to meet our future capital requirements, which could limit our ability to grow and jeopardize our ability to continue our business. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new products and services, invest in loans and securities, including risk retention investments, enhance our AI technology, scale and improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we ~~have and~~ may need ~~to continue~~ to engage in equity, debt, secured borrowings, including repurchase agreements, or convertible debt financings to secure additional funds. **As of the date of this Annual Report on Form 10-K, we had outstanding \$ 160 million of 6.125 % exchangeable senior notes due in October 2029 (the "Notes"). Upon exchange of the Notes, we have the option to pay or deliver, as the case may be, cash, our Class A Ordinary Shares or a combination thereof.** If we raise additional funds by issuing equity securities or securities convertible into equity securities, our shareholders may experience dilution. Debt financing, such as secured or unsecured borrowings, including repurchase agreements, credit facilities or corporate bonds, may involve covenants restricting our operations or our ability to incur additional debt. Debt financing may also require "negative pledge" or security arrangements including, but not limited to, cash collateral agreements that restrict the availability of cash held as collateral which is the case for amounts we may borrow in the future under our existing credit agreement and other facilities. In addition, future equity financing or replacement or refinancing of any debt financings or secured borrowings, including repurchase agreements, may not be available on terms favorable to us or our shareholders, or at all. In addition, if the overall economy is negatively impacted for an extended period, our results of operations, financial position and cash flows may be materially adversely affected. A severe prolonged economic downturn could result in a variety of risks to the business, including weakening our ability to develop potential businesses and a decreased ability to raise additional capital when needed on acceptable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, we may be unable to pursue certain business opportunities and our ability to continue to support our business growth and to respond to business challenges could be impaired and our business may be harmed. In addition, we may be unable to access capital to fund the purchases of additional products or other assets through raising new and successor Financing Vehicles. For additional information, see "— Our ability to raise capital from asset investors is a vital component of the products we offer to Partners. If we are unable to raise capital from asset investors at competitive rates, or at all, it would materially reduce our revenue and cash flow and adversely affect our financial condition." We are and may in the future become subject to legal proceedings, investigations and claims, including claims that arise in the ordinary course of business, such as claims brought by asset investors or Partners in connection with commercial disputes, claims by users, claims or investigations brought by regulators or employment claims made by our current or former employees and independent

contractors. We are subject to claims in the ordinary course of business, including employment claims. We are not currently a party to any pending or, to our knowledge, threatened litigation that will have a significant effect on our financial position or profitability. Any litigation, investigation or claim, whether meritorious or not, could harm our reputation, will increase our costs and may divert management's attention, time and resources, which may in turn harm our business, financial condition and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. A claim brought against us for which we are uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position and results of operations. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Shareholder activism, which could take many forms or arise in a variety of situations, as well as the frequency of lawsuits against special purpose acquisition company ("SPAC") sponsors, has increased in recent years. Volatility in the share price of the Class A Ordinary Shares or other reasons may in the future cause it to become the target of securities litigation or shareholder activism. Securities litigation and shareholder activism, including potential proxy contests, could result in substantial costs and divert management's and the Pagaya Board's attention and resources from our business. Additionally, such securities litigation and shareholder activism could give rise to perceived uncertainties as to our future, adversely affect its relationships with **Partners, investors or** service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist shareholder matters. Further, our share price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and shareholder activism. Although we currently maintain insurance coverage, such coverage may not be sufficient to cover the types or extent of claims or loss that may be incurred or received. We currently maintain insurance in connection with our business, including, among other coverages, directors and officers liability insurance, errors and omissions / professional liability insurance, employment practices liability insurance, fiduciary liability insurance, and cyber insurance. The scope and limits of such insurance may not be sufficient to cover the types or extent of claims or loss that may be incurred or received. In addition, there may be risks for which we do not maintain or procure insurance coverage or for which the insurance coverage may not respond. We are growing rapidly, and our insurance coverage may not be sufficient to protect us from any loss now or in the future and we may not be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. Our inability to obtain and maintain appropriate insurance coverage could cause a substantial business disruption, adverse reputational impact, and regulatory scrutiny. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected. Our risk management policies and procedures, and those of our third- party vendors upon which we rely, may not be fully effective in identifying or mitigating risk exposure. If our policies and procedures do not adequately protect us from exposure to these risks, we may incur losses that would adversely affect our financial condition, reputation and market share. We have developed risk management policies and procedures and we continue to refine them as we conduct our business. Many of our procedures involve oversight of third- party vendors that provide us with critical services such as information technology systems and infrastructure, portfolio management, custody, market data expenses and fund accounting and administration and pricing services. Our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure. Further, as we expand into new lines of business, our risk management policies and procedures may not be able to adequately keep up with our current rapid rate of expansion, and may not be adequate or sufficient to mitigate risks. Moreover, we are subject to the risks of errors and misconduct by our employees and independent contractors, including fraud and non- compliance with policies. These risks are difficult to detect in advance and deter, and could harm our business, results of operations or financial condition. Although we maintain insurance and use other traditional risk- shifting tools, such as third- party indemnification, to manage certain exposures, 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. If our policies and procedures do not adequately protect us from exposure, and our exposure is not adequately covered by insurance or other risk- shifting tools, we may incur losses that would adversely affect our business, financial condition and results of operations. If there is a pledge of a substantial amount of Pagaya Ordinary Shares, a change of control could occur and could materially and adversely affect our financial condition, results of operation and cash flows. Shareholders that beneficially own a significant interest in Pagaya may pledge a substantial portion of Pagaya Ordinary Shares that they own to secure loans made to them by financial institutions. If a shareholder defaults on any of its obligations under these pledge agreements or the related loan documents, these financial institutions may have the right to sell the pledged shares, subject to the lock- up restrictions set forth in the Pagaya Articles. Such a sale could cause our share price to decline. Many of the occurrences that could result in a foreclosure of the pledged shares are out of our control and are unrelated to our operations. Because these shares may be pledged to secure loans, the occurrence of an event of default could result in a sale of pledged shares that could cause a change of control of Pagaya, even when such a change of control may not be in the best interests of our shareholders, and it could also result in a default under certain material contracts to which we are a party, which could materially and adversely affect our financial condition, results of operations and cash flows. We actively evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. ~~We may not be able to realize the potential benefits of any such future business investments or acquisitions, and we may not be able to successfully integrate acquisition targets, which could hurt our ability to grow our business. We actively evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future.~~ Acquisitions or investments involve significant challenges and risks and could impair our ability to grow our business or develop new products or expand into new markets and ultimately could have a negative impact on our financial results. If we pursue a particular transaction, we may limit our ability to enter into other transactions that could help us achieve our other

strategic objectives. If we are unable to timely complete acquisitions, we may be unable to pursue other transactions, we may not be able to retain critical talent from the target company, technology may evolve and make the acquisition less attractive, and other changes can take place which could reduce the anticipated benefits of the transaction and negatively impact our business. Regulators could also impose conditions that reduce the ultimate value of our acquisitions. In addition, to the extent that our perceived ability to consummate acquisitions has been harmed, future acquisitions may be more difficult, complex or expensive. **We may not successfully integrate acquired companies and we may fail to realize the anticipated benefits of such Acquisitions-acquisitions . Furthermore, acquisitions** may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to additional liabilities, increase our expenses, subject us to increased regulatory requirements, cause adverse tax consequences or unfavorable accounting treatment, expose us to claims and disputes by shareholders and third parties, and adversely impact our business, financial condition, and results of operations. We may not successfully evaluate or utilize the acquired technology and accurately forecast the financial impact of an acquisition transaction, including accounting charges, and our due diligence processes may fail to identify significant issues with the assets or company in which we are investing or are acquiring. We may have to pay cash for any such acquisition which would limit other potential uses for our cash. If we incur debt to fund any such acquisition, such debt may subject us to material restrictions in our ability to conduct our business, result in increased fixed obligations, and subject us to covenants or other restrictions that would decrease our operational flexibility and impede our ability to manage our operations. If we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders' ownership would be diluted. Risks Related to Technology, Intellectual Property and Data Regulators may assert, and courts may conclude, that certain uses of AI technology leads to unintentional bias or discrimination. Regulatory agencies have expressed concerns that certain AI technology may lead to unintentional bias or discrimination in an automated credit analysis process. Such concerns could subject us to legal or regulatory liability, reputational harm, and / or increase our legal and compliance expenses. For example, on March 29, 2021, the Consumer Financial Protection Bureau (the "CFPB") and the federal prudential bank regulators issued a "Request for Information and Comment on Financial Institutions' Use of Artificial Intelligence, Including Machine Learning." These regulators asked for comments regarding, among other things, whether the use of AI technology and machine learning in consumer credit underwriting can lead to bias and discrimination. A number of publicly submitted comments have asserted that AI technology and machine learning in consumer credit underwriting can lead to discrimination in violation of, inter alia, the Equal Credit Opportunity Act and the Fair Housing Act. This request for information process may lead to a regulatory rulemaking that could restrict the use of AI technology and machine learning in consumer credit underwriting. The CFPB recently announced that discrimination — intentional or unintentional but producing a discriminatory outcome — is an unfair, deceptive, or abusive act or practice ("UDAAP") under the Consumer Financial Protection Act. In conjunction with this update, the CFPB also announced changes to its supervision and examination manual for evaluating UDAAPs. The updated examination manual notes that discrimination may meet the criteria for "unfairness" by causing substantial harm to consumers that they cannot reasonably avoid and that harm is not outweighed by countervailing benefits to consumers. The Equal Credit Opportunity Act and the Fair Credit Reporting Act require creditors to provide consumers with the reasons for denial of credit or other adverse action, and providing such reasons can be more difficult given the complexity of certain AI technology. In addition, the Federal Trade Commission ("FTC") has brought enforcement actions related to the use of AI and automated credit analysis in circumstances where the FTC has determined that the use of such tools is insufficiently transparent to consumers. Our inability to enable our Partners and their customers to comply with the requirements of existing laws or new interpretations of existing laws, or new regulatory rulemaking that restricts the use of AI technology in consumer credit underwriting or other markets, could adversely affect our business, financial condition, and results of operations. We may also be obligated to indemnify Partners or pay substantial settlement costs in connection with any such claim or litigation related to the use of our AI technology and automated credit analysis, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our AI technology could be costly and time consuming and divert the attention of our management and key personnel from our business operations. The CFPB has, at times, taken expansive views of its authority to regulate consumer financial services, including non- bank providers of consumer financial products and services, creating uncertainty as to how the agency's actions or the actions of any other new government agency could adversely affect our business, financial condition and results of operations. We may be unable to sufficiently, and it may be difficult and costly to, obtain, maintain, protect, or enforce our intellectual property and other proprietary rights. Our ability to operate our businesses depends, in part, upon our proprietary technology. We may be unable to protect our proprietary technology effectively, which would allow competitors to duplicate our AI technology and adversely affect our ability to compete with them. We rely on a limited combination of trade secret, trademark laws and other rights, as well as confidentiality procedures, contractual provisions and our information security infrastructure to protect our proprietary technology, processes and other intellectual property. The steps we take to protect our intellectual property rights may be inadequate. For example, a third party may attempt to reverse engineer or otherwise obtain and use our proprietary technology without our consent. The pursuit of a claim against a third party for infringement of our intellectual property could be costly, and any such efforts may not be successful. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely impact our business. Our proprietary technology, including our AI technology, may be alleged to infringe upon third- party intellectual property, and we may face intellectual property challenges from such other parties. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. If we are unsuccessful, such claim or litigation could result in a requirement that we pay significant damages or licensing fees, or we could in some circumstances be required to make changes to our business to avoid such infringement, which would negatively impact our financial performance. We may also be obligated to indemnify parties or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any

litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies such as ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management, employees and independent contractors. In addition, although in some cases a third party may have agreed to indemnify us for such costs; such indemnifying party may refuse or be unable to uphold its contractual obligations. In other cases, our insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant. Furthermore, our technology may become obsolete or inadequate, and we may not be able to successfully develop, obtain or use new technologies to adapt our models and systems to compete with other technologies as they develop. If we cannot protect our proprietary technology from intellectual property challenges, or if our technology becomes obsolete or inadequate, our ability to maintain our model and systems or facilitate products could be adversely affected. Our technology relies in part on third- party open- source software components, and failure to comply with the terms of the underlying open- source software licenses could restrict our ability to utilize our technology and increase our costs. Our AI technology, including our computational infrastructure, relies on software licensed to us by third- party authors under “ open- source ” licenses. Some open- source licenses contain requirements that we make available source code for modifications or derivative works we create based upon the type of open- source software we use. If we combine our proprietary software with open- source software in a certain manner, we could, under certain open- source licenses, be required to release the source code of our proprietary software to the public. In addition, our ability to protect our proprietary intellectual property may, due to our reliance on open- source software, be limited. This would allow our competitors to create similar solutions with less development effort and time and ultimately put us at a competitive disadvantage. Although we monitor our use of open- source software to avoid subjecting our products to conditions we do not intend, the terms of many open- source licenses have not been interpreted by U. S. courts, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our services. Moreover, our processes for controlling our use of open- source software may not be effective. If we are held to have breached the terms of an open- source software license, we could be required to seek licenses from third parties to continue operating our network on terms that are not economically favorable or feasible, to re- engineer our network or the supporting computational infrastructure to discontinue use of certain code, or to make generally available, in source code form, portions of our proprietary code. Further, in addition to risks related to license requirements, use of certain open- source software carries greater technical and legal risks than does the use of third- party commercial software. For example, open- source software is generally provided as- is without any support or warranties or other contractual protections regarding infringement or the quality of the code, including the existence of security vulnerabilities. To the extent that our network depends upon the successful operation of open- source software, any undetected errors or defects in open- source software that we use could prevent the deployment or impair the functionality of our systems and harm our reputation. In addition, the public availability of such software may make it easier for attackers to target and compromise our network through cyberattacks. Any of the foregoing risks could materially and adversely affect our business, financial condition and results of operations. Our proprietary AI technology relies in part on the use of our Partners’ borrower data and third- party data, and if we lose the ability to use such data, or if such data contains gaps or inaccuracies, our business could be adversely affected. We rely on our proprietary AI technology, which includes statistical models built using a variety of datasets. Our AI technology relies on a wide variety of data sources, including data collected from our Partners’ customers and applicants, credit bureau data and our credit experience gained through monitoring the payment performance of our Partners’ customers over time. If we are unable to access and use data collected from our Partners’ customers and applicants, data received from credit bureaus, repayment data collected as part of the funding component of our network, or other third- party data used in our AI technology, or our access to such data is limited, our ability to accurately evaluate our Partners’ potential customers, detect fraud and verify applicant data would be compromised. Any of the foregoing could negatively impact the accuracy and effectiveness of our AI technology and the volume of products facilitated with the assistance of our network. Third- party data sources on which we rely include the consumer reporting agencies regulated by the CFPB and other data sources. Such data is electronically obtained from third parties and used in our AI technology to process our Partners’ applicants. Data from national credit bureaus and other consumer reporting agencies and other information that we receive from third parties about a Partner’ s applicant or borrower, may be inaccurate or may not accurately reflect the applicant’ s or borrower’ s creditworthiness for a variety of reasons, including inaccurate reporting by creditors to the credit bureaus, errors, staleness or incompleteness. In addition, if third- party data used to improve our AI technology or train the AI model is inaccurate, or access to such third- party data is limited or becomes unavailable to us, the efficacy of our AI technology and our ability to continue to improve our AI technology would be adversely affected. Any of the foregoing could, for our Partners, result in sub- optimally and inefficiently evaluated assets, incorrect evaluation of transactions, or higher than expected losses, which in turn could adversely affect our ability to attract new asset investors and Partners or increase our Partners’ volume of financial products and adversely affect our business, financial condition and results of operations. Cyberattacks, security breaches or similar compromise of our information technology systems, or those of third parties upon which we rely, or our data could adversely impact our brand and reputation and our business, operating results and financial condition. We are dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, process, transmit and store large amounts of sensitive information, including personal information, credit information and other sensitive data of our Partners’ customers and other consumers providing their data to a Partner, and, as a result, we and the third parties upon which we rely face a variety of evolving threats that could cause security incidents. We also have arrangements in place with certain of our third- party vendors that require us to share consumer information. We rely

on third parties to assist in our operations, and as a result, we manage a number of third- party vendors that may have access to our computer networks and sensitive or confidential information. In addition, many of those third parties turn to subcontractors or rely on their own service providers in outsourcing some of their responsibilities. As a result, our information technology systems, including the functions of third parties that are involved or have access to those systems, are large and complex, with many points of entry and access. Our ability to monitor third parties' information security practices is limited, and these third parties may not have adequate information security measures in place. If our third- party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third- party service providers fail to satisfy their privacy or security- related obligations to us, any award may be insufficient to cover our damages, or we may be unable to recover such award. While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks and exposures, the size, complexity, accessibility and distributed nature of our information technology systems, and the large amounts of sensitive information stored on those systems make such systems potentially vulnerable to unintentional or malicious, internal and external attacks. Vulnerabilities may be exploited from inadvertent or intentional actions of our employees, independent contractors, third- party service providers, Partners, asset investors or by malicious third parties that may result in actual or attempted unauthorized access, mishandling or misuse of information, computer viruses or malware, cyberattacks that could lead to unauthorized persons obtaining confidential information, destruction of data, disruption or deterioration of service, sabotaged or damaged systems, as well as distributed denial of service attacks, data breaches and other infiltration, exfiltration or other similar events. Additional cybersecurity threats include, but are not limited to, credential harvesting, server malfunctions, software or hardware failures, adware, attacks enhanced or facilitated by AI, natural disasters, terrorism, war and telecommunication and electrical failures and other similar threats. Cyberattacks are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, "hacktivists," nation states and others. In addition to the extraction of sensitive information, such attacks could include the deployment of harmful malware, ransomware, denial- of- service attacks, social engineering (including through deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), supply chain attacks and other means to affect service reliability and threaten the confidentiality, integrity and availability of information and systems. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products or services, loss of sensitive information and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Further, an increase in employees working remotely could increase the risk of a security breach as more of our employees utilize network connections, computers, and devices outside our premises or network, including working at home, while in transit and in public locations. Additionally, future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Furthermore, we may discover security issues that were not found during due diligence of such acquired or integrated entities, and it may be difficult to integrate companies into our information technology environment and security program. While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. Significant disruptions of our, our Partners' and third- party service providers' and / or other business partners' information technology systems or other similar data security incidents could adversely affect our business operations and result in the loss, misappropriation, or unauthorized access, use or disclosure of, or the prevention of access to, sensitive information, which could result in financial, legal, regulatory, business and reputational harm to us. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware and / or software, including that of third parties upon which we rely). We may not, however, detect and remediate all such vulnerabilities including on a timely basis. Further, we may experience delays in deploying remedial measures and patches designed to address identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident. We may expend significant resources or modify our business activities to try to protect against security incidents, but our systems, policies and procedures may not be able to adequately keep up with our rapid expansion and may not be adequate or sufficient to mitigate risks. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry- standard or reasonable security measures to protect our information technology systems and sensitive information. In addition, many governments have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity following a breach, which may cause our Partners' customers and potential customers to lose confidence in the effectiveness of our data security measures related to our AI technology and business. Any security breach, whether actual or perceived, would harm our reputation and ability to attract new Partners and asset investors. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences, such as government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and / or oversight; restrictions on processing sensitive information (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; diversion of management attention; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may prevent or cause customers to stop using our services, deter new customers from using our services, and negatively impact our ability to grow and operate our business. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. We cannot be sure that our insurance

coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims. Any sensitive information (including confidential, competitive, proprietary, or personal data) that we may input now or in the future into a third- party generative AI / ML platform could be leaked or disclosed to others, including if sensitive information is used to train the third parties' AI / ML model. Additionally, where an AI / ML model ingests personal data and makes connections using such data, those technologies may reveal other personal or sensitive information generated by the model. Additionally, sensitive data of the Company or our customers could be leaked, disclosed, or revealed as a result of or in connection with our employees', personnel' s, or vendors' use of generative AI technologies. Our Financing Vehicles rely on third- party service providers for a substantial portion of our business activities ~~and for Financing Vehicles~~, and any disruption of service experienced by such third- party service providers or our failure to manage and maintain existing relationships or identify other high- quality, third- party service providers could harm our reputation, business, results of operations and growth prospects. Our Financing Vehicles rely on a variety of third- party service providers in connection with a substantial portion of the operation of our business and **the business of** Financing Vehicles. Any performance issues, errors, bugs or defects in third- party software or services could result in errors, defects or a failure of our solutions, which could materially and adversely affect our reputation, business, financial condition and results of operations. Many of our third- party service providers attempt to impose limitations on their liability for such performance issues, errors, bugs or defects, and if enforceable, we may have additional liability to our Partners, asset investors or to other third parties that could harm our reputation and increase our operating costs. Additionally, in the future, we might need to license other software or services to enhance our solutions and meet evolving Partner and asset investor demands and requirements, which may be unavailable to us on commercially reasonable terms or not at all. Any limitations on our ability to use or obtain third- party software or services could significantly increase our expenses and otherwise result in delays, a reduction in functionality or errors or failures of our solutions until equivalent technology or content is either developed by us or, if available, identified, obtained through purchase or licensed and integrated into our solutions, which could adversely affect our business. In addition, third- party software and services may expose us to increased risks, including risks associated with the integration of new technology, the diversion of resources from the development of our own proprietary technology and our inability to generate revenue from new technology sufficient to offset associated acquisition and maintenance costs, all of which may increase our expenses and materially and adversely affect our business, financial condition and results of operations. We will need to maintain our relationships with third- party service providers and obtain software and services from such providers that do not contain any material errors or defects. Any failure to do so could adversely affect our ability to deliver effective solutions to Partners and asset investors and adversely affect our business. Under applicable employment laws, we may not be able to enforce covenants not to compete. We generally enter into non- competition agreements as part of our employment agreements with our employees. These agreements generally prohibit our employees, if they cease working for us, from competing directly with us or working for our competitors, Partners or asset investors for a limited period. We may be unable to enforce these agreements under the laws of the jurisdictions in which our employees work and it may be difficult for us to restrict our competitors from benefiting from the expertise our former employees or consultants developed while working for us. For example, Israeli labor courts have required employers seeking to enforce non- compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the protection of a company' s trade secrets or other proprietary know how. Risks Related to our Single Family Rental (" SFR ") Operations ~~We have not yet fully integrated Darwin into our existing operations and~~ **The SFR market is highly competitive, and we may be unable to compete successfully against our existing operations and future competitors. The SFR market is competitive** ~~may fail to fully realize all of the anticipated benefits, including enhanced revenue, earnings and~~ **fragmented, cash flow from our acquisition which could have a significant and adverse impact on we expect competition to continue to increase. The success of our SFR operations depend on or our ability to continue to attract customers to our platform, and to enhance the their returns of certain Financing Vehicles engagement in a cost effective manner. Accordingly** ~~In January 2023, we completed the acquisition of Darwin~~ **our success depends on our ability to further develop continuously innovate and improve our platforms and services to provide value to our investors, our real estate customers, and investment line of business. The acquisition of Darwin has required the their tenants integration of the technology, operations, which can be costly and burdensome** ~~personnel of Darwin into our existing operations, and that integration is not yet complete. However~~ **The strategic acquisition of Darwin has already been impactful to our financial condition and results of operations, but there can be no guarantee that we have successfully evaluated or utilized the acquired business, products, or technology, or accurately forecasted the financial impact of this strategic acquisition. As part of the purchase accounting associated with the acquisition, goodwill and intangible asset balances were recorded on the consolidated balance sheet. If cash flows from the acquisition fall short of our anticipated amounts, these assets could be subject to non- cash impairment charges, negatively impacting our earnings. Failure to fully and successfully integrate Darwin and / or realize the anticipated benefits could have a significant and adverse impact on our SFR operations or the returns of certain Financing Vehicles. Our failure to address risks or other problems encountered in connection with this strategic acquisition could cause us to fail to realize the anticipated benefits of such strategic acquisitions, incur unanticipated liabilities, and harm our business, financial condition and results of our SFR operations, as well as negatively impact certain of our Financing Vehicles. If we fail to continuously innovate, improve and expand the technology we use in our SFR operations, including Darwin' s property management platform, our business, financial condition and results of operations could be negatively impacted. Our success depends on our ability to continuously innovate and improve our platforms to provide value to our investors, our real estate customers, and their tenants. As a result, we have invested and plan to continue to invest significant resources in research and development to improve and maintain our platforms and support our technology infrastructure. Our investments in our platforms allow us to provide an expanded suite of technology offerings,**

which we believe separate us from our competitors. However, there can be no guarantee that in the future we can continue to launch new products and services in a timely manner, or at all, **or that they**. Even if we do launch new products and/or services, they might not **launched by us will** be utilized by our real estate customers and tenants at the rate we expect, or at all. Although we believe these investments help our real estate customers succeed, there can be no guarantee that we will retain our real estate customers across the markets we serve, nor that our investments will lead to increased utilization of our platforms or that increased utilization of our platforms will drive increased productivity or revenues for us. Additionally, we may expand our technology offerings by acquiring additional real estate technology companies. Although we think these strategic acquisitions could expand our capabilities into critical components of the transaction, our customers may not value these additions and may not utilize them at the rate we expect, which may negatively impact our business, financial condition and results of operations. The financial success of our SFR operations will depend on our ability to continue to anticipate the needs of owners of single-family rental real estate and to successfully develop and introduce new and upgraded services. To be successful, we must be able to quickly adapt to changes in the single-family rental real estate industry, as well as rapid technological changes by continually enhancing our information, analytics and online management. As a result, we must continually invest resources in research and development to improve the appeal and comprehensiveness of our services and effectively incorporate new technologies. Developing new services and upgrades to services, as well as integrating and coordinating current services, imposes heavy burdens on our systems department, product development team, management and researchers. The processes are costly and our efforts to develop, integrate and enhance our services may not be successful. If we are unsuccessful in obtaining greater market share or in obtaining widespread adoption of new or upgraded services, we may not be able to offset the expenses associated with the development, launch and marketing of the new or upgraded service. In addition, as we integrate acquired businesses, we continue to assess which services we believe will best meet the needs of our customers. If we eliminate or phase out a service and are not able to offer and successfully market and sell an alternative service, our revenue may decrease. Finally, a downturn in demand for single-family rental real estate may have a pronounced effect on our SFR operations. The SFR market is highly competitive, and we may be unable to compete successfully against our existing and future competitors. The SFR market is competitive and fragmented, and we expect competition to continue to increase. The success of our SFR operations depend on our ability to continue to attract customers to our platform, and to enhance their engagement in a cost effective manner. We face competition on a national level and in each of our markets from traditional real estate management firms and traditional real estate agents, some of which operate nationally and others that are limited to a specific region or regions. We also face competition from real estate technology companies, including a growing number of internet based brokerages and others who operate with a variety of business models. New entrants, particularly smaller companies offering point solutions, continue to join our market categories. However, our existing and potential competitors include real estate technology companies and real estate brokerage firms and management companies that operate, or could develop, national and / or local businesses offering similar services, including real estate brokerage and management services, to home buyers or sellers or institutional owners. Several of these real estate companies which may enter our market categories could have significant competitive advantages, including better name recognition, greater resources, lower cost of funds and additional access to capital, and more types of offerings than we currently do. These companies may also have higher risk tolerances or different risk assessments than we do. In addition, these competitors could devote greater financial, technical and other resources than we have available to develop, grow or improve their businesses. **Pressure from** competitors seeking to acquire a greater share of our tenant and customer market share could adversely affect our pricing and margins, lower our revenue and increase our research and development and marketing expenses. If we are unable to compete successfully against our existing or future competitors, our SFR operations could be adversely affected. **Furthermore** Our SFR Partners face significant competition in the leasing market for quality residents, which may limit the ability to lease our single-family homes on favorable terms. Our SFR Partners' success, and therefore our SFR operations success, depends in large part upon the ability to attract and retain qualified residents for our SFR Partners' properties. Our customers face competition for residents from other lessors of single-family rental properties, apartment buildings, and condominium units. **Competing properties may be newer, better located, and more attractive to residents.** Potential competitors may have lower rates of occupancy than our customers do or may have superior access to capital and other resources, which may result in competing owners more easily locating residents and leasing available housing at lower rental rates than our customers might offer. **Many of these competitors may successfully attract residents with better incentives and amenities**, which could adversely affect our customers' ability to obtain quality residents and **favorable terms. Additionally, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than our customers' properties. This competition may affect our customers' ability to attract and retain residents and may reduce the rental rates they are able to charge.** The success of our SFR operations depends on general economic conditions, the health of the U. S. real estate industry generally, and risks generally incident to the ownership and leasing of single-family rental real estate, and our SFR operations may be negatively impacted by economic and industry downturns, including seasonal and cyclical trends, and volatility in the single-family rental real estate lease market. Our success is impacted, directly and indirectly, by general economic conditions, the health of the U. S. real estate industry and the markets in which we operate, and risks generally incident to the ownership and leasing of residential real estate, many of which are beyond our control. Our business could be harmed by a number of factors that could impact the conditions of the U. S. real estate industry, as well as the markets that we operate in, including: • a period of slow economic growth or recessionary conditions; • volatility in the residential real estate industry; • insufficient or excessive single-family home inventory levels by market or price points; • increasing mortgage rates and down payment requirements or constraints on the availability of mortgage financing; • a low level of consumer confidence in the economy or the single-family rental real estate market due to macroeconomic events domestically or internationally; • weak credit markets; • instability of financial institutions; • legislative or regulatory changes (including changes in regulatory interpretations or regulatory practices) that

would adversely impact the single- family rental real estate market as well as federal and / or state income tax changes and other tax reform affecting real estate and / or real estate transactions; • insufficient or excessive regional single- family home inventory levels; • adverse changes in local, regional, or national economic conditions; • the inability or unwillingness of consumers to enter into single- family rental lease transactions; • a decrease in the affordability of homes including the impact of rising mortgage rates, home price appreciation and wage stagnation or wage increases that do not keep pace with inflation; • increasing home ownership rates, declining demand for real estate and changing social attitudes toward home ownership; and • natural disasters, such as hurricanes, earthquakes and other events (including pandemics and epidemics) that disrupt local or regional real estate markets. As our SFR revenue is driven in part by leasing and property management of single- family rental real estate and the sale of such properties, any slowdown or decrease in the total number of single- family rental real estate lease transactions for any of the above reasons could adversely affect our SFR operations. The ~~The~~ properties our SFR Partners acquire may often be vacant at the time of closing, and our customers may acquire multiple vacant properties in close geographic proximity to one another. They may not be successful in locating residents to lease the individual properties as quickly as they had expected, or at all. Even if they are able to place residents as quickly as they had expected, they may incur vacancies in the future and may not be able to re- lease those properties without longer than assumed delays, which may result in increased renovation and maintenance costs and opportunity costs. Vacant homes may also be at risk for fraudulent activity which could impact our customers' ability to lease a home. As a result, if vacancies continue for a longer period of time than we expect or indefinitely, our customers may incur additional operating expenses and capital expenditures, and their homes could be substantially impaired, all of which may have a material effect on our SFR operations. **The** single- family rental real estate market historically has also been seasonal, with greater demand in the spring and summer, and typically weaker demand in late fall and winter, resulting in fluctuations in the quantity, speed and price of transactions on our platform and lease activity. In addition, our investments are and will continue to be concentrated in our existing and target markets and in the single- family rental leasing sector of the real estate industry. A downturn or slowdown in the rental demand for single- family housing caused by adverse economic, regulatory, or environmental conditions, or other events, in our markets may have a greater impact on our SFR operating results than if we had more fully diversified portfolio of SFR Partners and properties. Our SFR Partners depend on residents and their willingness to meet their lease obligations and renew their leases. Poor tenant selection, defaults, and non-renewals by residents may adversely affect our reputation and the financial performance of our SFR operations. Our SFR Partners depend on rental income from residents. As a result, the success of our SFR operations depends in large part upon the ability to attract and retain qualified residents for our customers' properties. Our reputation and financial performance would be adversely affected if a significant number of residents fail to meet their lease obligations or fail to renew their leases. For example, residents may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use properties for illegal purposes, damage or make unauthorized structural changes to properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors, or eyesores, fail to comply with Home Owner Association (" HOA ") regulations, sublet to less desirable individuals in violation of our lease, or permit unauthorized persons to live with them. Furthermore, entities directed by, or notionally affiliated with, the federal government as well as some state and local jurisdictions across the United States have from time to time imposed temporary eviction moratoriums if certain criteria are met by residents, which allows residents to defer missed rent payments without incurring late fees, and in certain cases prohibit rent increases. Jurisdictions and other local and national authorities may expand or extend measures imposing restrictions on our ability to enforce residents' contractual rental obligations and limiting our ability to increase rents. Damage to properties may delay releasing after eviction, necessitate expensive repairs, or impair the rental income or value of the property resulting in a lower than expected rate of return for our services. Increases in unemployment levels and other adverse changes in economic conditions in our markets could result in substantial resident defaults. In the event of a resident default or bankruptcy, we could experience delays in receiving revenue for our services and re leasing the property. A significant number of our SFR Partners' residential properties are part of HOAs and we and our residents are subject to the rules and regulations of such HOAs, which are subject to change and which may be arbitrary or restrictive, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs, which would be costly. ~~A significant number of our SFR Partners' properties are located within HOAs, which are private entities that regulate the activities of owners and occupants of, and levy assessments on, properties in a residential subdivision. The HOAs in which our customers own properties may have enacted or may from time to time enact onerous or arbitrary rules that restrict our ability to restore, market, lease, or operate our properties, or require us to restore or maintain such properties at standards or costs that are in excess of planned budgets.~~ Some HOAs impose limits on the number of property owners who may lease their homes, which, if met or exceeded, would cause us to incur additional costs to sell the property and opportunity costs from lost rental revenue. Additionally, the governing bodies of the HOAs in which our SFR Partners own property may not make important disclosures about the properties or may block access to HOA records, initiate litigation, restrict the ability to sell our customers' properties, impose assessments, or arbitrarily change the HOA rules. Our SFR Partners may be unaware of or unable to review or comply with HOA rules before purchasing a property, and any such excessively restrictive or arbitrary regulations may cause them to sell such property at a loss, prevent them from leasing such property, or otherwise reduce their cash flow from such property, which would have an adverse effect on our SFR operations. Several states have enacted laws that provide that a lien for unpaid monies owed to an HOA may be senior to or extinguish mortgage liens on properties. Such actions, if not cured, may give rise to events of default under certain of our customers' indebtedness, which could have an adverse impact on our SFR operations. Our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform. Though we are internally managed, we use local and national third party vendors and service providers to provide certain services for our SFR Partners' properties. For example, we typically engage third party home improvement

professionals with respect to certain maintenance and specialty services, such as HVAC, roofing, painting, and floor installations. Selecting, managing, and supervising these third party service providers requires significant resources and expertise, and because our portfolio consists of geographically dispersed properties, our ability to adequately select, manage, and supervise such third parties may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated. An overall labor shortage experienced by our vendors, lack of skilled labor, increased turnover, or labor inflation, or as a result of general macroeconomic factors, could have a material adverse impact on our SFR operations. ~~In addition, we rely on the systems of our third party service providers, their ability to perform key operations on our behalf in a timely manner and in accordance with agreed levels of service, and their ability to attract and retain sufficient qualified associates to perform our work.~~ A failure in the systems of one of our third party service providers, or their inability to perform in accordance with the terms of our contracts or to retain sufficient qualified associates, could have a material adverse effect on our business, results of operations, and financial condition. Notwithstanding our efforts to implement and enforce strong policies and practices regarding service providers, we may not successfully detect and prevent fraud, misconduct, incompetence, or theft by our third party service providers. In addition, any removal or termination of third party service providers would require us to seek new vendors or providers, which would create delays and adversely affect our operations. Poor performance by such third party service providers may reflect poorly on us and could significantly damage our reputation. In the event of fraud or misconduct by a third party, we could also be exposed to material liability and be held responsible for damages, fines, or penalties and our reputation may suffer. In the event of failure by our general contractors to pay their subcontractors, our properties may be subject to filings of mechanics or materialmen liens, which we may need to resolve to remain in compliance with certain debt covenants, and for which indemnification from the general contractors may not be available. We rely on information supplied by prospective residents in managing our business. Through a combination of third parties and our own analysis, a resident screening process is performed, including obtaining appropriate identification, a thorough evaluation of credit history and household income, a review of the applicant's rental history, and a background check for criminal activity. Leasing decisions are made based on information in rental applications completed by a prospective resident and screened by our third-party partner, and we cannot be certain that this information is accurate. Additionally, these applications are submitted to us at the time of evaluation of a prospective resident, and we do not require residents to provide us with updated information during the terms of their leases, notwithstanding the fact that this information can, and frequently does, change over time. For example, increases in unemployment levels or adverse economic conditions in certain of our markets may adversely affect the creditworthiness of our residents in such markets. Even though this information is not updated, we will use it to evaluate the characteristics of our customers' portfolio over time. If resident supplied information is inaccurate or our residents' creditworthiness declines over time, our customers may make poor or imperfect leasing decisions and revenue generated by our customers' portfolios may contain more risk than we believe. We are subject to payment-related and leasing fraud from tenants and an increase in or failure to deal effectively with fraud, fraudulent activities, fictitious transactions, or illegal transactions. Darwin's property management platform processes a significant volume and dollar value of transactions on a daily basis. When renters do not fulfill their obligations we have incurred and will continue to incur losses from claims by customers, and these losses may be substantial. Such instances have and can lead to the reversal of payments received by us for such bookings, referred to as a "chargeback." Our ability to detect and combat fraudulent schemes, which have become increasingly common and sophisticated, could be adversely impacted by the adoption of new payment methods, the emergence and innovation of new technology platforms, including mobile and other devices, and our growth in certain regions, including in regions with a history of elevated fraudulent activity. ~~We expect that technically knowledgeable criminals will continue to attempt to circumvent our anti-fraud systems. In addition, the payment card networks have rules around acceptable chargeback ratios.~~ If we are unable to effectively combat fraud on Darwin's property management platform, combat the use of fraudulent or stolen credit cards, or otherwise maintain or lower our current levels of charge backs, we may be subject to fines and higher transaction fees or be unable to continue to accept card payments because payment card networks have revoked our access to their networks, any of which could adversely impact our SFR operations. Our payments platform is susceptible to potentially illegal or improper uses, including money laundering, transactions in violation of economic and trade sanctions, corruption and bribery, terrorist financing, fraudulent listings, customer account takeovers, or the facilitation of other illegal activity. Use of our payments platform for illegal or improper uses has subjected us, and may subject us in the future, to claims, lawsuits, and government and regulatory investigations, inquiries, or requests, which could result in liability and reputational harm for us. We have taken measures to detect and reduce fraud and illegal activities, but these measures need to be continually improved and may add friction to our booking process. These measures may also not be effective against fraud and illegal activities, particularly new and continually evolving forms of circumvention. If these measures do not succeed in reducing fraud, our SFR operations could be adversely affected. **Vacant properties could be difficult to lease..... material effect on our SFR operations.** We may not be able to effectively control the timing and costs relating to the renovation and maintenance of our properties, which may adversely affect our SFR operations. Nearly all of our SFR Partners' properties require some level of renovation either immediately upon their acquisition or in the future following expiration of a lease or otherwise. Our customers may acquire properties that they plan to renovate extensively. They may also acquire properties that they expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. ~~To the extent properties are leased to existing residents, renovations may be postponed until the resident vacates the premises, and our customers will pay the costs of renovating.~~ In addition, from time to time, our SFR Partners may perform ongoing maintenance or make ongoing capital improvements and replacements and perform significant renovations and repairs that resident deposits and insurance may not cover. ~~Our customers' properties have infrastructure and appliances of varying ages and conditions. Consequently, independent~~ **Independent** contractors and trade professionals are routinely retained to perform physical repair work and are exposed to all of the risks inherent in property renovation and maintenance, including potential cost overruns,

increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, delays in receiving materials, fixtures, or appliances, certificates of occupancy, and poor workmanship. If our assumptions regarding the costs or timing of renovation and maintenance across our SFR Partners' properties prove to be materially inaccurate, our SFR operations may be adversely affected. **Further** ~~We may not have control over timing and costs arising from renovating our customers' properties, and the cost of maintaining rental properties is generally higher than the cost of maintaining owner-occupied homes, which may affect the results of our SFR operations.~~ **renters** impose additional risks to owning real property. ~~Renters do not have the same interest as an owner in maintaining a property and its contents and generally do not participate in any appreciation of the property. Accordingly, renters may damage a property and its contents, and may not be forthright in reporting damages or amenable to repairing them completely, or at all.~~ A rental property may need repairs and / or improvements after each resident vacates the premises, the costs of which may exceed any security deposit provided by the resident when the rental property was originally leased. Accordingly, the cost of maintaining rental properties can be higher than the cost of maintaining owner-occupied homes, which may adversely affect our SFR operations. **The SFR marketplace faces significant competition..... of housing and exacerbate competition for residents.** Laws, regulations, and rules that affect the short-term rental and the long-term rental business may expose us to significant penalties, which could have an adverse effect on our SFR operations. There have been and continue to be legal and regulatory developments that affect the short-term rental and long-term rental of single-family rental properties and buying and selling real estate. Private groups, such as homeowners, landlords, and condominium and neighborhood associations, have adopted contracts or regulations that purport to ban or otherwise restrict single-family rental properties, and third-party lease agreements between landlords and tenants, home insurance policies, and mortgages may prevent or restrict the ability of our customers to list their spaces. These groups and others cite concerns around affordable housing, among other issues, and some state and local governments have implemented or considered implementing rules, ordinances, or regulations governing the short-term or long-term rental of properties. Legislation in other regions also could have a material impact on the way short-term and long-term rentals are regulated. Such regulations include ordinances that restrict or ban our SFR Partners from short-term rentals, long-term rentals, set annual caps on the number of days customers can lease their homes, require customers to register with the municipality or city, or require customers to obtain permission before offering short-term rentals. Macroeconomic pressures and public policy concerns could also lead to new laws and regulations, or interpretations of existing laws and regulations, or widespread enforcement actions that limit the ability of our customers to lease their single-family residences. If laws, regulations, rules, or agreements significantly restrict or discourage our customers in certain jurisdictions from leasing their properties, it could have an adverse effect on our SFR operations. Compliance with governmental laws, regulations, and covenants that are applicable to our SFR Partners' properties or that may be passed in the future, including **tenant relief laws**, affordability covenants, permit, license, and zoning requirements, may adversely affect our ability to manage customer properties and could adversely affect our growth strategy. Rental homes are subject to various federal, state, and local laws and regulatory requirements, including permitting, licensing, and zoning requirements. Local regulations, including municipal or local ordinances, restrictions, and restrictive covenants imposed by community developers may restrict the use of our customers' properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos cleanup, or hazardous material abatement requirements. Such local regulations may cause our SFR Partners to incur additional costs to renovate or maintain their properties in accordance with the particular rules and regulations, which could affect the desirability of owning investment properties. Additionally, **as** state and local agencies may place affordability covenants on certain properties to ensure that they are used to provide affordable housing for persons or families of lower income. **Tenant relief laws, including laws regulating evictions, rent control laws, and other regulations that limit our SFR Partners' ability to increase rental rates may negatively impact their rental income and profitability.** As the landlord of numerous properties, our SFR Partners are involved from time to time in evicting residents who are not paying their rent or who are otherwise in material violation of the terms of their lease, **imposing** Eviction activities impose legal and managerial expenses that raise costs and expose our customers to potential negative publicity. ~~The eviction process is typically subject to legal barriers, mandatory "cure" policies, our internal policies and procedures, and other sources of expense and delay, each of which may delay our SFR Partners' ability to gain possession and stabilize the property.~~ Additionally, state **State** and local landlord-tenant laws may impose legal duties to assist residents in relocating to new housing, or restrict the landlord's ability to remove the resident on a timely basis or to recover certain costs or charge residents for damage residents cause to the landlord's premises. Furthermore, state and local governmental agencies may introduce rent control laws or other regulations that limit our SFR Partners' ability to increase rental rates, which may affect their rental income. Especially in times of recession and economic slowdown, rent control initiatives can amass significant political support. If rent controls unexpectedly became applicable to certain of our customers' properties, their revenue from and the value of such properties could be adversely affected, as could our SFR operations. **Numerous tenant rights and consumer rights organizations exist throughout the country and operate in our SFR Partners' markets, and both we and our customers could become a target of legal demands, litigation, and negative publicity. Many such consumer organizations have become more active and better funded in connection with mortgage foreclosure-related issues; and with the increased market for homes arising from displaced homeownership, some of these organizations may shift their litigation, lobbying, fundraising, and grassroots organizing activities to focus on landlord-resident issues. Although we and our SFR Partners intend to conduct our business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take or what remedies they may seek. Additionally, such organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against us, may lobby state and local**

legislatures to pass new laws and regulations to constrain or limit our business operations, adversely impact our business, or may generate negative publicity for our business and harm our reputation. If they are successful in any such endeavors, they could directly limit and constrain our operations and may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.

Risks Related to Dual Class Structure The dual class structure of Pagaya Ordinary Shares has the effect of concentrating voting power with certain shareholders — in particular, our Founders — which will effectively eliminate your ability to influence the outcome of many important determinations and transactions, including a change in control. Our Class A Ordinary Shares, which are **entitled to the shares that are being issued or offered for resale, have one vote per share**, and our Class B Ordinary Shares **have are entitled to 10 votes per share**. On June 22, 2022, the Founders, and any person or entity that, through contract, proxy or operation of law, **has** irrevocably delegated the sole and exclusive right to vote the Class B Ordinary Shares held by such person or entity to a Founder (“ Permitted Class B Owners ”), received all of the Class B Ordinary Shares that were issued and outstanding. By virtue of their holdings of Class B Ordinary Shares, the Founders, in the aggregate, hold approximately **70.65. 2.8** % of our voting power. In addition, the Founders hold Pagaya Options which, if exercised in full and assuming no dilution of their holdings, would result in the Founders’ holding, in the aggregate, approximately **86.83. 1.6** % of our voting power. This percentage may increase if additional shares **or derivative securities** are issued to our Founders **based on increases in our market capitalization at the form EJFA Closing as a result of equity compensation** the vesting of stock options. All outstanding Class B Ordinary Shares held by a Founder and any Permitted Class B Owners will automatically be converted into an equal number of Class A Ordinary Shares (and therefore will have one rather than 10 votes per share) on the earliest to occur of (i) (A) (1) such Founder’ s employment as our officer being terminated not for cause, (2) such Founder resigning as our officer, (3) death or Permanent Disability (as defined in the Pagaya Articles) of such Founder or such Founder’ s bankruptcy; provided, however, that if such Founder or such Permitted Class B Owner validly provides for the transfer of some or all of his, her or its Class B Ordinary Shares to one or more of the other Founders or Permitted Class B Owners affiliated with one or more of the other Founders in the event of death or Permanent Disability, then such Class B Ordinary Shares that are transferred to another Founder or Permitted Class B Owner affiliated with one or more of the other Founders shall remain Class B Ordinary Shares and shall not convert into an equal number of Class A Ordinary Shares or (4) the appointment of a receiver, trustee or similar official in bankruptcy or similar proceeding with respect to a Founder or his Class B Ordinary Shares and (B) such Founder no longer serving on **the** Pagaya Board; (ii) 90 days after such Founder is terminated for cause, subject to certain exceptions, or (iii) the earliest to occur of (A) such time as the Founders and their permitted transferees first collectively hold less than **10% a specified percentage** of our total issued and outstanding ordinary share capital **– 9 % as of the date of this Annual Report, which percentage will be reduced to 8 % following the 2025 annual meeting of shareholders and further reduced to 7. 5 % following the 2026 annual meeting of shareholders,** and (B) the 15th anniversary of the EJFA Closing. See Exhibit 4. 9 to this Annual Report for further discussion of the terms of the Pagaya Articles, including the circumstances under which a Founder’ s Class B Ordinary Shares will convert into Class A Ordinary Shares. Accordingly, except with respect to the limited matters as to which Israeli corporate law requires approval by a majority of votes cast by shareholders other than controlling shareholders, and although such Founders are not parties to any voting agreement (other than the Pagaya Voting Agreement) or similar arrangement and are free to act independently of one another and without coordination or collaboration, such Founders will collectively effectively control all matters submitted to the our shareholders for the foreseeable future, including the election of directors, amendments of our organizational documents, compensation matters, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring shareholder approval. The 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 is likely to have the effect of limiting the likelihood of an unsolicited merger proposal, unsolicited tender offer, or proxy contest for the removal of directors. As a result, our governance structure and the adoption of the Pagaya Articles may have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices and make it more difficult to replace our directors and management. The dual class structure of Pagaya Ordinary Shares may adversely affect the trading market for Class A Ordinary Shares. Our dual class structure has likely been a contributing factor, either directly or indirectly, in a lower or more volatile market price of Class A Ordinary Shares, and may also result in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with dual class or multi- class share structures in certain of their indices. In July 2017, S & P Dow Jones and FTSE Russell announced changes to their eligibility criteria for the inclusion of shares of public companies on certain indices, including the Russell 2000, the S & P 500, the S & P Mid Cap 400 and the S & P SmallCap 600, to disfavor companies with multiple classes of shares from being added to these indices. Beginning in 2017, MSCI Inc. (“ MSCI ”), a leading stock index provider, opened public consultations on their treatment of no- vote and multi- class structures and temporarily barred new multi- class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities “ with unequal voting structures ” in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. As a result, our dual class capital structure would make us ineligible for inclusion in indices that exclude companies with multi- class share structures, and mutual funds, exchange- traded funds and other investment vehicles that attempt to passively track these indices will not be investing in Class A Ordinary Shares. We cannot assure you that other stock indices will not take a similar approach to S & P Dow Jones or FTSE Russell in the future. Exclusion from indices could make Class A Ordinary Shares less attractive to investors and, as a result, the market price of Class A Ordinary Shares could be adversely affected. Litigation, regulatory actions, consumer complaints and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses. In the ordinary course of business, we may be named as a defendant in various legal actions, including litigation, involving our Partners’ financial products. All such legal actions are inherently unpredictable and, regardless of the merits of the claims, litigation is often expensive, time- consuming, disruptive to our operations and resources, and distracting to

management. Generally, litigation involving our Partner's financial products arises from the dissatisfaction of a consumer with the products or services offered by our Partners; however, some of this litigation may arise from other matters, including claims of violation of laws related to collections efforts, and credit reporting. Our involvement in any such matter also could cause significant harm to our or our Partners' reputations and divert management attention from the operation of our business, even if the matters are ultimately determined in our favor. If resolved against us, legal actions could result in excessive verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business. In addition, a number of participants in the consumer financial services industry have been the subject of putative class action lawsuits, state attorney general actions, other state or local regulatory or enforcement actions, and federal regulatory enforcement actions, including actions relating to alleged unfair, deceptive or abusive acts or practices, violations of state licensing and lending laws, including state usury and disclosure laws, actions alleging discrimination on the basis of race, ethnicity, gender or other prohibited bases, and allegations of noncompliance with various state and federal laws and regulations relating to originating and collecting consumer finance loans and other consumer financial services and products. In the current regulatory environment, increased regulatory compliance efforts and enhanced regulatory enforcement have resulted in us undertaking significant time-consuming and expensive operational and compliance improvement efforts, which may delay or preclude our or our Partners' ability to provide certain new products and services, including the use of our AI technology by Partners. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business and, in turn, have a material adverse effect on our business. In particular, legal proceedings brought under state consumer protection and anti-discrimination statutes or under any of the various federal consumer financial services statutes, including those prohibiting discrimination in lending and unfair, deceptive, and abusive acts or practices, may result in a separate fine assessed for each statutory and regulatory violation or substantial damages from class action lawsuits, potentially in excess of the amounts we earned from the underlying activities. Many of the consumer and credit assets that the Financing Vehicles acquire are governed by agreements that include arbitration clauses. If these arbitration agreements were to become unenforceable for any reason, or such clauses are not included, we could experience an increase to our consumer litigation costs and exposure to potentially damaging class action lawsuits, with a potential material adverse effect on our business and results of operations. In addition, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issues, could result in financial remediation. These self-identified issues and remediation payments could be significant, depending on the issues and impact, and could generate litigation or regulatory investigations that subject us to additional risk. If we fail to comply with or facilitate compliance with, or our Partners fail to comply with, the variety of federal, state and local laws to which we or they are subject, including those related to consumer protection, consumer finance, lending, fair lending, data protection, and investment advisory services, or if we or our Partners are found to be operating without having obtained necessary state or local licenses, it may result in regulatory action, litigation, or monetary payments or may otherwise negatively impact our reputation, business, and results of operations, and may prevent us from serving users in jurisdictions where those regulations apply. Our Partners and prospective Partners are highly regulated and are generally required to comply with stringent regulations in connection with performing business functions that our products and services address. Additionally, we facilitate compliance with these regulatory requirements. While we currently operate our business in an effort to ensure our business itself is not subject to extensive regulation, there is a risk that certain regulations could become applicable to us, including as we expand the functionality and use of our AI technology and network. In addition, we and our Partners, vendors, and other service providers must comply with laws and regulatory regimes that apply to us directly and our Partners, vendors, and other service providers indirectly, including through certain uses of our products and services, and in areas such as consumer finance and lending, investment advisory and securities law, and data protection, use and cybersecurity, and through our relationships with our Partners and the Financing Vehicles. We must comply with regulatory regimes or facilitate compliance with regulatory regimes on behalf of our Partners that are independently subject to supervision by federal and state financial services and consumer protection regulators, including those applicable to consumer credit transactions, account servicing and debt collection, and the purchase and sale of whole loans and other related transactions. Certain state laws generally regulate interest rates, fees and other charges, require certain disclosures and regulate various loan terms and conditions. In addition, other federal and state laws may apply to loan originations, underwriting, allocation of finance assets originated by our Partners, the servicing and collection of loans and other obligations, the purchase and sale of whole loans or other obligations or securitization vehicles. Certain states have adopted laws regulating and requiring licensing by parties that engage in certain activities relating to consumer finance transactions, including facilitating, offering and assisting with such transactions in certain circumstances. Furthermore, certain states and localities have also adopted laws requiring licensing for consumer debt collection or purchasing or selling consumer loans or other obligations. The application of some consumer finance licensing laws to our AI technology, the networks of our Partners and the related activities we perform is unclear or debatable, which increases the risk that we may be deemed noncompliant with such licensing laws. In addition, state licensing requirements may evolve over time, including, in particular, recent trends toward increased licensing requirements and regulation of parties engaged in loan solicitation activities. If we or our Partners were found to be in violation of applicable state licensing requirements by a court or a state, federal, or local enforcement agency, our business could be harmed or limited, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), criminal penalties and other penalties or consequences, and the obligations from our Partners could be rendered void or unenforceable, in whole or in part, any of which could have a material adverse effect on our business. In particular, certain statutes, laws, regulations and rules to which we, our Partners, the Financing Vehicles or their respective service providers are or may be subject, and with which we facilitate or may facilitate compliance, include: • foreign, U. S. federal and state lending statutes and regulations that require certain parties, including our Partners, to hold licenses or other government approvals or filings in connection with specified activities, and impose requirements related to

marketing and advertising, transaction disclosures and terms, fees and interest rates, usury, credit discrimination, credit reporting, servicemember relief, debt collection, repossession, unfair or deceptive business practices and consumer protection, as well as other state laws relating to privacy, information security, cybersecurity, conduct in connection with data breaches and money transmission; • the Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit creditors from discouraging or discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant's income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the federal Consumer Credit Protection Act, and similar state and municipal fair lending laws; • foreign, U. S. federal and state securities laws, including, among others, the Securities Act, the Exchange Act, the Investment Advisers Act, and the Investment Company Act rules and regulations adopted under those laws, and similar foreign, state laws and regulations which govern securities law, advisory services, Financing Vehicles or how we generate or purchase consumer credit assets, other loan product regulations, the Israeli Joint Investments in Trust Law, 5754- 1994, the Israeli Securities Law, 5728- 1968, the Israeli Law for Regulation of Investment Advice, Investment Marketing and Portfolio Management, 5755- 1995, the Israeli Law for Supervision of Financial Services (Regulated Financial Services), 5776- 2016, and the Israeli Banking (Licensing) Law, 5741- 1981; • foreign, U. S. federal and state laws and regulations addressing privacy, cybersecurity, data protection, and the receipt, storing, sharing, use, transfer, disclosure, protection, and processing of certain types of data, including, among others, Fair Credit Reporting Act (the "FCRA"), Gramm- Leach- Bliley Act (the "GLBA"), Children's Online Privacy Protection Act, Personal Information Protection and Electronic Documents Act, Controlling the Assault of Non- Solicited Pornography and Marketing (the "CAN- SPAM"), Telephone Consumer Protection Act (the "TCPA"), Federal Trade Commission Act (the "FTC Act"), California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 ("CPRA") (collectively, "CCPA"), General Data Protection Regulation (the "GDPR") and the Protection of Privacy Law 5741- 1981; • the FCRA and Regulation V promulgated thereunder, which imposes certain obligations on users of consumer reports and those that furnish information to consumer reporting agencies, including obligations relating to obtaining or using consumer reports, taking adverse action on the basis of information from consumer reports, the accuracy and integrity of furnished information, addressing risks of identity theft and fraud and protecting the privacy and security of consumer reports and consumer report information and other related data use laws and regulations; • the GLBA and Regulation P promulgated thereunder, which includes limitations on financial institutions' disclosure of nonpublic personal information about a consumer to nonaffiliated third parties, in certain circumstances requires financial institutions to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information and requires financial institutions to disclose certain privacy notices and practices with respect to information sharing with affiliated and unaffiliated entities as well as to safeguard personal borrower information, and other privacy laws and regulations; • the U. S. credit risk retention rules promulgated under the Dodd- Frank Act, which require a securitizer of securitization vehicles to retain an economic interest in the credit risk of the assets collateralizing the securitization vehicles; • the Truth in Lending Act and Regulation Z promulgated thereunder, and similar state laws, which require certain disclosures to borrowers regarding the terms and conditions of their consumer credit obligations, require creditors to comply with certain practice restrictions, limit the ability of a creditor to impose certain terms, impose disclosure requirements in connection with credit card applications and solicitations, and impose disclosure requirements in connection with credit advertising; • Section 5 of the FTC Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, and Section 1031 of the Dodd- Frank Act, which prohibits unfair, deceptive or abusive acts or practices in connection with any consumer financial product or service, and analogous state laws prohibiting unfair, deceptive, unconscionable, unlawful or abusive acts or practices; • the Credit Practices Rule, which (i) prohibits creditors from using certain contract provisions that the Federal Trade Commission has found to be unfair to consumers; (ii) requires creditors to advise consumers who co- sign obligations about their potential liability if the primary obligor fails to pay; and (iii) prohibits certain late charges; • the FRB, OCC (as defined below) and FDIC guidance related to model risk management and management of vendors and other bank specific requirements pursuant to the terms of service agreements with banks and the examination and enforcement authority of the FDIC under the Bank Service Company Act; • U. S. federal and state regulation and licensing requirements related to the auto insurance and finance industries, including related to being a manager general agent; • the U. S. Bankruptcy Code, which limits the extent to which creditors may seek to enforce debts against parties who have filed for bankruptcy protection; • the Servicemembers Civil Relief Act, which allows military members to suspend or postpone certain civil obligations, requires creditors to reduce the interest rate to 6 % on loans to military members under certain circumstances, and imposes restrictions on enforcement of loans to servicemembers, so that military members can devote full attention to military duties; • the Military Lending Act, which requires those who lend to "covered borrowers," including members of the military and their dependents, to only offer Military Annual Percentage Rates ("APRs") (a specific measure of all- in- cost- of- credit) under 36 %, prohibits arbitration clauses in loan agreements, and prohibits certain other loan agreement terms and lending practices in connection with loans to military servicemembers, among other requirements, and for which violations may result in penalties including voiding of a loan agreement; • the Electronic Fund Transfer Act and Regulation E promulgated thereunder, which provide guidelines and restrictions on the electronic transfer of funds from consumers' bank accounts, including a prohibition on a creditor requiring a consumer to repay a credit agreement in preauthorized (recurring) electronic fund transfers and disclosure and authorization requirements in connection with such transfers; • the Electronic Signatures in Global and National Commerce Act and similar state laws, particularly the Uniform Electronic Transactions Act, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures and which require creditors and loan servicers to obtain a consumer's consent to electronically receive disclosures required under federal and state laws and regulations; • the Right to Financial Privacy Act and similar state laws enacted to provide the financial records of financial institution customers a reasonable amount of privacy from government scrutiny; • the Bank Secrecy Act and the USA PATRIOT Act, which relate to compliance with

anti- money laundering, borrower due diligence and record- keeping policies and procedures; • the regulations promulgated by the Office of Foreign Assets Control (“ OFAC ”) under the U. S. Treasury Department related to the administration and enforcement of sanctions against foreign jurisdictions and persons that threaten U. S. foreign policy and national security goals, primarily to prevent targeted jurisdictions and persons from accessing the U. S. financial system; • governmental laws, regulations, and covenants that are applicable to the properties that our Financing Vehicles have interests in, including tenant relief laws, restrictions on evictions and collections, rent control laws, affordability covenants, permit, license, and zoning requirements; • U. S. Fair Housing Act and state and local fair housing laws; and • other foreign, U. S., federal, state and local statutes, rules and regulations. We and our Partners may not always have been, and may not always be, in compliance with these and other applicable statutes, regulations, rules and other laws. Compliance with these requirements is costly, time- consuming and limits our operational flexibility. Additionally, Congress, the states and regulatory agencies, as well as local municipalities, could further regulate consumer financial services in ways that make it more difficult or costly for us to operate our AI technology and offer related services or facilitate the allocation of obligations from our Partners. These laws also are often subject to changes that could severely limit the operations of our business model. For example, in 2019, a bill was introduced in the U. S. Senate that would create a notional cap of the lesser of 15 % Annual Percentage Rate (“ APR ”) or the maximum rate permitted by the state in which the consumer resides. Although such a bill may never be enacted into law, if such a bill were to be enacted, it would greatly restrict the number of loans that could be placed through our network. Further, changes in the regulatory application or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which we conduct our business. The regulatory environment in which financial institutions operate has become increasingly complex, and following the financial crisis that began in 2008, supervisory efforts to enforce relevant laws, regulations and policies have become more intense. Additionally, states are increasingly introducing and, in some cases, passing laws that restrict interest rates and APRs on loans similar to the assets acquired by the Financing Vehicles. For example, California has enacted a “ mini- CFPB, ” which increases its oversight over partnership relationships and strengthens state consumer protection authority of state regulators to police debt collections and unfair, deceptive or abusive acts and practices. Additionally, voter referenda have been introduced and, in some cases, passed restrictions on interest rates and / or APRs. If such legislation or bills were to be adopted, or state or federal regulators seek to restrict regulated financial institutions such as our Partners from engaging in business with us in certain ways, our Partners’ ability to originate assets in certain states, and the ability of Financing Vehicles to purchase such assets, could be greatly reduced, and as a result, our business, financial condition and results of operations would be adversely affected. In addition, we are currently subject to a variety of, and may in the future become subject to, additional foreign, federal, state, and local laws that are continuously changing, including laws related to: the real estate brokerage, auto insurance, real estate ownership and services industries, and data security, cybersecurity, privacy, and consumer protection. These laws can be costly to comply with, require significant management attention, and could subject us to claims, government enforcement actions, civil and criminal liability, or other remedies, including revocation of licenses and suspension of business operations. Where applicable, we seek to comply with applicable law. Although we have developed policies and procedures designed to assist in compliance with these laws and regulations, no assurance can be given that our compliance policies and procedures will be effective. Compliance with these requirements is also costly, time- consuming and limits our operational flexibility. **If Nevertheless, if** we, our Partners or the Financing Vehicles are found to not comply with applicable laws, we could become subject to greater scrutiny by regulatory agencies, face other sanctions or be required to obtain a license in such jurisdiction, which may have an adverse effect on our ability to continue to facilitate or acquire assets or make our network available to Partners and their customers in particular states, which may harm our business. In addition, non-compliance could subject us to damages, litigation, class action lawsuits, regulatory action, investigations, administrative enforcement actions, monetary payments to our Partners or asset investors, rescission rights held by investors in securities offerings and civil and criminal liability, all of which would harm our business and reputation. Changes in laws or regulations relating to privacy, cybersecurity, data protection, or the protection, use or transfer of personal information, or any actual or perceived failure by us to comply with such laws and regulations or any other obligations relating to privacy, data protection, or the protection or transfer of personal information, could adversely affect our business. We, our Partners, vendors, and other service providers, receive, collect, use, disclose, transmit, and store a large volume of personally identifiable information and other sensitive data relating to individuals, such as our Partners’ customers, asset investors and our employees. Our use, receipt, and other processing of data in our business subjects us to numerous state, federal and foreign laws and regulations, addressing privacy, cybersecurity, data protection, and the receipt, storing, sharing, use, transfer, disclosure, protection, and processing of certain types of data, including, for example, the GLBA, Children’ s Online Privacy Protection Act, Personal Information Protection and Electronic Documents Act, CAN- SPAM, TCPA, FCRA, FTC Act, and the CCPA. These laws, rules, and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation, and changes in interpretation or enforcement, and may be inconsistent from one jurisdiction to another. For example, on December 9, 2021, the FTC adopted amendments to the GLBA’ s Safeguards Rule, which requires financial services providers, like our Partners, to develop, implement, and maintain a comprehensive information security program. The amendments provide more prescriptive security controls that financial services providers are required to implement, such as specific access and authentication controls, risk assessment requirements, and oversight by appointment of a Chief Information Security Officer who is required to provide annual written reports to the board of directors. In addition, the FTC has brought enforcement actions against third- party service providers of financial services providers directly and against financial services providers for failures by service providers to implement appropriate controls to safeguard consumers’ personal information. As another example, the CCPA applies to personal data of consumers, business representatives, and employees who are California residents and requires businesses to provide specific disclosures to California consumers and honor requests of consumers to exercise certain data privacy rights, including, among other things, the right to request a copy from a covered company of the

personal information collected about them, the right to request correction of such personal information, the right to request deletion of such personal information, and the right to opt out of certain disclosures of personal information. The California Attorney General can enforce the CCPA, including seeking an injunction and civil penalties of up to \$ 7, 500 per intentional violation. Some observers have noted the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States, which could also increase our potential liability and adversely affect our business. For example, the CCPA has encouraged “ copycat ” or other similar laws to be considered and proposed in other states across the country, such as in Virginia, Colorado, Connecticut, New Hampshire, Illinois, Nebraska, and Utah. On March 2, 2021, Virginia enacted the Virginia Consumer Data Protection Act (the “ CDPA ”), and on July 8, 2021, Colorado enacted the Colorado Privacy Act (the “ CPA ”), comprehensive privacy statutes that became effective on January 1, 2023 and July 1, 2023, respectively, and share similarities with the CCPA, CPRA, and legislation proposed in other states. The CCPA, CPRA, CDPA, CPA and other changes in laws or regulations relating to privacy, cybersecurity, data protection, and information security, particularly any new or modified laws or regulations, or changes to the interpretation or enforcement of laws or regulations like the GLBA, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could greatly increase the cost of providing our network, require significant changes to our operations, or even prevent us from providing our network in jurisdictions in which we currently operate and in which we may operate in the future. Certain other state laws impose similar privacy obligations and we also expect that more states may enact legislation similar to the CCPA, CPRA, CDPA and CPA, which provide consumers with new privacy rights and increase the privacy and security obligations of entities handling certain personal information of such consumers. The CCPA has prompted a number of proposals for new federal and state- level privacy legislation. Such proposed legislation, if enacted, 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 / or changes in business practices and policies. In addition, some jurisdictions, such as New York, Massachusetts, and Nevada have enacted more generalized data security laws that apply to certain data that we process. We cannot yet fully determine the impact these or future laws, rules, regulations, and industry standards may have on our business or operations. Any such laws, rules, regulations, and industry standards may be inconsistent among different jurisdictions, subject to differing interpretations, or may conflict with our current or future practices. Additionally, our Partners’ customers may be subject to differing privacy laws, rules, and legislation, which may mean that they require us to be bound by varying contractual requirements applicable to certain other jurisdictions. Adherence to such contractual requirements may impact our receipt, use, processing, storage, sharing, and disclosure of various types of information including financial information and other personal information, and may mean we become bound by, or voluntarily comply with, self- regulatory or other industry standards relating to these matters that may further change as laws, rules, and regulations evolve. Complying with these requirements and changing our policies and practices may be onerous and costly, and we may not be able to respond quickly or effectively to regulatory, legislative and other developments. These changes may in turn impair our ability to offer our existing or planned products and services and / or increase our cost of doing business. Additionally, we have incurred, and may continue to incur, significant expenses in an effort to comply with privacy, cybersecurity, data protection, and information security standards and protocols imposed by law, regulation, industry standards, or contractual obligations. In particular, with laws and regulations such as the FCRA, GLBA, CCPA, CDPA, CPA and potentially other laws and regulations that may be proposed or amended, imposing new and relatively burdensome obligations, and with substantial uncertainty over the interpretation and application of these and other laws and regulations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices and may incur significant costs and expenses in an effort to do so. As our business has grown grows, we must also remain compliant with privacy and data security laws from other jurisdictions outside of the United States and Israel, including the European Union’ s General Data Protection Regulation (“ EU GDPR ”) and the United Kingdom’ s GDPR (“ UK GDPR ”). The EU GDPR and the UK GDPR govern the collection, use, disclosure, transfer or other processing of personal data of persons located in the European Economic Area (the “ EEA ”) and the United Kingdom and the data practices of companies operating in the EEA and the United Kingdom, respectively. Among other things, the EU GDPR and the UK GDPR impose requirements regarding the security of personal data and notification of data processing obligations to competent national data protection authorities, provide for lawful bases on which personal data can be processed, provide for an expansive definition of personal data and require changes to informed consent practices. In addition, the EU GDPR and the UK GDPR provide for heightened scrutiny of transfers of personal data from the EEA and the United Kingdom, to the United States and other jurisdictions that local regulators do not recognize as having “ adequate ” data protection laws, and impose substantial fines for breaches and violations (up to the greater of € 20 million under the EU GDPR, £ 17. 5 million under the UK GDPR or, in each case, 4 % of an enterprise’ s consolidated annual worldwide gross revenue). The EU GDPR and the UK GDPR also confer a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages resulting from violations. We may use AI / ML to assist us in making certain decisions, which is regulated by certain privacy laws. Due to inaccuracies or flaws in the inputs, outputs, or logic of the AI / ML, the model could be biased and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits. Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, cybersecurity, data protection, and information security, it is possible that our interpretations of the law, practices, or our network could be inconsistent with, or fail or be alleged to fail to meet all requirements of, such laws, regulations, or obligations. Our failure, or the failure by our Partners, vendors, service providers, or Partners’ customers, to comply with applicable laws or regulations or any other obligations relating to privacy, cybersecurity, data protection, or information security, or any compromise of security that results in unauthorized access to, or use or release of personal information or other data relating to consumers or other individuals, or the

perception that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing Partners from working with us, or result in fines, investigations, or proceedings by governmental agencies and private claims and litigation (including class claims), any of which could adversely affect our business, financial condition, and results of operations. Even if not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition, and results of operations. A heightened regulatory and enforcement environment in the financial services industry may have an adverse impact on our Partners and our business. Since the enactment of the Dodd- Frank Act, a number of substantial regulations affecting the supervision and operation of the financial services industry within the United States have been adopted, including those that establish the CFPB. The CFPB has issued guidance that applies to, and conducts direct examinations of, “ supervised banks and nonbanks ” as well as “ supervised service providers ”. In addition, the CFPB regulates consumer financial products and services. Certain of our Partners are also subject to regulation by federal and state authorities and, as a result, could pass through some of those compliance obligations to us. To the extent this oversight or regulation negatively impacts our Partners, our business, financial condition, and results of operations could be adversely affected because, among other matters, our Partners could have less capacity to purchase products and services from us, could decide to avoid or abandon certain lines of business, or could seek to pass on increased costs to us by re- negotiating their agreements with us. Additional regulation, examination, and oversight of us could require us to modify the manner in which we contract with or provide products and services to our Partners, require us to invest additional time and resources to comply with such oversight and regulations, or limit our ability to update our existing products and services, or require us to develop new ones. Any of these events, if realized, could adversely affect our business, financial condition, and results of operations. The heightened enforcement environment includes a recent initiative by the Department of Justice Civil Rights Division, the CFPB and bank regulators to focus on “ digital redlining ” resulting from purportedly biased underwriting algorithms. If we are deemed to be an investment company under the Investment Company Act, we may be required to institute burdensome compliance requirements, our activities may be restricted, and our ability to conduct business could be materially adversely affected. If we were deemed to be an “ investment company ” under the Investment Company Act, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business. The Investment Company Act contains substantive legal requirements that regulate the manner in which an “ investment company ” is permitted to conduct its business activities. The Investment Company Act defines an “ investment company ” as, in pertinent part, an issuer that holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or, absent an applicable exemption, owns or proposes to acquire investment securities having a value exceeding 40 % of the value of its total assets (exclusive of U. S. government securities and cash items) on an unconsolidated basis. However, an issuer engaged primarily, directly or through a wholly- owned subsidiary or subsidiaries (that themselves are not investment companies or relying on an exclusion from the definition of “ investment company ” set out in Sections 3 (c) (1) or 3 (c) (7)), in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities is excluded from the definition of “ investment company. ” We currently hold interests in securitization transactions in order to satisfy U. S. risk retention requirements, which in the aggregate exceed 40 % of our assets (exclusive of U. S. government securities and cash items) reflected on our balance sheet. Nonetheless, we believe that we are engaged primarily in a business or businesses other than that of investing, reinvesting, owning, holding, or trading in securities and we have conducted, and intend to continue to conduct, our business in a manner that does not result in us being characterized as an investment company. We believe that we are engaged primarily in the business of developing and implementing proprietary AI technology and related software solutions to assist Partners to originate loans and other assets with more effective credit decision- making processes, and sponsoring, managing and / or administering Financing Vehicles; and we are not in the business of investing, reinvesting or trading in securities. Although we also believe that our primary source of income is fees earned in exchange for the provision of services and not income on investment securities, to avoid being deemed an investment company, we may decide to forego attractive opportunities to expand our business. If we are deemed to be an investment company under the Investment Company Act, including as a result of changes in our business in the future (although no such changes are currently anticipated), we may be required to institute burdensome compliance requirements, restricting our activities in a way that could adversely affect our business, financial condition and results of operations. The Investment Company Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the Investment Company Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to continue to conduct our operations so that we will not be deemed to be an investment company under the Investment Company Act. However, if anything were to happen that would cause us to be deemed to be an investment company under the Investment Company Act, requirements imposed by the Investment Company Act, including limitations on our capital structure, ability to transact business with affiliates and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted. Compliance with the requirements of the Investment Company Act applicable to registered investment companies may make it difficult for us to continue our current operations and could materially and adversely affect our business, financial condition and results of operations. If we were ever deemed to be in noncompliance with the Investment Company Act, we could also be subject to various penalties, including administrative or judicial proceedings that might result in censure, fine, civil penalties, cease- and- desist orders or other adverse consequences, as well as private rights of action, any of which could materially adversely affect our business. The SEC oversees and directly regulates the activities of **a our subsidiary subsidiaries** that **are is a registered investment adviser advisers** under the Investment Advisers Act. The Investment Advisers Act imposes specific restrictions on an investment adviser’ s ability to conduct its investment advisory business and operations. Our registered investment adviser **advisers , including the registered investment advisor we acquired in connection with our**

acquisition of Theorem Technology, Inc., and certain other parts of our business are subject to additional requirements that cover, among other things, disclosure of information about our business to Partners and asset investors; maintenance of written compliance policies and procedures; conflicts of interest; agency and principal transactions; maintenance of extensive books and records; restrictions on the types of fees we may charge, including network AI fees; solicitation arrangements; maintaining effective compliance programs; custody of client assets; client privacy; advertising; and proxy voting. Under the Investment Advisers Act, an investment adviser (whether or not registered under the Investment Advisers Act) has fiduciary duties to its clients. The SEC has interpreted these duties to impose standards, requirements and limitations on, among other things, trading for proprietary, personal and client accounts; conflicts of interest; allocations of investment opportunities among clients or other services that help managers make investment decisions; execution of transactions; and recommendations to clients. **One of our**

Our investment adviser subsidiaries **is are** subject to regular examinations by the SEC **; any** **and as a relatively new registered investment adviser in 2021, it has not yet undergone a routine examination.** Any adverse findings resulting from such examination may result in administrative enforcements or significant reputational harm. Failure to comply with the obligations imposed by the Investment Advisers Act could result in investigations, sanctions, restrictions on the activities of us or our personnel and reputational damage. We and the Financing Vehicles rely on complex exemptions from statutes in conducting the funding component of our business. We regularly rely on exemptions from various requirements of the Securities Act, the Exchange Act, the Investment Company Act, the Commodity Exchange Act and the U. S. Employee Retirement Income Security Act of 1974, as amended, in conducting the funding component of our business with the Financing Vehicles. The requirements imposed by regulators are designed primarily to ensure the integrity of the financial markets and to protect asset investors and are not designed to protect our shareholders. Consequently, these regulations often serve to limit our activities and impose burdensome compliance requirements. These exemptions are highly complex, the application to our business and Financing Vehicles can be ambiguous and may in certain circumstances depend on compliance by third parties whom we do not control. If for any reason these exemptions were to become unavailable to us, or their applicability challenged, we could become subject to regulatory action or third- party claims and our business could be materially and adversely affected. Securitizations expose us to certain risks, and we can provide no assurance that we will be able to access the securitization market in the future, which could materially and adversely affect our ability to execute on our business plan. We have sponsored the securitizations, and expect in the future to sponsor securitizations, of certain assets acquired from our Partners by the Financing Vehicles. In asset- backed securities transactions, a special purpose entity (or “ SPE ”), which we administer, purchases pools of assets from certain of our Partners. Concurrently, each securitization SPE typically issues notes and certificates pursuant to the terms of indentures and trust agreements. The securities issued by the SPEs in securitization vehicles transactions are each secured by the pool of assets owned by the applicable SPE. We may retain debtor equity interests in the SPEs. Such equity interests are residual interests in that they entitle the equity owners of such SPEs, including us, to a certain proportion of the residual cash flows, if any, from the loans and any assets remaining in such SPEs once the securities are satisfied and paid in full. Further, we, as securitization sponsor or through a majority- owned affiliate, will hold either an eligible horizontal interest in the most subordinate class of securities or an eligible vertical interest of a portion of each class of securities offered to satisfy U. S. risk retention requirements, and we may purchase securities in excess of the amount required pursuant to U. S. risk retention rules. As a result of challenging credit and liquidity conditions, the value of the subordinated securities that we retain or other transaction participants purchase in such SPEs might be reduced or, in some cases, eliminated. During periods of financial disruption, such as the financial crisis that began in 2008 and the COVID- 19 pandemic that began in early 2020, the securitization market has been constrained or has contracted, and this could occur again in the future. In addition, other matters, such as (i) accounting standards applicable to securitization transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions holding asset- backed securities, could result in decreased investor demand for securities issued through our securitization transactions, or increased competition from other institutions that undertake securitization transactions. In addition, compliance with certain regulatory requirements, including the Dodd- Frank Act, the Investment Company Act and the so- called “ Volcker Rule, ” may affect the type of securitizations that we are able to complete or limit our ability to effect securitization transactions entirely. Recent deterioration in the securitization markets and potential future declines may materially impact our revenues, income and cash flow. In particular, certain of our historical Financing Vehicles have had substantially higher delinquencies when compared to similar securitizations of our 2020 vintage, which may result in a decline in our revenue, income and cash flow. **Furthermore, in February 2025, the Israeli government published a bill proposing a legal framework for the regulation of securitization transactions, which are presently not subject to specific regulatory regime. The enactment of the bill remains uncertain, as does the final form of the legislation, should it be adopted. If promulgated, the new regulatory framework might affect the Company’s ability to raise funds from Israeli investors or impose additional legal and compliance obligations in connection with such engagements.** If it is not possible or economical for us to securitize consumer credit assets in the future, we would need to seek alternative financing to support our business and the products and services we provide to our Partners. Such funding may be unavailable on commercially reasonable terms, or at all. If the cost of such purchasing consumer credit assets were to be higher than that of our securitizations, the fair value of the consumer credit assets would likely be reduced, which would negatively affect the investment performance of certain of the Financing Vehicles and our results of operations. If we are unable to access such alternative financing, our ability to direct the purchase of consumer credit assets by securitization vehicles and our results of operations, financial condition and liquidity would be materially adversely affected. Pursuant to the terms of the securitization transaction documents, we may be entitled to excess amounts, if any, generated by the sale of securitization notes and certificates to asset investors, which represents a significant source of our earnings. We cannot assure you that the Financing Vehicles will continue to purchase consumer credit assets or that they will continue to purchase assets in transactions that generate the same excess cash flow, spreads and / or fees that have historically been purchased. Potential asset investors may

also reduce the prices they are willing to pay for the securitization notes and / or certificates they purchase during periods of economic slowdown or recession to compensate for any increased risks. A reduction in the sale price of the securitization notes and / or certificates would negatively impact our operations and returns. Any sustained decline in demand for consumer credit assets, or any increase in delinquencies, defaults or losses that result from economic downturns, may also reduce the price we receive on securitization notes and / or certificates, which would harm our business, financial condition and results of operations. We are subject to anti- corruption, anti- bribery, anti- money laundering, economic and trade sanctions and similar laws, and non- compliance with such laws can subject us to criminal or civil liability and harm our business, financial condition and results of operations. We may be subject to certain economic and trade sanctions laws and regulations, export control and import laws and regulations, including those that are administered by OFAC, the U. S. Department of State, the U. S. Department of Commerce, the United Nations Security Council, the Israeli Ministry of Defense, the Israeli Ministry of Finance, and other relevant governmental authorities. We are also subject to the U. S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the United Kingdom Bribery Act 2010, Chapter 9 (sub- chapter 5) of the Israeli Penal Law, 5737- 1977, the Israeli Prohibition on Money Laundering Law, 5760- 2000 and other anti- bribery laws in countries in which we conduct our activities. These laws generally prohibit companies, their employees and third- party intermediaries from authorizing, promising, offering, providing, soliciting or accepting, directly or indirectly, improper payments or benefits to or from any person whether in the public or private sector. In addition, the FCPA’ s accounting provisions require us to maintain accurate books and records and a system of internal accounting controls. We have policies, procedures, systems, and controls designed to promote compliance with applicable anti- corruption laws. As we increase and scale our business, we may engage with business partners and third- party intermediaries to market our solutions and 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, asset investors and agents, even if we do not authorize such activities. Our Partners may have customers, or asset investors may be, in jurisdictions that are subject to economic and financial sanctions programs or trade embargoes maintained by the United States (including sanctions administered by OFAC), Israel (including the Israeli Trade with the Enemy Ordinance, 1939, the Israeli Defense Export Control Law, 5767- 2007, the Israeli Import and Export Order (Control of Dual- Purpose Goods, Services and Technology Exports), 5767- 2006 and other sanctions laws and specialized lists), the European Union, the United Kingdom, and other applicable jurisdictions. These sanctions generally prohibit the sale of products or provision of services to jurisdictions subject to a full embargo (“ Sanctioned Countries”) and to sanctioned parties. We have taken steps to avoid having transactions with those in Sanctioned Countries and have implemented various control mechanisms designed to prevent unauthorized dealings with Sanctioned Countries or sanctioned parties going forward. Although we have taken precautions to prevent our solutions from being provided, deployed or used in violation of sanctions laws, due to the remote nature of our solutions and the potential for manipulation using virtual private networks, we cannot assure you that our policies and procedures relating to sanctions compliance will prevent any violations. If we are found to be in violation of any applicable sanctions regulations laws and regulations, it could result in significant fines or penalties and possible incarceration for responsible employees and managers, as well as reputational harm and loss of business. Despite our compliance efforts and activities, there can be no assurance that our employees or representatives will comply with the relevant laws and we may be held responsible. Non- compliance with anti- corruption, anti- money laundering, export control, economic and trade sanctions and other trade laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and / or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are initiated, governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, financial condition and results of operations could be materially harmed. Responding to any action will likely result in a materially significant diversion of management’ s attention and resources and significant defense and compliance costs and other professional fees. As a general matter, enforcement actions and sanctions could harm our business, financial condition and results of operations. The political and regulatory framework for AI technology and machine learning is evolving and remains uncertain. It is possible that new laws and regulations will be adopted in the United States, or **in certain U. S. states, or** existing laws and regulations may be interpreted in new ways, that would affect the operation of our network and the way in which we use AI technology and machine learning, including with respect to lending laws, fair lending laws and model risk management guidance. In the last **few year-years**, the U. S. **Banking-banking and consumer protection** regulators and CFPB have increased **its**-focus on financial institutions that rely on AI technology in their business and **has have** sent requests for information to various companies to better understand the use of AI technology and machine learning by financial institutions. Further, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations. In addition, a number of U. S. lawmakers have stated that algorithmic underwriting technologies may result in disparate impact discrimination and urged consumer regulatory agencies to increase enforcement actions where necessary to ensure that consumer lending technology is not being used to discriminate or exacerbate existing biases. Our proprietary technology uses machine learning models as a subset of our AI, but those machine learning models are static and do not have the ability to self- correct, self- improve, and / or learn over time, and any change to the models requires human intervention, testing, validation, and governance approvals before a change can be made. Nevertheless, we face a risk that the use of machine learning in our models, or one or more variables in our model, could be deemed to have resulted in a “ disparate impact ” on protected groups. Such a result would require us to revise the loan decisioning model in a manner that might generate lower approval rates or higher credit losses. If obligations by one or more Partners that utilize our network were subject to successful challenge that the Partner was not the “ true lender, ” such

obligations may be unenforceable, subject to rescission or otherwise impaired, we or other program participants may be subject to penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business, financial condition and results of operations. Obligations are originated by our Partners in reliance on the fact that our Partners or their bank partners (if applicable) are the “ true lenders ” for such obligations rather than us or our Partners (if applicable). That true lender status determines various program details, including that we do not hold licenses required solely for being the party that extends credit to consumers, among other requirements. Because the obligations facilitated with the assistance of our AI technology are originated by our Partners or their bank partners, many state consumer financial regulatory requirements, including usury restrictions (other than the restrictions of the state in which a Partner originating a particular obligation is located) and many licensing requirements and substantive requirements under state consumer credit laws, are treated as inapplicable based on principles of federal preemption or express exemptions provided in relevant state laws for certain types of financial institutions or obligations they originate. Certain recent litigation and regulatory enforcement activities have challenged, or are currently challenging, the characterization of certain Partners or their bank partners as the “ true lender ” in connection with programs involving origination relationships between a bank partner and non- bank lending network or program manager. For example, the Colorado Administrator has entered into a settlement agreement with certain banks and nonbanks that addresses this true lender issue. Specifically, the settlement agreement sets forth a safe harbor indicating that a bank is the true lender if certain specific terms and conditions are met. However, other states could also bring lawsuits based on these types of relationships. For example, on June 5, 2020, the Washington, DC Attorney General filed a lawsuit against online lender Elevate Credit International Limited (“ Elevate ”) for allegedly deceptively marketing high- cost loans with interest rates above the Washington, DC usury cap. The usury claim is based on an allegation that Elevate, which was not licensed in Washington, DC, and not its partner bank, originated these loans, and was therefore in violation of the state’ s usury laws. Pursuant to the Congressional Review Act, Congress and the executive branch have repealed the Office of the Comptroller of the Currency’ s (the “ OCC ”) True Lender Rule, which deemed a national bank that funded a loan or was named as the lender in an agreement the “ true lender. ” Under the Congressional Review Act, the OCC is barred from promulgating a substantially similar rule. Accordingly, how regulators and courts will apply and interpret laws relevant to the “ true lender ” issue is unclear. There have been no formal proceedings against us or the Financing Vehicles or indication of any such proceedings to date, but there can be no assurance that the Colorado Administrator or other state regulators will not make assertions similar to those made in its present actions with respect to the obligations facilitated with the assistance of our network in the future. It is also possible that other state agencies or regulators could make similar assertions. If a court, or a state or federal enforcement agency, were to deem us, rather than our Partners, to be the “ true lender ” for obligations originated by our Partners on our network, and if for this reason (or any other reason) the obligations were deemed subject to and in violation of certain state consumer finance laws, we (or the Financing Vehicles) could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas) and other penalties or consequences, and the obligations could be rendered void or enforceable in whole or in part, any of which could have a material adverse effect on our business (directly, or as a result of adverse impact on our relationships with our Partners, asset investors or other commercial counterparties). If assets originated by our Partners were found to violate the laws of one or more states, whether at origination or after sale by our Partners, assets acquired, directly or indirectly, by the Financing Vehicles may be unenforceable or otherwise impaired, we (or the Financing Vehicles) may be subject to, among other things, fines and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business and results of operations. When establishing the interest rates and structures (and the amounts and structures of certain fees constituting interest under federal banking law, such as origination fees, late fees and non-sufficient funds fees) that are charged by our Partners on assets originated with the assistance of our AI technology, our Partners (or their bank partners) rely on certain authority under federal law to export the interest rate permitted in the state where each Partner (or its bank partners) is located to their customers in all other states. Further, certain of our Partners and asset investors rely on the ability of subsequent holders to continue charging such rate with such fee structures and enforce other contractual terms agreed to by our Partners (or their bank partners), which are permissible under federal banking laws following the acquisition of the assets. The current annual percentage rates of the assets facilitated with the assistance of our technology network typically range up to 36 %. In some states, the interest rates of certain loans exceed the maximum interest rate permitted for consumer loans made by non- bank lenders to customers residing in, or that have nexus to, such states. In addition, the rate structures for assets may not be permissible in all states for non- bank lenders and / or the amount or structures of certain fees charged in connection with assets may not be permissible in all states for non- bank lenders. Usury, fee and disclosure- related claims involving loans may be brought or raised in multiple ways. Program participants may face litigation, government enforcement or other challenge, for example, based on claims that bank lenders did not establish loan terms that were permissible in the state such participants were located or did not correctly identify the home or host state in which they were located for purposes of interest exportation authority under federal law. Alternatively, we, our non- bank Partners or asset investors may face litigation, government enforcement or other challenge, for example, based on claims that rates and fees were lawful at origination, but that subsequent purchasers were unable to enforce the loan pursuant to its contracted- for terms, or that certain disclosures were not provided at origination because while such disclosures are not required of banks, they may be required of non- bank lenders. In *Madden v. Midland Funding, LLC*, 786 F. 3d 246 (2d Cir. 2015), cert. denied, 136 S. Ct. 2505 (June 27, 2016), for example, the U. S. Court of Appeals for the Second Circuit held that the non- bank purchaser of defaulted credit card debt could not rely on preemption standards under the National Bank Act applicable to the originator of such debt in defense of usury claims. The extent to which other courts will apply the Second Circuit’ s *Madden* decision remains subject to clarification. For example, the Colorado Administrator of the Colorado Uniform Consumer Credit Code (the “ UCCC ”), reached a settlement with respect to complaints against two online lending platforms, including with respect to the role of partners and sale of assets to investors. The complaints included, among other claims, allegations, grounded in the Second

Circuit's Madden decision, that the rates and fees for certain loans could not be enforced lawfully by non-bank purchasers of bank-originated loans. Under the settlement, these banks and non-Partners committed to, among other things, limit the APR on loans to Colorado consumers to 36% and to take other actions to ensure that the banks were in fact the true lenders. The nonbanks also agreed to obtain and maintain a Colorado lending license. In Colorado, this settlement should provide a helpful model for what constitutes an acceptable Partnership model. However, the settlement may also invite other states to initiate their own actions, and set their own regulatory standards through enforcement. As noted above, federal prudential regulators have also taken actions to address the Madden decision. On May 29, 2020, the OCC issued a final rule reaffirming the "valid when made" doctrine. This ruling affirms that when a national bank or savings association sells, assigns, or otherwise transfers a loan, interest permissible before the transfer continues to be permissible after the transfer. That rule took effect on August 3, 2020. Similarly, the FDIC finalized on June 25, 2020 its 2019 proposal declaring that the interest rate for a loan is determined when the loan is made, and will not be affected by subsequent events. A number of states have filed suits seeking to invalidate these rules on the grounds that the OCC and FDIC exceeded their authority when promulgating those rules. Notably, on February 8, 2022 the District Court for the Northern District of California granted summary judgment in favor of the OCC and FDIC against state claims that the valid when made rules adopted by the FDIC and OCC were invalid; however, future court interpretations of these federal rules are uncertain. There are factual distinctions between our programs and the circumstances addressed in the Second Circuit's Madden decision, as well as the circumstances in the Colorado Uniform Consumer Credit Code settlement, credit card securitization litigation, and similar cases. As noted above, there are also bases on which the Madden decision's validity might be subject to challenge or the Madden decision may be addressed by federal regulation or legislation. Nevertheless, there can be no guarantee that a Madden-like claim will not be brought successfully against us or the Financing Vehicles. If a borrower or any state agency were to successfully bring a claim against us, our Partners, a Financing Vehicle, the managers or administrators of such vehicles or asset investors for a state usury law or fee restriction violation and the rate or fee at issue on the loan was impermissible under applicable state law, we, our Partners, Financing Vehicles, administrators or such asset investors may face various commercial and legal repercussions, including that such parties would not receive the total amount of interest expected, and in some cases, may not receive any interest or principal, may hold assets that are void, voidable, rescindable, or otherwise impaired, or may be subject to monetary, injunctive or criminal penalties. Were such repercussions to apply to us, we may suffer direct monetary loss or may be a less attractive candidate for our Partners, Financing Vehicle administrators or asset investors with which to enter into or renew relationships. We may also be subject to payment of damages in situations where we agreed to provide indemnification to our Partners or Financing Vehicles, as well as fines and penalties assessed by state and federal regulatory agencies. The CFPB has at times taken expansive views of its authority to regulate consumer financial services, creating uncertainty as to how the agency's actions or the actions of any other new government agency could adversely affect our business, financial condition and results of operations. The CFPB has **historically maintained** broad authority to create and modify regulations under federal consumer financial protection laws and regulations, such as the Truth in Lending Act and Regulation Z, the Equal Credit Opportunity Act ("ECOA") and Regulation B, the Fair Credit Reporting Act and Regulation V, the Electronic Funds Transfer Act and Regulation E, among other laws, and to enforce compliance with those laws. The CFPB supervises banks, thrifts and credit unions with assets over \$10 billion and examines certain of our Partners. Further, the CFPB is charged with the examination and supervision of certain participants in the consumer financial services market, including payday lenders, private education lenders, and larger participants in other areas of financial services. The CFPB is also authorized to prevent "unfair, deceptive or abusive acts or practices" through its rulemaking, supervisory and enforcement authority. To assist in its enforcement, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the financial products facilitated with the assistance of our AI technology. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus. The CFPB may also request reports concerning our organization, business conduct, markets and activities and conduct on-site examinations of our business on a periodic basis if the CFPB were to determine, including through its complaint system, that we were engaging in activities that pose risks to consumers. There continues to be uncertainty about the future of the CFPB and as to how its strategies and priorities, including in both its examination and enforcement processes, will impact our business and our results of operations going forward. This uncertainty is increased in light of the fact that the new director of the CFPB has new examination and enforcement priorities, ~~including safeguarding against algorithmic bias. In April 2022, the CFPB announced that it intends to examine nonbank financial companies that pose risks to consumers.~~ If the CFPB decides to subject us to its supervisory process, it could significantly increase the level of regulatory scrutiny of our business practices. Moreover, the agency has issued several interpretive statements and guidance documents that could impact our business practices including, but not limited to, a May 2022 statement on compliance obligations under ECOA for companies that rely on complex algorithms when making credit decisions. The agency also issued an update to its examination manual that contains a novel interpretation of its authority to prohibit unfair, deceptive, or abusive acts or practices that would authorize the agency to treat any instance of discrimination against a protected class as an unfair act or practice under the Dodd-Frank Act. The CFPB also issued an interpretive rule expanding the authority of states to enforce requirements of federal consumer financial laws including ECOA. Most recently, effective September 30, 2022, the CFPB rescinded availability of no-action letter and compliance assistance sandbox policies for fintechs due to CFPB's belief that these policies did not advance their stated objective of facilitating consumer-beneficial innovation. Lastly, in December 2022, the CFPB proposed creation of a registration system for nonbanks subject to agency / court orders involving alleged violations of federal, state or local consumer protection laws. In addition, evolving views regarding the use of alternative data variables and machine learning in assessing credit risk could result in the CFPB taking actions that result in requirements to alter or cease offering affected financial products and services, making them less attractive and restricting our ability to offer them. For example, in response to a February 2020 inquiry, three members of the U. S. Senate recommended as part of their

findings, that the CFPB further review Upstart's use of educational variables in its model. The CFPB could also implement rules that restrict our effectiveness in servicing our financial products and services. Although we have committed resources to enhancing our compliance programs, future actions by the CFPB (and / or other regulators) against us, our Partners or our competitors could discourage the use of our services or those of our Partners, which could result in reputational harm, a loss of our Partners, our Partners' customers or asset investors, or discourage the use of our or their services and adversely affect our business. If the CFPB changes regulations that were adopted in the past by other regulators and transferred to the CFPB by the Dodd- Frank Act, or modifies through supervision or enforcement past regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the industry or other regulators, our compliance costs and litigation exposure could increase materially. This is particularly true with respect to the application of ECOA and Regulation B to credit risk models that rely upon machine learning and alternative variables, an area of law where regulatory guidance is currently uncertain and still evolving, and for which there are not well- established regulatory norms for establishing compliance. **The It is unclear whether the** current presidential administration **will has appointed and is expected to continue to** appoint consumer- oriented regulators at federal agencies such as the CFPB, Federal Trade Commission, the OCC and the FDIC **and or if** the government's focus on enforcement of federal consumer protection laws is expected to increase **or decrease**. It is possible that these regulators could promulgate rulemakings and bring enforcement actions that materially impact our business and the business of our bank partners. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer certain of our products or that require us to make significant changes to our business practices, and if we are unable to develop compliant alternatives with acceptable returns, these restrictions or prohibitions could have a material adverse effect on our business. If the CFPB, or another regulator, were to issue a consent decree or other similar order against us, this could also directly or indirectly affect our results of operations. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer certain of our products or that require us to make significant changes to our business practices, and if we are unable to develop compliant alternatives with acceptable returns, these restrictions or prohibitions could have a material adverse effect on our business. If the CFPB were to pursue an enforcement action against us or one or more of our Partners, this could also directly or indirectly adversely affect our business, financial condition and results of operations. Our compliance and operational costs and litigation exposure could increase if and when the CFPB amends or finalizes any proposed regulations, including the regulations discussed above or if the CFPB or other regulators enact new regulations, change regulations that were previously adopted, modify, through supervision or enforcement, past regulatory guidance, or interpret or enforce existing regulations in a manner different or stricter than have been previously interpreted. We may be subject to regulatory risks related to our **operation-operations** in Israel. Although we operate and manage significant business activities from our offices in Israel, and source part of the financing for the Financing Vehicles from Israeli asset investors, we do not deliberately target the Israeli consumer market, do not actively promote or market our services or products to Israeli consumers, and do not solicit funding from non- accredited Israeli investors, except with respect to a limited number of non- accredited Israeli investors available under applicable Israeli securities laws. We believe we are not required to hold any specific licenses in Israel and have not applied for any such licenses, since we believe that our activity is either not regulated under Israeli law or performed in reliance on applicable exemptions from the relevant regulation. Nevertheless, in view of the complexity and novelty of our business model and the fact that investment funds activity is not specifically regulated in Israel, uncertainty exists with respect to various regulatory matters, and we are exposed to the risk that an Israeli regulatory authority or agency (including the Israel Securities Authority, the Israel Capital Markets, Insurance and Savings Authority or the Bank of Israel) determines that our conduct is not in compliance with local laws or regulations or requires local licensing, including pursuant to the Israeli Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755- 1995, the Joint Investments in Trust Law, 5754- 1994, the Law for the Regulation of the Activity of Credit Rating Companies, 5774- 2014, the Supervision of Financial Services (Regulated Financial Services) Law, 5776- 2016, or the Banking (Licensing) Law, 5741- 1981. Failure to comply with relevant licensing or other regulatory requirements could lead to reputational damage to us, limit our ability to grow or continue to operate our business in Israel, negatively impact our relationships with Israeli regulators and expose us to the risk of fines, penalties and sanctions. Uncertainty and instability resulting from the ongoing conflict between Russia and Ukraine could adversely affect our business, financial condition and operations. In late February 2022, Russian military forces launched significant military action against Ukraine, and a sustained conflict and disruption in the region has continued through the date of this Annual Report, and is likely to continue in the future. It is not possible to predict the broader or longer- term consequences of this conflict, which could include further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, security conditions, currency exchange rates and financial markets. In response to Russia's invasion of Ukraine, the United States, the United Kingdom, the European Union and several other countries have imposed or are imposing far- reaching sanctions and export control restrictions on Russian entities and individuals. These and any additional sanctions, as well as any counter responses by the governments of Russia or other jurisdictions, and prolonged unrest, intensified military activities and / or the implementation of more extensive sanctions could adversely affect the global financial markets generally and levels of economic activity as well as increase financial markets volatility. Although we do not have any employees, staff, operations, materials or equipment located in Ukraine, Russia or Belarus, some of our customers, suppliers and Partners may have employees, staff, consultants, operations, materials or equipment located in Ukraine, Russia or Belarus which could adversely affect our business or the services being provided to us. Cybersecurity organizations in many countries have published warnings of increased cybersecurity threats to businesses, and external events, like the conflict between Russia and Ukraine, may increase the likelihood of cybersecurity attacks. We or our customers, suppliers and Partners may be subject to retaliatory cyberattacks perpetrated by Russia or others at its direction in response to economic sanctions and other actions taken against Russia as a result of its invasion of Ukraine. In response to the conflict between Russia and Ukraine, we have blocked all incoming internet traffic from Russia, Ukraine and Belarus, including

the ability to log- in to Pagaya systems from such countries (and has provided unique access to one employee of a subcontractor via a dedicated solution). In addition, we are taking additional extensive measures of monitoring any potential abnormal behavior coming from Russia, Ukraine or Belarus that may directly or indirectly affect us. Any failure or security breach of information systems or data could result in a violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation or a loss of confidence in our security measures, which could also adversely affect our business. These and other global and regional conditions may adversely affect our business, financial condition and results of operations. Risks Related to Our Operations in Israel We are incorporated under the laws of the State of Israel, and one of our major corporate offices and certain of our facilities, **including a significant portion of our research and development** are located in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region directly affect our business and operations and could materially and adversely affect our ability to continue to operate from Israel. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its Arab neighbors. Terrorism and violence within Israel or the outbreak of conflicts between Israel and its neighbors, including the Palestinians, Iran, and terrorist organizations operating in the region, may adversely affect our business, operations, or personnel. Most recently, on October 7, 2023, **Hamas**, a terrorist organization primarily based in the Gaza Strip launched a series of attacks on Israel. As a result of such ~~attack~~ **attacks**, on October 8, 2023, Israel officially declared a state of war. **Israel called up substantial numbers of reservists and responded with extensive aerial attacks and a broad ground attack on terrorist targets in Gaza. The hostilities continued until a ceasefire between the sides took effect in mid- January 2025, but there is no certainty that this ceasefire will be sustained. Following the attack by Hamas on Israel’ s southern border, Hezbollah, a terrorist organization based primarily in Lebanon, also launched missile, rocket, and shooting attacks against Israeli military sites, troops, and civilian areas in northern Israel. In response to these attacks, the Israeli army initially carried out targeted strikes on Hezbollah in southern Lebanon and targets in Syria, followed by a ground incursion into southern Lebanon beginning in late September 2024. A ceasefire between Israel and Hezbollah came into effect in late November 2024, but there is no certainty that this ceasefire will be sustained. Iran also joined the hostilities with several significant missile attacks against Israel, and the Houthis, a terrorist organization based in Yemen, fired missiles at Israel and sent unmanned aerial vehicles carrying explosives to Israel. Terrorist groups have also attacked U. S. military targets in the Middle East. These clashes may escalate into a greater regional conflict**. Although the current conflict in Israel has not materially impacted our business or operations as of the date of this **Annual** Report, the conflict is rapidly evolving and developing and it is not possible to predict its long- term consequences, which could include further regional instability, geopolitical shifts and adverse effects on trade between Israel and its trading partners, macroeconomic conditions, security conditions and financial markets. ~~In the weeks since the initial attack by the terrorist organization, hostilities along Israel’ s northern border accelerated, and this clash may escalate in the future into a greater regional conflict, including risk from Iran and other groups in the region.~~ Any escalation and expansion of this conflict could have a negative impact on both global and regional conditions and may adversely affect our business, financial condition and results of operations. Additionally, in the event that our facilities are damaged as a result of hostile action or hostilities otherwise disrupt the ongoing operation of our facilities, our ability to continue our operations could be materially adversely affected. The intensity and duration of Israel’ s current war is difficult to predict, as are such war’ s economic implications on our business and operations and on Israel’ s economy in general. These events may be intertwined with wider macroeconomic indications of a deterioration of Israel’ s economic and political standing, which may have a material adverse effect on us and our ability to effectively conduct our business and operations. For instance, Parties with whom we do business may be disinclined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Our commercial insurance does not cover losses that may occur as a result of events associated with war and terrorism. Although the Israeli government currently covers the reinstatement value of property damage and certain direct and indirect damages that are caused by terrorist attacks or acts of war, such coverage would likely be limited, may not be applicable to our business (either due to the geographic location of our offices or the type of business that we operate) and may not reinstate our loss of revenue or economic losses more generally. Furthermore, we cannot assure you that this government coverage will be maintained or that it will sufficiently cover our potential damages, or whether such coverage would be timely provided. Any losses or damages incurred by us as a result of the current conflict in Israel, or any similar conflicts in the future, could have a material adverse effect on our business, financial condition and results of operations. Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies as a result of hostilities in Israel or political instability in the region. In addition, prior to the terrorist attack in October 2023, the Israeli government pursued extensive changes to Israel’ s judicial system, which sparked extensive political debate and unrest. These political events and policies, or significant downturn in the economic or financial condition of Israel, could materially and adversely affect our operations and product development. A large concentration of our staff resides in Israel and many of our employees and independent contractors in Israel are required to perform military reserve duty, which may disrupt their work for us. Many of our employees and independent contractors, including certain of our Founders and members of our management team, operate from our office located in Tel- Aviv, Israel. In addition, a number of our officers, including our Founders, and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business and operations. In addition, many of our employees in Israel, including executive officers, may be called upon to perform several days of military reserve duty until they reach the age of 40 (and in some cases, depending on their military duties up to the age of 45 or even 49) and, in

emergency circumstances, could be called to immediate and unlimited active duty (subject to approval by the Israeli government). **Following Since** the October 7, 2023 attacks **by a terrorist organization primarily based in the Gaza Strip** on Israel, **certain** approximately 15% of our employees based in Israel have been called in as reservists **at various times and for various periods**. It is possible that there will be additional military reserve duty call- ups in the future. Although our operations and business have not been materially impacted by these call- ups, our operations could be disrupted by such call- ups or additional call- ups, particularly if such call- ups include the call- up of members of our management, given the current shortage of talent in Israel due to the recent acceleration of activity in startups, especially in the technology space. Such disruption could materially and adversely affect our business, financial condition and results of operations. Your rights and responsibilities as our shareholder will be governed by Israeli law, which differs in some respects from the law governing the rights and responsibilities of shareholders of U. S. and other non- Israeli corporations. Although we are headquartered in New York, we remain incorporated under Israeli law and the rights and responsibilities of our shareholders are governed by Israeli law and the Pagaya Articles as amended from time to time. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders of U. S. and other non- Israeli corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to the articles of association, an increase of the company' s authorized share capital, a merger of the company and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholders' vote or to appoint or prevent the appointment of an office holder in the company has a duty to act in fairness towards the company. These provisions may be interpreted to impose additional obligations and liabilities on our shareholders that are not typically imposed on shareholders of U. S. and other non- Israeli corporations. Provisions of Israeli law and the Pagaya Articles may delay, prevent, or make undesirable an acquisition of all or a significant portion of our shares or assets. Provisions of Israeli law and the Pagaya Articles could have the effect of delaying or preventing a change in control and may make it more difficult for a third party to acquire us or our shareholders to elect different individuals to **the** Pagaya Board, even if doing so would be considered to be beneficial by some of our shareholders, and may limit the price that investors may be willing to pay in the future for Pagaya Ordinary Shares. Among other things: • Israeli corporate law regulates mergers and requires that a tender offer be effected when more than a specified percentage of shares in a company are purchased; • Israeli corporate law requires special approvals for certain transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions; • Israeli corporate law does not provide for shareholder action by written consent for public companies, thereby requiring all shareholder actions to be taken at a general meeting of shareholders; • the dual class structure of Pagaya Ordinary Shares concentrates voting power with certain of our shareholders — in particular, our Founders; • the Pagaya Articles **currently** divide our directors into three classes, each of which is elected once every three years **(although the Pagaya Board will be fully declassified by our 2026 annual meeting of shareholders)**; • the Pagaya Articles generally require a vote of a majority of the voting power represented at a general meeting of ~~the~~ our shareholders in person or by proxy and voting thereon, as one class (a “ simple majority ”), and the amendment of a limited number of provisions — such as the provision regarding the size of **the** Pagaya Board, dividing our directors into three classes, the procedures and the requirements that must be met in order for a shareholder to require us to include a matter on the agenda for a general meeting of our shareholders and the election and removal of members of **the** Pagaya Board and empowering **the** Pagaya Board to fill vacancies on **the** Pagaya Board — require a supermajority vote of the holders of 75 % of the total voting power of our shareholders if no Class B Ordinary Shares remain outstanding (or a simple majority so long as any Class B Ordinary Shares remain outstanding); • **until the Pagaya Board is fully declassified by our 2026 annual meeting of shareholders**, the Pagaya Articles ~~do will~~ not permit a director who is elected as a member of one of the three staggered classes to be removed other than in the annual general meeting in which the term of such class expires, except in special circumstances of incapacity or ineligibility (and in the case of other directors, such as those appointed by **the** Pagaya Board to fill vacancies, do not permit a director to be removed except by a vote of the holders of at least 75 % of the total voting power of our shareholders if no Class B Ordinary Shares remain outstanding, or a simple majority so long as any Class B Ordinary Shares remain outstanding); and • the Pagaya Articles provide that director vacancies may be filled by the Pagaya Board. Further, Israeli tax considerations may make potential transactions undesirable to us or some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax- free share exchanges to the same extent as U. S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of numerous conditions, including, a holding period of two years from the date of the transaction during which certain sales and dispositions of shares of the participating companies are restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred. The Pagaya Articles contain a forum selection clause for substantially all disputes between us and our shareholders, which could limit our shareholders' ability to bring claims and proceedings against us, our directors, officers, and other employees and independent contractors. It may be difficult to enforce a U. S. judgment against us or our officers, directors or employees in Israel or the United States, to assert a U. S. securities laws claim in Israel or serve process on our Israeli- based officers, directors and employees. The Pagaya Articles provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act. Except as set forth in the preceding sentence, the Pagaya Articles also provide that, unless we consent in writing to the selection of an alternative forum, the competent courts in Tel- Aviv, Israel shall be the exclusive forum for (i) any derivative action or

proceeding brought on behalf of us, (ii) any action asserting a breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our shareholders or (iii) any action asserting a claim arising pursuant to any provision of the Pagaya Articles, the Companies Law or the Israeli Securities Law. This exclusive forum provision is intended to apply to claims arising under Israeli law and would not apply to claims brought pursuant to the Securities Act, the Exchange Act or any other claim for which U. S. federal courts would have exclusive jurisdiction. Such exclusive forum provision in the Pagaya Articles will not relieve us of our duties to comply with U. S. federal securities laws and the rules and regulations thereunder, and our shareholders will not be deemed to have waived our compliance with these laws, rules and regulations. This exclusive forum provision may limit a shareholder's ability to bring a claim in a judicial forum of our choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us, our directors, officers and employees. However, the enforceability of similar forum provisions in other companies' organizational documents has been challenged in legal proceedings, and there is uncertainty as to whether courts would enforce the exclusive forum provisions in the Pagaya Articles. Risks Related to Being a Public Company Our management team has limited experience managing a public company. Our management team has limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. As a result, these executives may not successfully or efficiently manage their roles and responsibilities, and we are subject to significant regulatory oversight, reporting obligations under U. S. and international securities laws and the continuous scrutiny of securities analysts and investors. These obligations and constituents require significant attention from our senior management and could divert their attention away from the day- to- day management of our business, which could result in less time being devoted to our management, growth and the achievement of our operational goals. In addition, we may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal controls over financial reporting required of public companies in the United States. Since becoming a public company, we have upgraded our finance and accounting systems and related controls, and we continue to make improvements to build an enterprise system suitable for a public company. The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the U. S. may require costs greater than expected. We may continue to need to significantly expand our employee and independent contractor base in order to support our operations as a public company, increasing our operating costs. Failure to adequately comply with the requirements of being a public company, could adversely affect our business, financial condition and results of operation. Our internal controls over financial reporting may not be effective and our independent registered public accounting firm may not be able to certify as to our effectiveness, which could have a significant and adverse effect on our business and reputation. Our current controls and any new controls that we develop may be inadequate because of changes in conditions in our business. Further, weaknesses in our internal controls may be discovered in the future. 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 to provide significant management oversight. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could adversely affect our operating results or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information. We have incurred and will continue to incur increased costs as a result of operating as a public company, and our management devotes substantial time to new compliance initiatives. As a still relatively new public company that qualifies as a foreign private issuer, we have incurred, and will continue to incur, significant legal, accounting, and other expenses that we did not incur as a private company. See " — Our management team has limited experience managing a public company. " The costs relate to public company reporting obligations under the Securities Act or the Exchange Act, regulations regarding corporate governance practices, the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the rules of the SEC, the listing requirements of the Nasdaq, and other applicable securities rules and regulations that impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all. In addition to the above, compliance with these requirements increase our legal and financial compliance costs. We have made, and will continue to make, changes to our financial management control systems and other areas to manage our obligations as a public company, including corporate governance, corporate controls, disclosure controls and procedures and financial reporting and accounting systems. Implementation of such changes has been costly, time- consuming and, may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. If we fail to develop and maintain effective internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired. Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U. S. GAAP. We are required to document and test our internal controls over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act of 2002 (" Section 404") so that our management can certify as to the effectiveness of our internal controls over financial reporting. Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial

reporting at such time as we cease to be an “ emerging growth company, ” as defined in the Jumpstart our Business Startups Act of 2012 (the “ JOBS Act ”). At such time, our independent registered public accounting firm may issue a report that is adverse if a material weakness is identified. The process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404 is costly and it is challenging to complete our evaluation, testing and any required remediation in a timely fashion. Our compliance with Section 404 requires that we incur substantial expenses and expend significant management efforts. We have needed to and may continue to need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge to compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404. If we or our accounting firm identify deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, it could harm our operating results, adversely affect our reputation, or result in inaccurate financial reporting. Furthermore, should any such deficiencies arise we could be subject to lawsuits, sanctions or investigations by regulatory authorities, including SEC enforcement actions, and we could be required to restate our financial results, any of which would require additional financial and management resources. As a foreign private issuer, we are not subject to U. S. proxy rules and are not subject to certain Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U. S. domestic public company. Although we have ~~announced our intention to~~ voluntarily ~~file~~ **file** on U. S. domestic issuer forms with the SEC beginning in 2024, we have previously reported under the Exchange Act as a non- U. S. company with foreign private issuer status and have therefore been exempt from certain rules under the Exchange Act that are applicable to U. S. domestic reporting companies. Because we qualify as a foreign private issuer under the Exchange Act and although we furnish quarterly financial information to the SEC, we are exempt from certain provisions of the Exchange Act that are applicable to U. S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10- Q containing unaudited financial and other specified information, or current reports on Form 8- K, upon the occurrence of specified significant events. In addition, foreign private issuers are not required to file their annual report on Form 20- F until four months after the end of each fiscal year, while U. S. domestic issuers that are accelerated filers are required to file their annual report on Form 10- K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, our shareholders may not have the same protections afforded to shareholders of companies that are not foreign private issuers. As we are a “ foreign private issuer ” and follow certain home country corporate governance practices, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements. As a “ foreign private issuer ” with ordinary shares listed on Nasdaq, we are permitted to follow certain home country corporate governance practices instead of those otherwise required under the corporate governance standards for U. S. domestic issuers. For any home country corporate governance practices we follow, we are required to disclose the Nasdaq requirement that we are not following and describe the equivalent home country practice we are following instead. We currently follow home country practices with regard to (i) independent director oversight requirement for director nominations (the board as a whole, rather than an entirely independent nominating committee or only the independent directors, handles this process under Israeli law), (ii) quorum requirement for shareholder meeting quorums (25 %, which is less than the one- third minimum required under the Nasdaq rules) and (iii) shareholder approval for certain transactions other than a public offering involving issuances of 20 % or more interest in the company (Nasdaq listing rule 5635 (d)) (no shareholder approval is required for such issuances under Israeli law). See “ Item 10. — Directors, Executive Officers and Corporate Governance. ” Furthermore, we may in the future elect to follow Israeli home country practices in lieu of the Nasdaq requirements on other matters, such as having a majority of our board of directors be independent, establishing a nominating / governance committee, holding regular executive sessions where only independent directors may be present, or to obtain shareholder approval for certain future dilutive events (such as for the establishment or amendment of certain equity- based compensation plans, issuances that will result in a change of control of the company and certain acquisitions of the stock or assets of another company). Accordingly, our shareholders may not be afforded the same protection as provided under Nasdaq corporate governance requirements as a U. S. domestic company and foreign private issuer who does not utilize home country practices. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U. S. company listed on Nasdaq may provide less protection than is accorded to investors of domestic issuers. Pagaya may lose its foreign private issuer status in the future, which could result in additional costs and expenses. As discussed above, Pagaya is a “ foreign private issuer ”, and therefore is not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act (although we **began** ~~have announced that we intend~~ to voluntarily file reporting as U. S. domestic issuer ~~for in~~ **for in** 2024). The determination of foreign private issuer status is made annually on the last business day of an issuer’ s most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to Pagaya on June 30, ~~2024~~ **2025**. In the future, Pagaya would lose its “ foreign private issuer ” status if more than 50 % of our outstanding voting securities become directly or indirectly held of record by U. S. Holders and any one of the following is true: (i) the majority of our directors or executive officers are U. S. citizens or residents; (ii) more than 50 % of our assets are located in the United States; or (iii) our business is administered principally in the United States. If we lose our “ foreign private issuer ” status, we will be required to file with the SEC periodic reports and registration statements on U. S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We would also have to comply with U. S. federal proxy requirements, and our officers, directors and principal shareholders will become subject to the short- swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we would lose our ability to rely upon exemptions from certain corporate

governance requirements under the listing rules of Nasdaq. As a company filing using U. S. domestic forms, we will incur additional legal, accounting and other expenses that we did not incur as a foreign private issuer. In addition, members of our management will likely have to divert time and resources from other responsibilities to ensuring these additional regulatory requirements are fulfilled. We are an “ emerging growth company ” and as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, Class A Ordinary Shares may be less attractive to investors. We are an “ emerging growth company, ” as defined in the JOBS Act, and we intend to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act. We cannot predict if investors will find Class A Ordinary Shares less attractive because we will rely on these exemptions, which permit delaying adoption of new or revised accounting standards until such time as those standards apply to us and reduced disclosure obligations regarding executive compensation. If some investors find Class A Ordinary Shares less attractive as a result, there may be a less active trading market and our stock price may be more volatile. We may take advantage of these reporting exemptions until we are no longer an “ emerging growth company. ” We will remain an “ emerging growth company ” until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of the EJFA IPO, (b) in which we have total annual gross revenues of at least \$ 1. 235 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of Pagaya Ordinary Shares that are held by non- affiliates exceeds \$ 700 million as of the last day of the second fiscal quarter of such fiscal year, and (2) the date on which we have issued more than \$ 1. 0 billion in non-convertible debt during the prior three- year period. Concentration of voting power among certain Shareholders, namely our Founders, will limit other ~~stockholders~~ **shareholders**’ ability to influence corporate matters and delay or prevent a third party from acquiring control over us. Our Founders beneficially own, in the aggregate, Ordinary Shares comprising approximately ~~70~~ **65. 28** % of outstanding voting power as of ~~February 29, 2024~~ **January 31, 2024-2025**. This significant concentration of voting power may have a negative impact on the trading price for our Class A Ordinary Shares because investors often perceive disadvantages in owning stock in companies where there is a concentration of ownership in a small number of shareholders. In addition, these shareholders will be able to exercise influence over **virtually** all matters requiring ~~stockholder~~ **shareholder** approval, including the election of directors and approval of corporate transactions, such as a merger or other sale of us or our assets **(except where Israeli law requires special approvals for related party transactions)**. This concentration of ownership could limit other ~~stockholders~~ **shareholders**’ ability to influence corporate matters and may have the effect of delaying or preventing a change in control, including a merger, consolidation or other business combination, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change in control would benefit the other ~~stockholders~~ **shareholders**. We do not intend to pay cash dividends for the foreseeable future. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends to shareholders in the foreseeable future. Any future determination to pay dividends will be at the discretion of **the** Pagaya Board and will depend on our financial condition, results of operations, capital requirements, restrictions contained in the Companies Law and in future agreements and financing instruments, business prospects and such other factors as **the** Pagaya Board deems relevant. As a result, you may not receive any return on an investment in Class A Ordinary Shares unless you sell Class A Ordinary Shares for a price greater than that which you paid for them. If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, our share price and trading volume could decline. The trading market for Class A Ordinary Shares will depend in part on the research and reports that analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade Class A Ordinary Shares or publish inaccurate or unfavorable research about our business, the price of Class A Ordinary Shares may decline. If few analysts cover us, demand for Class A Ordinary Shares could decrease, and the trading volume of Class A Ordinary Shares trading volume may decline. Similar results may occur if one or more of these analysts stop covering us in the future or fail to publish reports on us regularly. Risks Related to Ownership of our Class A Ordinary Shares and Warrants The price of the Class A Ordinary Shares and the price of the public warrants have been and may continue to be volatile. The price of our Class A Ordinary Shares, as well as the price of the public warrants, have been and may continue to be volatile in the future. Our Class A Ordinary Shares and public warrants began trading on Nasdaq on June 23, 2022 and as such, ~~are newly listed,~~ have a limited public float and a short trading history to date. From January 1, ~~2023-2024~~ **2023-2024** to February ~~23-24, 2024-2025~~ **23-24, 2024-2025**, the closing price of Class A Ordinary Shares on Nasdaq ranged from as low as \$ ~~0.8~~ **0.8** to as high as \$ ~~2.18~~ **2.18** and daily trading volume ranged from approximately ~~528-315, 400-424~~ **528-315, 400-424** to ~~27-14, 558-886, 000-500~~ **27-14, 558-886, 000-500** shares. During this time, we have not experienced any material changes in our financial condition or results of operations that would explain such price volatility or trading volume. Broad market fluctuations may adversely affect the trading price of the Class A Ordinary Shares. In particular, a large proportion of the Class A Ordinary Shares have been and may continue to be traded by short sellers which has put and may continue to put pressure on the supply and demand for the Class A Ordinary Shares, further influencing volatility in its market price. In addition, these and other external factors have caused and may continue to cause the market price and demand for the Class A Ordinary Shares to fluctuate substantially, which may limit or prevent our shareholders from readily selling their Class A Ordinary Shares and may otherwise negatively affect the liquidity of the Class A Ordinary Shares. The price of Class A Ordinary Shares and the price of the public warrants may fluctuate due to a variety of factors, including, without limitation: • “ short squeezes ”; • comments by securities analysts or other third parties, including blogs, articles, message boards and social and other media; • changes in the industries in which we and our Partners operate; • developments involving our competitors; • changes in laws and regulations affecting our business; • variations in our operating performance and the performance of our competitors in general; • actual or anticipated fluctuations in our quarterly or annual operating results; • publication of research reports by securities analysts about us or our competitors or our industry; • the public’ s reaction to our press releases, our other public announcements and our filings with the SEC; • operational impacts resulting from a reduction of workforce; • actions by

shareholders, including the sale by PIPE Investors of any of their Class A Ordinary Shares or a sale by shareholders should there be an increase or decrease in the short interest in Class A Ordinary Shares; • additions and departures of key personnel; • commencement of, or involvement in, litigation **or regulatory investigations or actions** by or against Pagaya; • changes in our capital structure, such as future issuances of equity securities or the incurrence of debt; • the volume of Class A Ordinary Shares available for public sale; and • general economic and political conditions, such as economic recessions or slowdowns, interest rates, unemployment levels, conditions in the housing market, immigration policies, government shutdowns, trade wars and delays in tax refunds, as well as events such as natural disasters, acts of war, terrorism, catastrophes and pandemics. These market and industry factors may materially reduce the market price of Class A Ordinary Shares and public warrants regardless of our operating performance. Any decline in the market price of our Class A Ordinary Shares and public warrants could have a material adverse impact on stockholder confidence and employee retention. Information available in public media that is published by third parties, including blogs, articles, message boards and social and other media, may include statements not attributable to us and may not be reliable or accurate. We have received, and may continue to receive, an increasing degree of media coverage that is published or otherwise disseminated by third parties, including blogs, articles, message boards and social and other media. This includes coverage that is not attributable to statements made by our officers or associates. Information provided by third parties may not be reliable or accurate and could materially impact the trading price of the Class A Ordinary Shares which could result in a substantial decrease in the value of shareholders' investments. There can be no assurance that we will be able to comply with the continued listing standards of Nasdaq. If we fail to satisfy the continued listing requirements of Nasdaq such as the corporate governance requirements, the minimum share price requirement or the requirement to be timely with our SEC filings, Nasdaq may take steps to delist our securities. Such a delisting would likely have a negative effect on the price of the securities and would impair your ability to sell or purchase the securities when you wish to do so. In the event of a delisting, we can provide no assurance that any action taken by us to restore compliance with listing requirements would allow our securities to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our securities from dropping below the Nasdaq minimum share price requirement or prevent future non-compliance with Nasdaq's listing requirements. Additionally, if our securities are not listed on, or become delisted from, Nasdaq for any reason, and are quoted on the OTC Bulletin Board, an inter-dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited than if we were quoted or listed on Nasdaq or another national securities exchange. You may be unable to sell your securities unless a market can be established or sustained. Sales of our securities, or the perception of such sales, by us or holders of our securities in the public market or otherwise could cause the market price for our securities to decline and even in such case certain holders of our securities may still have an incentive to sell our securities, and issuances under additional registration statements would dilute the interest of our shareholders and likely present other risks. The sale of our securities in the public market or otherwise, or the perception that such sales could occur, could harm the prevailing market price of shares of our securities. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell securities in the future at a time and at a price that it deems appropriate. Resales of our securities may cause the market price of our securities to drop significantly, even if our business is doing well. The market price of our Class A Ordinary Shares could decline if holders of our shares sell them, including pursuant to the resale registration statements, or are perceived by the market as intending to sell them. As such, sales of a substantial number of Class A Ordinary Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A Ordinary Shares. Pursuant to registration rights we have with certain holders of our securities, we filed a registration statement, which was declared effective on December 6, 2022, which covers the resale of up to an aggregate of 56,385,664 Class A Ordinary Shares by the selling shareholders named therein and the primary issuance of (1) ~~798-1, 611-225, 591~~ Class A Ordinary Shares issuable upon exercise of the public warrants, (2) ~~430-3, 555-575~~ Class A Ordinary Shares issuable upon exercise of the private placement warrants issued and exchanged for EJFA Private Placement Warrants in the EJFA Merger and (3) 2,612,501 Class A Ordinary Shares issuable upon exercise of other private placement warrants. The number of Class A Ordinary Shares registered for resale under the registration statement exceeds the number of Class A Ordinary Shares constituting our public float and represents approximately 234 % of our public float and approximately 72 % of outstanding Class A Ordinary Shares (after giving effect to the issuance of Class A Ordinary Shares upon exercise of the public warrants and private placement warrants and the conversion of Class B Ordinary Shares into Class A Ordinary Shares) as of March 31, 2023. In addition, in connection with the acquisition of Darwin, we entered into a registration rights agreement with the Darwin Equityholders whereby we agreed to use our commercially reasonable efforts to file a registration statement to cover the resale of up to 1,530,344 Class A Ordinary Shares issued to Darwin Equityholders, and to use our commercially reasonable efforts to have such registration statement declared effective as soon as is reasonably practicable after the filing thereof. Any of these resales or issuances upon exercise of the Warrants, or the perception in the market that the holders of a large number of shares intend to resell shares, could cause the market price of our securities to decline or increase the volatility in the market price of our securities. In addition, on August 17, 2022, we entered into an ordinary shares purchase agreement (the "Equity Financing Purchase Agreement") and a registration rights agreement (the "Equity Financing Registration Rights Agreement") with B. Riley Principal Capital II, LLC ("B. Riley Principal Capital II"). Pursuant to the Equity Financing Purchase Agreement, subject to the satisfaction of the conditions set forth in the Equity Financing Purchase Agreement, we have the right to sell to B. Riley Principal Capital II up to \$300 million of our Class A Ordinary Shares, subject to certain limitations and conditions set forth in the Equity Financing Purchase Agreement, from time to time during the 24-month term of the Equity Financing Purchase Agreement. We filed a registration statement, which was declared effective on December 6, 2022, to register the resale of up to 3,344,967 Class A Ordinary Shares, which represent (a) up to 11,633 Class A Ordinary Shares that we issued or may issue to B. Riley Principal Capital II pursuant to the Equity Financing Purchase Agreement in consideration of its commitment to purchase our Class A Ordinary

Shares at our election under the Equity Financing Purchase Agreement and (b) 3, 333, 333 Class A Ordinary Shares we may elect in our sole discretion to issue and sell to B. Riley Principal Capital II under the Equity Financing Purchase Agreement from time to time. ~~As of February 29, 2024~~ **Since entering into the Equity Financing Purchase Agreement**, we have issued approximately ~~1-2, 8-4~~ million shares ~~pursuant to this~~. **On September 25, 2024, the Company terminated the** Equity Financing Purchase Agreement. Given ~~this the~~ substantial number of shares available for resale, the sale of shares by such holders, or the perception in the market that holders of a large number of shares intend to sell shares, could increase the volatility of the market price of our Class A Ordinary Shares or result in a significant decline in the public trading price of our Class A Ordinary Shares. **On** Further, the purchase price for the shares that we may sell to B. Riley Principal Capital II under our committed equity financing will fluctuate based on the price of our Class A Ordinary Shares. Depending on market liquidity at the time, sales of such shares may cause the trading price of our Class A Ordinary Shares to fall. If and when we do sell Class A Ordinary Shares to B. Riley Principal Capital II, after B. Riley Principal Capital II has acquired the Class A Ordinary Shares, B. Riley Principal Capital II may resell all, some, or none of those shares at any time or from time to time in its discretion. Therefore, sales to B. Riley Principal Capital II by us could result in substantial dilution to the interests of other holders of our Class A Ordinary Shares. Additionally, the sale of a substantial number of shares of our Class A Ordinary Shares to B. Riley Principal Capital II, or the anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales. The decision to sell any shares of our Class A Ordinary Shares to sell to B. Riley Principal Capital II under the committed equity financing will depend on market conditions, the trading prices of our Class A Ordinary Shares and other considerations, and we cannot guarantee the extent to which we may utilize the committed equity financing. Finally, on October 4, 2023, we filed a shelf registration statement on Form F-3, which was declared effective on October 16, 2023, to offer and sell up to an aggregate amount of \$ 500, 000, 000 of Class A Ordinary Shares, or to offer Class A Ordinary Shares upon conversion of debt securities or Class A Ordinary Shares or debt securities upon exercise of warrants, either individually in combination, at prices and on terms described in one or more future supplements to registration statement. ~~Although we have not made~~ **On March 13, 2024, the Company priced any - an offering of 7** such offers to date, we may in the future. ~~As~~ **500, 000 of its Class A Ordinary Shares, no par value, pursuant to an underwriting agreement** with sales to ~~B~~ **Citigroup Global Markets Inc. and Jefferies LLC** Riley Principal Capital II as ~~described above~~ **representatives of the several underwriters. The proceeds from the offer and sale of the securities are approximately \$ 90. 0 million, any such after deducting the underwriting discount and fees and offering expenses payable by the Company. Any** issuances pursuant to the F-3 shelf registration statement could result in substantial dilution to the interests of other holders of our Class A Ordinary Shares or make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales. The decision to use the F-3 shelf registration statement will depend on market conditions, the trading prices of our Class A Ordinary Shares and other considerations, and we cannot guarantee the extent to which we may utilize the committed equity financing. We may issue additional Class A Ordinary Shares from time to time, including under our equity incentive plans. Any such issuances would dilute the interest of our shareholders and likely present other risks. We may issue additional Class A Ordinary Shares from time to time, including under our equity incentive plans or as part of an acquisition. Class A Ordinary Shares reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to time-based and performance-based vesting conditions, lock-up agreements and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. We filed a registration statement on Form S-8 under the Securities Act, which became effective on June 21, 2022, to register the issuance of 8, 622, 441 Class A Ordinary Shares issuable under the Pagaya Technologies, Inc. 2016 Equity Incentive Plan and Stock Option Sub-Plan for United States Persons, 21, 625, 530 Class A Ordinary Shares issuable under the Pagaya Technologies Ltd. 2021 Equity Incentive Plan and Stock Option Sub-Plan for United States Persons and 9, 705, 666 Class A Ordinary Shares issuable pursuant to Pagaya Technologies Ltd. 2022 Share Incentive Plan. On September 15, 2023, we filed an additional registration statement on Form S-8 under the Securities Act to register the issuance of 891, 858 Class A Ordinary Shares issuable under the Pagaya Technologies Ltd. 2023 Employee Stock Purchase Plan (the "2023 ESPP"), which was approved by the Company's board of directors and shareholders. In addition, we may **amend these registration statements to increase the number of shares issuable thereunder or** file one or more registration statements on Form S-8 under the Securities Act to register additional Class A Ordinary Shares or securities convertible into or exchangeable for Class A Ordinary Shares issued pursuant to our equity incentive plans. Any future Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements may be immediately available for sale in the open market. Because our decision to issue additional equity securities or debt securities in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. As a result, future capital raising efforts may reduce the market price of Class A Ordinary Shares and be dilutive to existing shareholders. In addition, ~~our ability to raise additional capital through the sale of equity or convertible debt securities could be significantly impacted by the resale of our securities by certain selling securityholders pursuant to the prospectus filed with the SEC on December 6, 2022 which could result in a significant decline in the trading price of our Class A Ordinary Shares and potentially hinder our ability to raise capital at terms that are acceptable to us or at all.~~ In addition, a significant decline in the trading price of our Class A Ordinary Shares could potentially impact our ability to use equity securities as consideration in acquisitions. Our public warrants and the private placement warrants that were issued and exchanged for EJFA Private Placement Warrants are exercisable for Class A Ordinary Shares, the exercise of which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders. Our public warrants to purchase an aggregate of ~~798-1, 611~~ **225, 591** Class A Ordinary Shares and the private placement warrants to purchase ~~430-3, 555-575~~ shares of Class A Ordinary Shares that were issued and exchanged for EJFA Private Placement Warrants became exercisable on

July 22, 2022 in accordance with the terms of a warrant agreement (as assigned, assumed and amended, the “ Warrant Agreement ”) between Continental Stock Transfer & Trust Company, as warrant agent, and EJFA, that was assumed by us pursuant to an assignment, assumption and amendment agreement in connection with the EJFA Merger: **Following the 1-for-12 reverse share split effective March 2024, each warrant entitles the holder to purchase 1 / 12 of a Class A Ordinary Share (or equivalently, 12 warrants are required to obtain 1 Class A Ordinary Share).** The exercise price of these warrants is \$ 138 per share, or approximately \$ 169.6 million in the aggregate, assuming none of the warrants are exercised through “ cashless ” exercise. As long as we have an effective registration statement covering the issuance of the Class A Ordinary Shares issuable upon exercise of the public warrants, the public warrants may only be exercised for cash. The private placement warrants that were issued and exchanged for EJFA Private Placement Warrants may be exercised on a “ cashless ” basis by the Sponsor or its permitted transferees and on the same basis as the public warrants if held by holders other than the Sponsor or its permitted transferees. To the extent such warrants are exercised, additional Class A Ordinary Shares will be issued, which will result in dilution to the holders of Class A Ordinary Shares and will increase the number of shares eligible for resale in the public market. We believe the likelihood that warrant holders will exercise their warrants, and therefore the amount of cash proceeds that we would receive, is dependent upon the trading price of our Class A Ordinary Shares. If the trading price for our Class A Ordinary Shares is less than \$ 138 per share, we believe holders of our public warrants and private placement warrants that were issued and exchanged for EJFA Private Placement Warrants will be unlikely to exercise their warrants on a cash basis. On ~~February 29~~ **January 31, 2024-2025**, the last reported sales price of our Class A Ordinary Shares was \$ ~~17.96-28~~ per share and the last reported sales price of our public warrants was \$ ~~1.92-09~~ per warrant. Sales of substantial numbers of such shares in the public market or the fact that such warrants may be exercised could adversely affect the market price of our Class A Ordinary Shares. The Warrant Agreement provides that the terms of the public warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision or correct any mistake, or adding or changing any other provision as deemed necessary or desirable by the parties but that shall not adversely affect the rights of the warrant holders. However, the Warrant Agreement requires the approval by the holders of at least 50 % of the then- outstanding public warrants to make any change that adversely affects the interests of the registered holders of public warrants. Accordingly, we may amend the terms of the public warrants in a manner adverse to a holder if holders of at least 50 % of the then- outstanding public warrants approve of such amendment. Although our ability to amend the terms of the public warrants with the consent of at least 50 % of the then- outstanding public warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the public warrants, convert the public warrants into cash, shorten the exercise period or decrease the number of Class A Ordinary Shares purchasable upon exercise of a public warrant. The public warrants may never be in the money, and they may expire worthless and the terms of the public warrants may be amended in a manner adverse to a holder if holders of at least 50 % of the then outstanding public warrants approve of such amendment. The exercise price for our public warrants is \$ 138 per Class A Ordinary Share. We believe the likelihood that warrant holders will exercise their public warrants, and therefore the amount of cash proceeds that we would receive, is dependent upon the trading price of our Class A Ordinary Shares. If the trading price for our Class A Ordinary Shares is less than \$ 138 per share, we believe warrant holders will be unlikely to exercise their public warrants. Under certain circumstances, we may redeem ~~your~~ unexpired public warrants prior to their exercise at a time that is disadvantageous to the holder, thereby making such public warrants worthless. We have the ability to redeem outstanding public warrants at any time after they become exercisable and prior to their expiration, at a price of \$ ~~0.42-01~~ per warrant, provided that the last reported sales price of Class A Ordinary Shares equals or exceeds \$ 216 per share (as adjusted for share subdivisions, share dividends, rights issuances, subdivisions, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date we send the notice of redemption to the warrant holders. If and when the public warrants become redeemable by us, we may exercise our redemption right even if we are unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding public warrants could force you to: (i) exercise your public warrants and pay the exercise price therefore at a time when it may be disadvantageous for you to do so; (ii) sell your public warrants at the then- current market price when you might otherwise wish to hold your public warrants; or (iii) accept the nominal redemption price which, at the time the outstanding public warrants are called for redemption, is likely to be substantially less than the market value of your public warrants. In addition, we may redeem ~~your~~ public warrants at any time after they become exercisable and prior to their expiration at a price of \$ ~~1.20-10~~ per warrant upon a minimum of 30 days’ prior written notice of redemption provided that holders will be able to exercise their public warrants prior to redemption for a number of Class A Ordinary Shares determined based on the redemption date and the fair market value of our Class A Ordinary Shares. The value received upon exercise of the public warrants (1) may be less than the value the holders would have received if they had exercised their warrants at a later time where the underlying share price is higher and (2) may not compensate the holders for the value of the public warrants, including because the number of Class A Ordinary Shares received is capped at ~~0.361-0301~~ share of Class A Ordinary Share per warrant (~~as subject to adjustment~~ **adjusted for the 1- for- 12 reverse share split**) irrespective of the remaining life of the warrants. None of the private placement warrants that were issued and exchanged for EJFA Private Placement Warrants will be redeemable by us, subject to certain circumstances, so long as they are held by EJFA Merger Sponsor or its permitted transferees. The Warrant Agreement designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with us. The Warrant Agreement provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the Warrant Agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction will be the exclusive forum for

any such action, proceeding or claim. Under the Warrant Agreement, we also agree that we will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum. Notwithstanding the foregoing, these provisions of the Warrant Agreement do not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of the public warrants will be deemed to have notice of and to have consented to the forum provisions in our Warrant Agreement. If any action, the subject matter of which is within the scope of the forum provisions of the Warrant Agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a “ foreign action ”) in the name of any holder of the public warrants, such holder will be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an “ enforcement action ”), and (y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder’s counsel in the foreign action as agent for such warrant holder. This choice-of- forum provision may limit a warrant holder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with our company, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our Warrant Agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors. Future offerings of debt or equity securities may adversely affect the market price of our Class A Ordinary Shares. In the future, we may attempt to increase our capital resources by making offerings of debt or additional offerings of equity securities, including senior or subordinated notes and classes of preferred shares by, for example, issuances and sales under the ~~Equity Financing Purchase Agreement and the Equity Financing Registration Rights Agreement with B. Riley Principal Capital II or the F-3 shelf registration statement~~ Pursuant to the Equity Financing Purchase Agreement, we have the right to sell to B. Riley Principal Capital II, LLC up to \$ 300, 000, 000 of our Class A Ordinary Shares, subject to certain limitations and conditions set forth in that agreement, and we have filed a registration statement on Form F-3 relating to this offer and sale. Under the shelf registration statement on Form F-3, which was declared effective on October 16, 2023, pursuant to which we may offer and sell up to an aggregate amount of \$ 500, 000, 000 of Class A Ordinary Shares, or to offer Class A Ordinary Shares upon conversion of debt securities or Class A Ordinary Shares or debt securities upon exercise of warrants, either individually in combination, at prices and on terms described in one or more future supplements to registration statement. In addition, on April 14, 2023 we entered into a Preferred Shares Purchase Agreement (the “ Preferred Purchase Agreement ”) with Oak HC / FT Partners V, L. P., Oak HC / FT Partners V- A, L. P. and Oak HC / FT Partners V- B, L. P (together, “ Oak HC / FT ”) pursuant to which we agreed to issue and sell to Oak HC / FT an aggregate of 5, 000, 000 Series A Preferred Shares, no par value (the “ Series A Preferred Shares ”), at a price of \$ 15 per share (subject to applicable adjustment as provided in the our amended Articles of Association), for an aggregate purchase price of \$ 75 million (the “ Preferred Transaction ”). In addition, we obtained shareholder approval for certain amended and restated Articles of Association of Pagaya, and the Series A Preferred Shares have the rights and preferences as set forth in our amended and restated Articles of Association. Pursuant to these amended Articles of Association, there are 6, 666, 666 authorized Series A Preferred Shares and we may issue and sell the balance of the authorized but unissued Series A Preferred Shares from time to time in the future. If we decide to issue senior securities in the future, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Holders of senior securities may be granted specific rights, including the right to hold a perfected security interest in certain of our assets, the right to accelerate payments due under an indenture, rights to restrict dividend payments, and rights to require approval to sell assets. Additionally, any convertible or exchangeable securities that we issue in the future may have rights, preferences, and privileges more favorable than those of Class A Ordinary Shares and may result in dilution for the owners of our Class A Ordinary Shares. We and, indirectly, our shareholders, will bear the cost of issuing and servicing such securities. Upon liquidation, holders of our debt securities and preferred shares, and lenders with respect to other borrowings, will receive a distribution of our available assets prior to the holders of the Class A Ordinary Shares. Additional equity offerings may dilute the holdings of our existing shareholders or reduce the market price of the Class A Ordinary Shares, or both. Any preferred shares we have issued, or will issue in the future, could have a preference on liquidating distributions or a preference on dividend payments that could limit our ability to make a dividend distribution to the holders of our Class A Ordinary Shares. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings. Thus, holders of our Class A Ordinary Shares bear the risk of our future offerings reducing the market price of Class A Ordinary Shares and diluting their shareholdings in us. ~~An active public trading market~~ **There are certain risks associated with the Notes that we issued in 2024, including the risk that the exchange of the Notes may dilute the ownership interest of existing shareholders, for- or may otherwise affect our per share results and depress the price of** our Class A Ordinary Shares ~~may not develop or be sustained to provide adequate liquidity~~. ~~An active public trading market~~ **In addition, the fundamental change provisions associated with the Notes may delay for- or prevent an otherwise beneficial takeover attempt of us. The exchange of the Notes may dilute the ownership interest of existing shareholders, or may otherwise depress the price of** our Class A Ordinary Shares ~~may not develop or~~. **Upon exchange of the Notes, if developed we have the option to pay or deliver, as the case may not be, cash,** ~~sustained. The lack of an active market may impair your- our ability to sell your~~ Class A Ordinary Shares, ~~at the time you wish to sell them or at a~~ **combination thereof** price that you consider reasonable. ~~The lack- exchange of some or all an active market may also reduce the fair value of your~~ **the Notes will dilute the ownership interests of existing shareholders to the extent we deliver** Class A Ordinary Shares **upon exchange of any of the Notes**. ~~An Any inactive sales in the public market of the~~ may also impair our ability to raise capital by selling Class

A Ordinary Shares and may impair our ability to acquire Class A Ordinary Shares. In addition, other the companies existence of the Notes may encourage short selling by using market participants that engage in hedging our or arbitrage activity, and anticipated exchange of the Notes into our Class A Ordinary Shares could depress the price of our Class A Ordinary Shares. The accounting method for reflecting the Notes on our balance sheet, accruing interest expense for the Notes and reflecting the underlying Class A Ordinary Shares in our reported diluted earnings per Class A Ordinary Share may adversely affect our reported earnings and financial condition. In accordance with applicable accounting standards, the Notes are reflected as a liability on our balance sheets, with the initial carrying amount equal to the principal amount of the Notes, net of issuance costs and the original issue discount. The issuance costs and the original issue discount are treated as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the Notes. As a result of this amortization, the interest expense that we expect to recognize for the Notes for accounting purposes will be greater than the cash interest payments we will pay on the Notes, which will result in lower reported income or higher reported loss. Furthermore, if any of the conditions to the exchangeability of the Notes is satisfied, then we may be required under applicable accounting standards to reclassify the liability carrying value of the Notes as a current, rather than a long-term, liability. This reclassification could be required even if no noteholders exchange their Notes and could materially reduce our reported working capital. In addition, the indenture governing the Notes contains certain provisions that allow holders of Notes to require us to purchase all or a portion of their Notes upon the occurrence of certain fundamental changes described in the indenture. These provisions and the provisions in the indenture requiring an increase to the exchange rate of the Notes for exchanges in connection with a make-whole fundamental change may, in certain circumstances, delay or prevent a takeover of us and the removal of incumbent management that might otherwise be beneficial to investors. Our stock typically trades in low volumes daily which could lead to illiquidity, volatility, or depressed stock price. Our stock is listed on Nasdaq, but typically trades in low daily volumes. Because of a history of low trading volume, our stock is relatively illiquid and its price may be volatile. This may make it more difficult for our shareholders to resell shares when desired or at attractive prices. Some investors view low-volume stocks as consideration unduly speculative and therefore not appropriate candidates for investment. Also, due to the low volume of shares traded on any trading day, persons buying or selling in relatively small quantities may easily influence prices of our stock.

Risks Related to Tax There can be no assurances that we will not be a passive foreign investment company for any taxable year, which could subject U. S. Holders to significant adverse U. S. federal income tax consequences. If we are or become a PFIC within the meaning of section 1297 of the Code for any taxable year during which a U. S. Holder (as defined in the section titled “U. S. Federal Income Tax Considerations”) holds Class A Ordinary Shares, certain adverse U. S. federal income tax consequences may apply to such U. S. Holder. A non-U. S. corporation will generally be treated as a “passive foreign investment company,” or a PFIC, for U. S. federal income tax purposes, in any taxable year if either (1) at least 75 % of its gross income for such year is passive income (such as interest, dividends, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of assets giving rise to passive income) or (2) at least 50 % of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. For these purposes, cash and other assets readily convertible into cash or that do or could generate passive income are categorized as passive assets, and the value of goodwill and other unbooked intangible assets is generally taken into account. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets and gains from commodities and securities transactions. For purposes of the income and asset tests, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, at least 25 % (by value) of the stock. The legislative history of the relevant Code provisions indicates that the total value of a publicly-traded foreign corporation’s assets generally will be treated as equal to the sum of the aggregate value of its outstanding stock plus its liabilities for purposes of the asset test, and publicly-traded foreign corporations often employ such market capitalization method to value their assets. However, the Internal Revenue Service, or the IRS, has not issued guidance conclusively addressing how to value a publicly-traded foreign corporation’s assets for PFIC purposes. The trading value of our Class A ordinary shares has in the past, and is likely to continue to fluctuate. In particular, the market price of the shares of U. S. listed technology companies (including us) has been especially volatile in recent years. In addition, we have a dual class share structure that has the effect of concentrating voting power in our Class B ordinary shares, which are not publicly traded. Our Class A ordinary shares, which are publicly traded, represent less than 20 % of the voting power of all our outstanding shares after giving effect to the issuance of Class B ordinary shares upon exercise of stock options held by our Founders. In certain circumstances, including under volatile market conditions and considering the percentage of voting power represented by our publicly-traded Class A ordinary shares, we believe it may be appropriate to employ alternative methods to determine the value of our assets other than the market capitalization method. After considering the total value of our assets determined under an alternative valuation method that takes into account a control premium, we believe that we were not a PFIC for the taxable year ended December 31, 2023-2024. However, if the market capitalization method were determined to be the only appropriate method of valuing our assets, we may well be treated as a PFIC for the taxable year ended December 31, 2023-2024. Therefore, there can be no certainty that the IRS will not challenge such a position and determine that based on the IRS’s interpretation of the asset test, we were a PFIC for the taxable any prior tax year ended December 31, 2023. In addition, PFIC status is a factual determination that must be made annually after the close of each taxable year. The trading value of our Class A ordinary shares is likely to continue to fluctuate while the market price of the shares of U. S. listed technology companies continues to be volatile, which may affect the determination of whether we will be considered a PFIC. As our market capitalization and the composition of our income, assets, and operations are subject to change, we cannot assure you that we will

not be considered a PFIC for any taxable year. It is possible that the IRS may take a contrary position with respect to our determination in any particular year. Certain adverse U. S. federal income tax consequences could apply to a United States Holder (as defined in Item 9B. “Taxation — U. S. Federal Income Tax Considerations”) if we are treated as a PFIC for any taxable year during which such United States Holder holds our Class A ordinary shares. We are not providing any U. S. tax opinion to any United States Holder concerning our potential PFIC status, and United States Holders should consult their tax advisors about the potential application of the PFIC rules to their investment in our Class A ordinary shares. If we were to be treated as a PFIC, a U. S. Holder of Class A Ordinary Shares may be subject to adverse U. S. federal income tax consequences, such as taxation at the highest marginal ordinary income tax rates on capital gains and on certain actual or deemed distributions, interest charges on certain taxes treated as deferred and additional reporting requirements. See “U. S. Federal Income Tax Considerations — Passive foreign investment company considerations” in Item 9B. If we become a controlled foreign corporation for U. S. federal income tax purposes, there could be adverse U. S. federal income tax consequences to certain U. S. shareholders. If a U. S. person is treated as owning (directly, indirectly, or constructively) at least 10 percent of the value or voting power of Class A Ordinary Shares, such person may be treated as a “U. S. shareholder” with respect to each of us and any of our direct and indirect foreign affiliates that is a “controlled foreign corporation” (“CFC”) for U. S. federal income tax purposes. If we have a U. S. subsidiary, certain of our non- U. S. subsidiaries could be treated as CFCs (regardless of whether or not we are treated as a CFC). A U. S. shareholder of a CFC may be required to report annually and include in its U. S. taxable income its pro rata share of “subpart F income,” “global intangible low- taxed income,” and investments in U. S. property by CFCs, regardless of whether we make any distributions. Individual U. S. shareholders of a CFC are generally not allowed certain tax deductions or foreign tax credits that are allowed to corporate U. S. shareholders. Failure to comply with applicable reporting obligations may subject a U. S. shareholder to significant monetary penalties and may prevent the statute of limitations with respect to such shareholder’s U. S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurance that we will assist investors in determining whether we or any of our non- U. S. subsidiaries is treated as a CFC, whether any investor is treated as a U. S. shareholder with respect to any such CFC or furnish to any U. S. shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. Each U. S. investor should consult its advisors regarding the potential application of these rules to an investment in Class A Ordinary Shares. We and the Financing Vehicles are subject to tax laws, tariffs and potential tax audits in multiple jurisdictions that could affect our financial results. We and the Financing Vehicles are subject to tax laws, tariffs and potential tax audits in multiple jurisdictions. The application and interpretation of these laws in different jurisdictions affect our international operations in complex ways and are subject to change, and some changes may be retroactively applied. Our tax liabilities in the different countries where we operate depend, in part, on transfer pricing and administrative charges among us and our subsidiaries. These arrangements require us to make judgments with which tax authorities may disagree, potentially resulting in the assessment of material additional taxes, penalties, interest or other charges to resolve these issues. The combination of the above factors may lead to an increased likelihood of tax audits with respect, among other things, to: (i) tax residence, (ii) trade or business activities and / or permanent establishment status in various jurisdictions, (iii) transfer pricing, (iv) CFC legislation, (v) taxation of dividends and capital gains derived upon interests held in companies located in low- tax jurisdictions, (vi) withholding tax application on cross- border payments, and (vii) anti- hybrid mismatches. In any such case, depending on the specific circumstances, tax audits and / or tax litigation with the tax authorities could result in tax liabilities and fines and penalties of significant amounts, which could be in excess of the amounts we provide for in our financial statements for tax liabilities. Transactions, including those with Financing Vehicles, that we have structured in light of current tax rules could have material and adverse consequences for us if tax rules change or if tax authorities apply or interpret the rules differently than we do. Changes in tax laws, their application and interpretation or imposition of any new or increased tariffs, duties and taxes could increase our tax burden, materially and adversely affect our sales, profits and financial condition and have an adverse effect on our business, net assets, or results of operations. Such factors could also cause us to expend significant time and resources and / or cause investors to lose confidence in our reported financial information. Changes in tax laws and unanticipated tax liabilities could adversely affect our financial results. New tax laws, statutes, rules, regulations, or ordinances could be enacted at any time. Further, existing tax laws, statutes, rules, regulations, or ordinances could be interpreted differently, changed, repealed, or modified at any time. Many of the countries in which we do business have or are expected to adopt changes to tax laws, including tax policy initiatives and reforms relating to the Organization for Economic Co- operation and Development’s Base Erosion and Profit Shifting project and specific country anti- avoidance initiatives. Such tax law changes increase uncertainty and may adversely affect our tax provision, possibly with retroactive effect. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations, reduce post- tax returns to our shareholders, and increase the complexity, burden and cost of tax compliance. We regularly assesses all of these matters to determine the adequacy of its tax provision, which is subject to significant judgment.

Risks Related to R & D We depend on highly skilled personnel to enhance our product and grow our business, and if we are unable to hire, integrate and retain our personnel, we may not be able to address competitive challenges and continue our rapid growth. Our future success and ability to maintain effective growth will depend upon our continued ability to hire, integrate and retain highly skilled personnel, including senior management, engineers, designers, developers, product managers, customer care representatives and finance and legal personnel. In addition to hiring and integrating new employees, we must continue to focus on retaining our best employees who foster and promote our innovative corporate culture. In order to remain competitive, we must continue to develop new solutions, applications and enhancements to our existing platform, which requires us to compete with many other companies for software developers with high levels of experience in designing, developing, and managing cloud- based software. Our principal research and

development activities are conducted from our offices in Tel Aviv, Israel, and we face significant competition for suitably skilled developers in this region. If we do not continue to innovate and provide a platform, and improved policy model, that is useful to our customers, we may not remain competitive, and our revenue and operating results could suffer. Our success depends on continued innovation to provide features and better performance that will make our platform useful for our ~~customers and~~ **partners and investors in our Financing Vehicles**, and our ability to persuade existing ~~customers~~ **partners** to expand their use of our platform to additional use cases and additional applications. We must continue to invest significant resources in research and development in order to continually improve the speed and power of our platform. We may introduce significant changes to our platform or develop and introduce new and unproven products, including using technologies with which we have little or no prior development or operating experience. If we are unable to continue offering innovative solutions or if new or enhanced solutions fail to engage our partners, we may be unable to attract additional partners or retain our current ones, which may adversely affect our business, operating results, and financial condition. Our future success will depend on our ability to develop the required new technologies or offer new and relevant products and service offerings to our Partners. Our future success will depend on our ability to improve the function, performance and reliability of our solutions and services. The development of new and upgraded solutions and new service offerings, including our future road map solutions to support our as part of new business segments or enhance of existing ones, involves a significant amount of time of our research and development team, as it can take our developers months to update, code and test new and upgraded solutions and integrate them into our platform. Further, our design team spends a significant amount of time and resources in order to incorporate various functionality elements as part of engagement with our partners and their business requirements. We are required to continually gear our solution development efforts towards the needs of different partner segments (Asset class) or per his technology requirement including security related elements. If we are unable to successfully enhance our existing solutions to meet evolving Partner requirements and increase adoption and usage of our solutions, if we are unable to maintain existing solutions provided by us, or if our efforts to increase the usage of our solutions are more expensive than we expect, if our solutions fail to achieve widespread acceptance, our time to market when onboarding new partners can be significantly impacted, driving operation challenges and impact to our business engagement. We increasingly rely on partners and other third parties to provide and / or assist with certain critical aspects of our business, including: (i) customer support, (ii) collections, (iii) loan origination, (iv) data verification and (v) servicing. These partners and third parties may be subject to cybersecurity incidents, privacy breaches, service disruptions and / or financial, legal, regulatory, labor or operational issues; any of which may result in the third party providing inadequate service levels to us or our customers. For example, a significant number of consumers that apply for financial products offered by our partners are sourced through loan aggregators. These loan aggregators may provide offers to consumers from multiple lenders, and the prioritization of these offers seen by the consumer are determined in the sole discretion of the loan aggregator, and offers from our partners may or may not be displayed to consumers, or may be displayed less predominantly than competing lenders. Loan aggregators also typically include the ability to terminate their agreements to provide services to our partners for any reason and at any time upon a 30 days' notice. If a loan aggregator terminated its relationship with one of our partners, the volume of loans or financial products originated by our partners could be significantly diminished, which may in turn negatively effect our ability to purchase assets from our partners. In addition, such loan aggregators also face litigation and regulatory scrutiny for their part in the consumer lending ecosystem, and as a result, their business models may require fundamental change or may not be sustainable in the future. For example, loan aggregators are increasingly required to be licensed as loan brokers or lead generators in many states, subjecting them to increased regulatory supervision and more stringent business requirements. These additional regulatory requirements may impact the ability of loan aggregators to provide their services, or to provide these services on commercially reasonable terms. In addition, these third parties may breach their agreements with us or our partners and / or refuse to continue or renew these agreements on commercially reasonable terms. If any third party provides inadequate service levels or fails to provide services at all, we may face business disruptions, customer dissatisfaction, reputational damage and / or financial and legal exposure; any of which may harm our business. We are exposed to risks relating to our incorporation and location in Israel. The Israeli government is currently pursuing extensive changes to Israel' s judicial system. In response to the foregoing developments, certain leading international financial institutions, including investment banks, investors and key economists, have indicated several causes for concern, including that such proposed changes, if adopted, may cause a downgrade to Israel' s sovereign credit rating and Israel' s international standing, which would adversely affect the macroeconomic condition in which we operate, and also potentially deter foreign investment into Israel or Israeli companies, which may hinder our ability to raise additional funds, if deemed necessary by our management and board of directors. We could be adversely affected by the soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks and other institutional clients. Many of these transactions expose us to credit risk in the event of a default by a counterparty or client. In addition, our credit risk may be exacerbated when our collateral cannot be foreclosed upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due. Any such losses could adversely affect our business, financial condition and results of operations.