

CU Direct Corporation dba Origence

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully read and consider the risks described below, together with the other information provided, before deciding to invest in our common stock. If any of the following risks actually occur, our business, financial condition, results of operation or cash flows could be materially harmed. In any such case, you could lose all or part of your investment. Other risks, events, and uncertainties that we do not currently anticipate or that we currently deem immaterial may also affect our business.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

BUSINESS STRATEGY

Our business, prospects, financial condition and results of operations depend on our ability to execute our business strategy, which includes the following key elements:

- continuing to expand our customer base in the United States;
- deepening our relationships with our existing customers;
- strengthening and broadening our product offerings and operations;
- driving additional operational efficiency through artificial intelligence (“AI”); and
- selectively pursuing acquisitions and strategic alliances.

Our growth strategy centers on deepening our footprint nationwide—reinforcing our position in current markets while entering states where we have limited presence to drive long-term scalability. A key component of this strategy is securing contractual commitments from credit unions committed to lending in specific locales and automobile dealerships in the same locales. While we have expanded geographically into all 50 states, our cross-sell of the Origence product suite remains limited due to the credit union industry’s limited scope of penetration in certain markets of the United States. Our future performance will be highly dependent on both our ability to continue to attract new credit unions and automobile dealers to our service offerings and our ability to sell additional service offerings to existing credit unions and automobile dealers. We may not succeed in implementing a portion or all of our business strategy and, even if we do succeed, our strategy may not have the favorable impact on our operations or financial condition that we anticipate. Our success depends on our ability to leverage our value proposition for dealers, lenders,

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original equipment manufacturers (OEMs), and other strategic partners; enhancing and expanding our product offering; providing high-quality products and services; maintaining our technological position; and implementing other elements of our business strategy. Failure to execute our business strategy or manage our operations properly could have a materially adverse effect on our business, financial condition and results of operations. (See “DESCRIPTION OF OUR HISTORY AND BUSINESS” and “MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.”)

We continue to invest in enhancing our systems, marketing for future business and hiring qualified personnel to achieve our anticipated growth. Enhancements to our software include upgrades for ease of use, speed of application, and additional product enhancements. As a result, a significant strain will continue to be placed on our management, financial and technical resources, as well as increased demands on our systems and controls. There can be no assurance that our existing operating and financial control systems, infrastructure and existing facilities will be adequate to support our future operations. Further, there can be no assurance that we will be able to upgrade our systems, infrastructure and facilities to support future operations as we have planned.

In addition, there can be no assurance that we will grow our business or that any such growth will prove profitable. We may not be able to effectively manage the expansion of our operations or achieve the rapid execution necessary to fully avail ourselves of the market opportunity for our products and services. If we are unable to adequately implement the growth aspects of our business strategy, our business, prospects, financial condition and results of operations could suffer a material adverse effect.

Selectively pursuing acquisitions and strategic alliances is part of our core business strategy. These acquisitions and transactions are subject to risks such as assumption of liabilities and difficulties in conforming business processes. It is possible that recent or future acquisitions or business combinations could have an adverse effect on our operations, including but not limited to the fiscal quarters immediately following the completion of such transactions while we are integrating the operations of the acquired entity into our operations or combining business operations. Significant amounts of management time and resources are required to integrate acquired business and could be a distraction from managing our current business. In addition, introducing new or enhanced products and services through acquisitions or new strategic alliances often requires us to increase expenditures before we generate revenue and may require significant investments in third party companies. For example, we may need to acquire technology or hire personnel to oversee the introduction of new products and services before we generate revenue from these products and services. In addition, there may be risks associated with the new

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products or services or business acquisitions that management has not yet identified and assessed the potential effect on our operations and financial condition. Also, there may be certain agreements associated with these acquisitions that could have an adverse effect on our operations. Further, we may be unable to successfully integrate the business of another entity we acquire or with whom we contract for services or combine operations in a timely manner, or we may incur substantial costs, delays or other operational or financial problems during the integration process. Liabilities associated with acquired businesses, distractions associated with integration efforts, or any inability to adequately integrate or generate satisfactory revenue or earnings from any new products, services or businesses we acquire could have a material adverse effect on our business, results of operations and financial condition. (See “ACQUISITIONS AND OTHER SIGNIFICANT TRANSACTIONS”).

KEY PERSONNEL

Our success depends, to a large extent, upon the active participation of our President and Chief Executive Officer, Anthony J. Boutelle and the executive team. If we lose the services of one or more of our senior executives or senior managers and we are unable to replace that person with someone who has the same level of experience in that position or the relevant industry, then the continued development of our business or our operations could be adversely affected. Further, our success depends on our ability to attract, motivate and retain highly qualified management and marketing personnel across the nation. If we are unable to do this, our operations and growth prospects could be materially adversely affected. We do not maintain key person life insurance on any of these executives. See “DIRECTORS AND EXECUTIVES.”

COMPETITION

We operate in extremely competitive markets. There is currently direct competition for credit union business and automobile dealership business from other point-of-purchase, loan origination and auto buying solutions offered by companies that are considerably larger than us, have more financial resources, and offer a variety of financing options for their customers through various financial institutions other than the credit union community. Our dealer portal interface process has direct competition from web-based automotive finance credit application systems, including Dealertrack and RouteOne. These competitors provide access to lenders not on the CUDL System. In addition, other loan underwriting systems, including MeridanLink, Sync1, Temenos, Finastra, Jack Henry, and Fiserv are directly competing with our credit union interface process and related loan origination solutions.

Although there are modest capital and operational barriers to entering the LOS business, the market is highly competitive and, as technology and AI develops, we expect competition to increase. Future competitors may have greater financial, technical and

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marketing resources than us. There can be no assurance that such competition will not adversely affect our future operations.

Our Origence Lending Services business and FI Connect finance company operations are demanding a large investment in connections to third party systems, online merchants and web auto shopping sites. The competition for lender shelf space on platforms including the leading electric automobile manufacturer's is extremely competitive and there is no assurance that additional investments will yield more loan channels or loan volumes. Our Origence Lending Services business, which processes loans on behalf of credit unions, has tremendous price competition from competitors such as LSI, CRIF, Cinch and others. The business competes on efficiency, which will continue to require more investment in AI and workflow tools.

There are also competitors that offer similar features to our auto buying website solution, AutoSMART, which is a digital automotive marketplace for auto dealers and credit union members. Other websites, such as Autotrader, TrueCar, CarGurus, Edmunds and Cars.com, provide vehicle inventories from dealers and other sellers from across the country.

In addition to our direct competitors, our credit union customers compete for business from their members or potential new members with a variety of other financing alternatives (e.g. captives, banks, finance companies). Some of these competitors may be able to offer more attractive financing terms, such as "zero percent financing," than our credit union customers are able to provide to their members, which indirectly leads to lower sales volumes for our Company.

CONSUMER FINANCE REGULATION

FI Connect is a licensed finance company that functions as a lender under strict regulations, and many of our other businesses also operate in a highly regulated environment. Accordingly, the Company is subject to licensing requirements and a variety of federal, state, and local laws, including those related to consumer protection and lending requirements. The Company is subject to governmental and regulatory examinations, information-gathering requests, and investigations from time to time at the state and federal levels. There can be no assurance that our controls for identifying and obtaining all necessary licenses and complying with related requirements will be effective. If we are found to be in violation of applicable licensing requirements by a court or a state, federal, or local enforcement agency, 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.

Laws, regulations and rules to which we or our lending partners are subject include the following, among others:

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- the Truth-in-Lending Act and Regulation Z promulgated thereunder, and similar state laws, which, among other things, (i) require certain disclosures to borrowers regarding the terms and conditions of their loans and credit transactions, (ii) require creditors to comply with certain lending practice restrictions, and (iii) limit the ability of a creditor to impose certain loan terms;
- the Equal Credit Opportunity Act and Regulation B promulgated thereunder, and similar state fair lending laws, which prohibit creditors from discouraging or discriminating against credit applicants on a prohibited basis, including 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;
- the Fair Credit Reporting Act and Regulation V promulgated thereunder, which impose certain obligations on users of consumer reports and those that furnish information to consumer reporting agencies, including obligations relating to obtaining consumer reports, marketing using consumer reports, taking adverse action on the basis of information from consumer reports, addressing risks of identity theft and fraud and protecting the privacy and security of consumer reports and consumer report information, including the Consumer Financial Protection Bureau's recent proposed amendments to Regulation V that could add requirements thereunder;
- Section 5 of the Federal Trade Commission 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 or abusive acts or practices; and
- the Credit Practices Rule which (i) prohibits lenders from using certain contract provisions that the Federal Trade Commission has found to be unfair to consumers; and (ii) prohibits certain activity relating to the assessment of late charges.

These and other laws and regulations also are subject to change in ways that could further limit operational flexibility of FI Connect or our other businesses, further increase compliance oversight costs, require us to implement costly new processes, or have other impacts which could adversely affect our business prospects and financial results. In addition, non-compliance with these or other applicable regulations could subject us to damages, revocation of required licenses, class action lawsuits, administrative enforcement actions, and civil and criminal liability. As a result, the regulatory environment in which the Company operates, or

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any failure to comply with those regulations, could have a material adverse effect on the Company and its results of operations.

TECHNOLOGICAL RISKS

Our business requires continued technological innovations, and benefits from successful new products and services. There can be no assurance that we will successfully innovate or identify profitable market opportunities and be able to bring those to market in a timely and competitive manner. The methods by which loans are processed, approved and funded will likely continue to change, and existing methods, including ours, could become obsolete.

Origence has introduced advanced technologies such as digital funding, e-contracting, and AI-driven lending solutions. While these innovations enhance operational efficiency and the member experience, they also require significant investment and carry risks related to implementation, cybersecurity, and regulatory compliance. Any failure in technology adoption or security breaches could harm our reputation and operations.

The CUDL System is subject to the risks associated with internet technology. Although we have redundant internet connections, should the internet experience a major outage, there is no guarantee that our redundant internet connections will effectively ensure that the CUDL System and our other systems will remain accessible. In addition, the CUDL System and our other systems are exposed to outside threats from the internet, including but not limited to, cyberattacks, such as hacking, ransomware, and state sponsored cyber activities. There is no guarantee that our security controls, including (i) internal security policies, procedures and practices, (ii) third party penetration testing, (iii) network and web application testing by internal staff, (iv) real time security monitoring of the network by a third party, and (v) other layered defenses, will be effective in protecting against internal and external attacks.

In addition, the security landscape is constantly changing, as is the CUDL System and our other systems, and there is no assurance that these systems will not be brought down or otherwise adversely impacted by a cyberattack.

We operate the Company's systems out of the Microsoft Azure cloud network in multiple cloud regions designed to enhance redundancy and business continuity. Our systems are designed with security features to sustain moderate unexpected catastrophes but there is no guarantee this will be effective. The integrity of this cloud network and the protection of the information that resides there are critically important to the Company's successful operation. Through cyberattacks on technology infrastructure and systems, unauthorized parties may obtain access to our Microsoft Azure cloud network.

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There is no guarantee that our policies, procedures and practices in place for disaster recovery, as well as physical and network security, will function as designed or otherwise prove adequate in the event of a disaster. If these measures prove not to be sufficient to maintain full functionality in the event of a major disaster, we may not be able to maintain the security of the confidential information of the customers or other users of our software and services, which could damage our reputation and brand and substantially harm our business and operating results.

Our success depends in part upon our ability to bring to market the products and services that we have in development and offer new products and services that meet changing customer needs. The time and expense associated with developing and offering these new products and services may be greater than anticipated. The length of the development cycle varies depending on the nature and complexity of the product, the availability of development, product management and other internal resources, and the role, if any, of strategic partners. If we are unable to develop and bring additional products and services to market in a timely and competitive manner, we could lose market share to competitors who are able to offer these additional products and services, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are constantly developing new applications and services including enhancements in an effort to comply with federal regulations and industry standards such as the Americans with Disabilities Act, the web content accessibility guidelines, Payment Card Industry Compliance and Experian's Independent Third Party Assessment. There will be significant costs associated with these enhancements. It is possible for us to experience defects or delays in development which could harm our business and reputation. The developed applications and services may contain undetected defects or other unforeseen problems which could result in delays in market acceptance, additional development costs, loss of clients or undesirable publicity and reputational damage. We attempt to limit our liability with riders and limitation of liability provisions in our client agreements, but we cannot be certain that these measures will effectively limit our liability.

ARTIFICIAL INTELLIGENCE RISKS

We plan to implement AI in the CUDL System and certain other products and systems, which involves implementation challenges and substantial financial commitments. The field of AI is characterized by rapid technological advancements and is subject to significant risks and uncertainties. Our operations and future success are dependent on our ability to successfully implement and effectively utilize AI technologies. Given the experimental nature of these technologies, we face challenges related to the practical implementation of AI algorithms. In addition to technical challenges, the costs associated with AI adoption can be substantial. These include initial development and integration expenses, the acquisition of specialized software infrastructure, and recurring expenses

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related to training and updates. These technologies are also subject to evolving industry standards, regulatory constraints, and may give rise to ethical and legal considerations that could affect their utilization and public acceptance. Furthermore, the complexity of AI systems increases the risk of unforeseen operational failures and the potential for biased or incorrect outputs, which could lead to reputational harm or liability. There is also the possibility that the AI models we implement may not perform as expected or may not be implemented properly, which could impact our competitiveness in the market and could result in additional costs or reputational damage. Our investment in these technologies may not yield the intended results, and the failure to effectively address these risks and uncertainties may materially and adversely affect our business and results of operations.

INTELLECTUAL PROPERTY ISSUES

Our future success will depend in part on our ability to protect our service marks, trade secrets and proprietary know-how. We rely on protection provided by trademark and copyright statutes and common law remedies. We also rely on our trade secrets and proprietary know-how. There is no assurance that the various methods we employ to protect our trade secrets and proprietary know-how will be adequate, and others could independently develop similar know-how or obtain access to our know-how. Our ability to defend ourselves against competitors that develop similar know-how or have patents on their systems and may claim that our systems are infringing or obtain access to our know-how is limited due to the lack of patents we have related to this know-how and system enhancements. We may also, from time to time, enter into contracts with others to develop technology that we will own or license. There are and may be third parties that have patents or pending patent applications for their technology and some of these third parties may make claims in the future, with respect to the technology we license from our service providers or which we own including that such technology infringes their patent or other intellectual property rights. Not all of our contracts with our service providers provide for indemnification against such patent claims and even where they do, such indemnification provisions have limitations and may not be sufficient to protect our interests in the event of patent or other intellectual property litigation. Further, although we take measures designed to avoid infringing on copyright or patent rights of a third party, there is no assurance that those measures will prove effective or that a third party will not claim we have done so. We may be required to cease using certain technology or lose support for certain technology in the event of an intellectual property infringement claim or pay a license fee to resolve such a claim and continue using the technology. Defending against patent infringement or other intellectual property claims may be costly and, if unsuccessful, may prevent us from continuing to use such proprietary information in the future.

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Our product managers perform feature comparisons on our competitors' system capabilities. (See "RISK FACTORS – RISKS RELATED TO OUR BUSINESS AND INDUSTRY – Competition.") We have and may continue to be required to disclose our trade secrets and proprietary know-how, not only to employees and consultants, but also to certain potential corporate partners and collaborators. We maintain confidentiality agreements with our executives, key personnel, consultants, suppliers or other third parties. We do not maintain non-compete agreements with these parties. There can be no assurance that any confidentiality agreements will be honored, that we would have adequate remedies for any breach, or that our trade secrets and proprietary know-how will not otherwise become known or be independently discovered by competitors.

TRADEMARK ISSUES

We use and rely on a number of service marks, some of which are federally registered and some of which are not, as well as numerous domain names, in conducting our operations in the United States. (See "DESCRIPTION OF OUR HISTORY AND BUSINESS – Trademarks/Domains.")

We believe that our service marks and other proprietary rights have significant value and are important to the marketing of our services. We have in the past and expect to continue to vigorously protect our proprietary rights. We cannot predict, however, whether steps taken by us to protect our proprietary rights will be adequate to prevent misappropriation of these rights or their use by others.

It may be difficult for us to prevent others from copying elements of our concept and any litigation to enforce our rights will likely be costly and may not be successful. Although we believe that we have sufficient rights to all of our trademarks and service marks, we may face claims of infringement that could interfere with our ability to market and promote our services. Any such litigation may be costly and divert resources from our business. Moreover, if we are unable to successfully defend against such claims, we may be prevented from using our trademarks and/or service marks in the future and may be liable for damages.

LITIGATION RISKS

Periodically, the Company is named in lawsuits involving our employees or related to our operations, including without limitation the following: (i) lawsuits involving disputes between participating credit unions, participating dealers and vehicle purchasers, including those pertaining to individual disputed RICs; and (ii) lawsuits directly with dealers or credit unions because of our contractual relationships with them for the various products and services we offer to them. As of the date of this Risk Factors document, we are not aware of any lawsuits that could materially impact the Company but there is no guarantee that material litigation will not occur in the future.

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KEY MARKET RISKS

Our performance is influenced by macroeconomic factors such as interest rates, vehicle sales trends, and consumer demand for loans. A downturn in the economy or automotive market could reduce loan volumes and negatively affect revenue. We have been successful in marketing our products across the United States. Throughout the nation, each market presents its unique opportunities and challenges. Our growth has been driven by enabling point-of-purchase credit union lending at the dealership. Our ability to succeed in specific markets can also be influenced by the breadth of local credit unions' charters and local competitive pressure presented by other financial institutions including banks, fintechs, and original equipment manufacturer (OEM) captives. The aggressive entrance of these lenders into key markets, or limits placed on credit unions' fields of membership, could materially and adversely impact our business.

Additionally, our growth has been tied to the steady and significant growth in consumer demand for new and used vehicles. Should this growth in demand significantly decline, stop entirely or reverse, our revenues could be significantly impacted. This could be affected by many issues, including but not limited to economic conditions, higher fuel costs, pandemics, tariffs, chip shortages, and other causes.

DEALER RELATIONSHIP RISKS

Our contractual relationships with numerous automobile dealerships expose us to claims by consumers that a particular dealership may have misled or defrauded the consumer. While our contracts require dealerships to indemnify us and participating credit unions, dealerships found liable for such actions could be insolvent or otherwise incapable of paying for damage claims or indemnifying us or participating credit unions. As a result, we or participating credit unions could be obligated to fund such damage claims without the possibility of indemnification by the dealership. If there are a significant number of claims over a short period of time resulting in the Company or the affected credit union funding such claims, our business is likely to be adversely affected.

Our contracts also require dealerships to repurchase retail installment sales contracts (RICs) from credit unions where fraud or certain misrepresentations or other material breaches by the dealer have occurred. If there is systemic fraud at the dealer level or if dealers refuse to honor their contractual obligations to repurchase such contracts or if a substantial number of dealers become insolvent and unable to honor their contractual obligations to repurchase their RICs, then credit unions may become reluctant to participate in the purchasing of RICs and our business will be adversely affected.

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SEASONALITY IN CERTAIN GEOGRAPHIC REGIONS

We experience seasonal revenue fluctuations based on weather patterns in the Northern United States. As the harsher winter months hit Northern states, automobile sales fall, impacting our related revenue stream. Conversely, our revenue stream tends to increase during the milder spring, summer and fall months. Abnormally long or severe periods of winter weather could materially impact our revenues.

SECURITY / PRIVACY BREACH

The protection of credit unions' and their members' non-public personal information is critical to our business operations. Origence operates in a highly regulated environment with stringent data protection requirements. The protection and security of non-public personal information, including financial information, is highly regulated at the federal level and by many states, and such regulations are often changing. Our product development teams work closely with our clients, the internal risk and compliance team, and outside counsel to establish and maintain information security policies and practices that meet or exceed regulatory requirements. To further our compliance efforts and report that compliance to our stakeholders, we also undergo various third-party audits pertaining to known industry security frameworks. Our contracts with our credit union clients routinely contain provisions requiring high standards of care for handling non-public personal information and avoiding security breaches. However, there is no assurance that our security measures will be sufficient and we remain vulnerable to cyberattacks and data breaches. A significant security breach or mishandling (including unintentional mishandling) of consumers' information could result in a breach of the Company's contracts with its credit union clients, attract media attention, damage our reputation and our clients' relationships and reputation, and result in lost sales, fines and lawsuits which could have a material adverse effect on the Company.

DEPENDENCE ON VEHICLE SALES AND RETAIL MOTOR VEHICLE FINANCING

We participate in automobile and boat, recreational vehicle and motorcycle sales markets for new and used purchases as well as retail motor vehicle financing in majority of markets. We are exposed to the many influences on these markets, including, but not limited to, supply of new and used inventory, general economic conditions, tariffs and sanctions, general consumer confidence, interest rates, price of gasoline, general condition of roadways, pandemics, terrorist attacks, operating performance of automobile manufacturers' captive finance companies and their related new vehicle financing incentives for new vehicles (e.g., zero percent financing) and others.

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Economic trends that negatively affect the automotive retail industry or the indirect automotive financing industry may adversely affect our business by reducing the amount of indirect automobile financing transactions that we earn revenue on, the number of credit union lender or automotive dealer customers that subscribe to our products and services, or money that our customers spend on our products and services. Purchases of new automobiles are typically discretionary for consumers and have been, and may continue to be, affected by negative trends in the economy, including the cost of energy and gasoline, the availability and cost of credit, increased federal and other taxation, reductions in business and consumer confidence, stock market volatility and increased unemployment, as well as due to other factors, such as longer warranties and higher quality vehicles, which may reduce the overall number of vehicles purchased during consumers' lifetimes, disruptions in available inventories of vehicles and pricing and purchase incentives for vehicles. A reduction in the number of automobiles purchased by consumers could adversely affect our lender and dealer customers and lead to a reduction in transaction volumes and in spending by these customers on our subscription products and services. While new car sales increased in 2025, they remain below historical levels. Additionally, a certain number of our lender customers are dependent on deposit growth as well as access to the capital markets, in order to fund their lending activities. These factors may result in our lenders further reducing the number of automobile dealers that they service or the number of contracts that they purchase which could result in a reduction in the number of credit applications that are processed through our network. A reduction in the number of automotive dealers due to consolidation or closures during economic downturn reduces the number of opportunities we have to sell our subscription products. Regarding tariffs, in 2025, the U.S. government has implemented new import tariffs and increases in existing tariff rates on imported automobiles and automobile parts, and may implement additional new tariffs or tariff increases in the future. These tariffs could cause a significant increase in the costs of imported automobile parts, as well as the costs of new and used automobiles, and could cause a decrease in the demand for automobiles and vehicle financing. Any of these outcomes could have a material adverse effect on our business, prospects, financial condition and results of operations.

Changes in consumer behavior could similarly affect the automotive industry, and, as a result, our business, results of operations and financial condition. A number of trends are affecting the automotive industry. These include continued demand for electrified vehicles (including battery electric vehicles and hybrid vehicles), high demand for incentives, the rise of mobility services such as vehicle sharing and ride hailing, the development of autonomous and electrified vehicles, the impact of demographic shifts on attitudes and behaviors toward vehicle ownership and use, the development of flexible alternatives to traditional financing and leasing such as subscription service offerings, changing expectations around the vehicle buying experience, and continued focus on environmental and other social initiatives and regulation. Any one or more of these trends could adversely affect the automotive industry and could in turn have an impact on our business, results of operations and financial condition.

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DEPENDENCE ON CREDIT UNIONS AND AUTOMOBILE DEALERS

Our success depends on strong relationships with credit unions and automobile dealers. Any disruption in these relationships, changes in credit union charters, or dealer insolvency could affect our ability to generate revenue. We rely on dealers to comply with contractual obligations, including repurchase of retail installment contracts in cases of fraud or misrepresentation.

We are a credit union service organization (“CUSO”) because we provide our services primarily to credit unions and their members. Further, the majority of our current shareholders are federally chartered or state-licensed credit unions. In order for federally chartered credit unions to invest in us, we must continue to provide our services primarily to credit unions. Accordingly, we must focus our activities of providing automated loan processing services primarily to credit unions. There is no assurance that we will be able to maintain our current relationships or enter into a significant number of new relationships or that any such relationships will prove profitable. If we are unable to obtain a sufficient share of the credit union market our operations may be materially and adversely affected. Any disruption of these relationships or a failure to accept our services by the credit union or automobile dealer industry would materially and adversely affect our prospects for growth and profitability, and we are not able to focus the majority of our activities on other types of financial institutions without risking our CUSO recognition.

Additionally, our success is dependent upon credit unions agreeing to purchase from dealers the RICs that the dealers enter into with credit union members. If new regulations are adopted or existing regulations are amended in a way that would prohibit or make it undesirable for credit unions to purchase these contracts from the dealers, then our operations would be materially and adversely affected. There is no assurance that we would be able to make the changes necessary to our services to allow credit unions to comply with any such regulations.

As described above, the contracts that the credit unions purchase from the dealers are retail installment sales contracts. As such, they may be subject to more onerous state regulations (such as disclosures to consumers and procedures required to enforce the obligation, among other things) than are loans made by credit unions directly to their members to finance these purchases. For example, in California these contracts are governed by the Automobile Sales Finance Act, which sets forth, among other things, a more onerous procedure and specific notice requirements that the credit union must follow and give to the debtor before a repossessed vehicle is sold. If the Automobile Sales Finance Act, or similar laws in other states, are amended in a way, or more onerous laws are enacted in California or other states, that would make it undesirable for credit unions to purchase these contracts, or if a sufficient number of credit unions decide that compliance with the Automobile Sales Finance Act or other similar state law is too onerous, then our operations

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would be materially and adversely affected at least in the geographic regions where such credit unions are located and, possibly, other geographic regions.

Additionally, mergers of credit unions could decrease our number of clients and adversely affect our potential growth.

Our lender customers may elect to use competing third-party platforms, either in addition to or instead of our CUDL System. Our lender customers have the discretion to utilize alternative third-party platforms, either alongside or in place of our CUDL System. The strength of our business model is rooted in the exclusive use of the CUDL network by credit unions to receive retail installment contracts from dealerships. Should credit unions choose to adopt a platform-neutral approach or incorporate other platforms, we risk losing our competitive advantage and dealer subscription revenue, which could have a material adverse effect on our business.

COMPLIANCE WITH CREDIT UNION SUPERVISORY AUTHORITY

As a credit union service organization (CUSO), Origence is subject to oversight by the National Credit Union Administration (NCUA) related to its relationships with federally chartered credit unions and corresponding state regulatory bodies related to its relationships with state-chartered credit unions. As such, credit union participation in the purchase of the Shares offered hereby is under the authority and regulation of these agencies. Management believes that the Company qualifies for investment by federally chartered credit unions and is subject to the investment limitations of the Federal Credit Union Act. These limitations preclude a federal credit union from investing more than one percent (1%) of the total paid-in and unimpaired capital and surplus of the credit union in shares, stock, or obligations of CUSOs. There are specific limitations on the types of activities in which a CUSO that has federal credit unions as investors may engage in. Management's efforts to ensure that the Company's activities are authorized under the Federal Credit Union Act could prove unsuccessful. State-chartered credit unions must comply with their respective state regulations for investing in the Company.

The NCUA or any state regulator may exercise the right to deny participation for a credit union within their respective jurisdictions that do not comply with investment limitations. In such an event, management believes such regulatory body could require that such investor credit union make every effort to divest itself of such shares at the earliest date possible. In addition, the Company, as a CUSO, is subject to inspection and review of its books and records by the NCUA and applicable state regulators. The NCUA requires CUSOs and companies in which they invest that are primarily engaged in providing products or services to credit unions or their members (regardless of the amount of the CUSO's investment in the company, size of ownership interest in the company or whether the CUSO has board representation or the ability to control the company) to annually report

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to the NCUA providing financial, customer and other business information, including the names of credit unions who invest in the CUSO. The Company's efforts to comply with these regulations could prove unsuccessful, leading to a material adverse effect.

OTHER RISKS

DIVIDENDS

The Company's dividend policy allows the Board of Directors the flexibility to declare and pay a cash dividend out of funds legally available for that purpose to the shareholders based on the achievement of annual financial projections and other considerations set by the Board. Because the policy is discretionary and the dividend must be formally declared by the Board, dividends may not be paid, in the Board's discretion, even if financial projections are met or if other factors arise that prevent the distribution of cash at year-end. While the Company has a history of paying dividends most years, there can be no assurance that cash dividends will be paid on the Shares. The fact that cash dividends have been declared and paid in most years in the past should not be viewed as an indicator that future cash dividends will be declared. Accordingly, investors should not purchase the Shares in reliance on the payment of cash dividends.

LACK OF PUBLIC MARKET

Our Shares are not publicly traded which means the Shares, in reliance on exemptions from registration requirements, have not been registered with the Securities and Exchange Commission nor with any state securities regulatory agency. As a result, the Shares may not be resold in the absence of an effective registration statement provided by these laws or an applicable exemption thereto. Purchasers of the Shares offered hereby must purchase with investment intent and without a view toward distributing the Shares. Further, the Shares are subject to transfer restrictions, including a right of first refusal by the Company. We are not obligated to register the Shares for resale and are not under any obligation to assist in the creation of a public or other market for our securities. This limits liquidity and affects your ability to sell Shares. Additionally, there can be no assurance that the Shares will ever be publicly tradable. Consequently, a holder may be unable to liquidate its investment in the Shares.

QUALIFYING SHAREHOLDERS

The Company's management and board of Directors believe it to be in the best interest of the shareholders for the Company to retain its status as a Credit Union Service Organization that is broadly held by its credit union customers and others in the credit union industry. Accordingly, "Qualifying Shareholders" eligible to own shares are limited to credit unions and credit union-based organizations, including credit union leagues, service

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corporations of credit union leagues, or credit union service organizations, in any case that own no more than 5% of the Company's outstanding common stock following its acquisition of Shares. The Board of Directors may waive this requirement if it deems acquisition of Shares by a Non-Qualifying Shareholder to be in the best interests of the Company. While this concept of Qualifying Shareholder does not currently restrict resale of the Shares to Non-Qualifying Shareholders, it is likely that the Board of Directors will seek to implement similar restriction on resales in order to preserve the Company's status as a CUSO broadly held by its credit union shareholders. This likely future limitation on resales, together with the general lack of public market referred to above and right of first refusal referred to below, severely restrict the ability to resell the Shares.

RIGHT OF FIRST REFUSAL

Any proposed transfer of the Shares will be subject to a right of first refusal in favor of the Company. Such right of first refusal adversely affects the transferability of the Shares.

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