



06 May 2022

Proposed US\$12 million Convertible Notes issue

Summary

Zebit, Inc. (**Zebit** or **the Company**) proposes to offer convertible notes (**Convertible Notes**) to raise approximately US\$12 million. The proceeds of the Convertible Notes will be used to continue to grow the Company.

The minimum amount intended to be raised is US\$10 million and the maximum is US\$15 million. The Convertible Notes will be offered on a pro-rata basis to existing U.S. stockholders who are accredited investors, existing Australian stockholders who are accredited investors and sophisticated or professional investors, and existing stockholders outside the United States and Australia who are accredited investors and who meet similar requirements of their respective jurisdictions. New U.S. investors who are accredited investors may also be invited to subscribe for Convertible Notes.

Each Convertible Note will have a maturity date of 30 April 2024 and an interest rate of 8.0% per annum. The Convertible Notes (principal and accrued but unpaid interest) may be converted into shares of common stock (**Shares**) of Zebit at a price of US\$0.16 per Share.

Crosslink Capital, a 23.4% stockholder in Zebit, has taken up its pro-rata entitlement in full (calculated on the basis of a US\$12 million offer size) and has committed to subscribe for additional Convertible Notes up to a maximum investment of US\$10 million.

If the Convertible Notes are issued, Zebit intends to increase the size of the option pool available for grants to employees to 15% of Zebit's fully diluted market capitalisation (post issue of the Convertible Notes). The increase will initially be approved by Zebit's board, and Zebit intends to seek shareholder approval for the pool size increase within 12 months of the board approval.

About Zebit, Inc.

Zebit, Inc. is a Texas based eCommerce company that is dedicated to changing lives of over 100 million U.S. credit-challenged consumers by giving them access to a broad set of products and the ability to pay for those products in instalments over six months. Zebit was founded in 2015 and operates in all 50 States across the U.S.

For more information, visit www.zebit.com.

About Zebit, Inc.

For investor enquiries:

Zebit Investor Relations
IR@zebit.com

Marc Schneider
marc.schneider@zebit.com



Schedule 1: Terms of Convertible Notes

The terms of the Convertible Notes are below:

Term	Summary
Amount to be raised	US\$12 million, with a targeted minimum of US\$10 million. Zebit may agree to raise up to US\$15 million.
Term	Outstanding principal and accrued interest on the Convertible Notes shall be due upon demand of the requisite holders at any time after 30 April 2024 (Maturity Date) or the occurrence of an event of default. The "requisite holders" means: i) holders of a majority of the Convertible Notes (by value, including Crosslink); or ii) holders of at least 70% of the Convertible Notes (by value).
Interest	8% simple interest per annum. Interest shall accrue and be paid in kind (i.e., convert with the principal).
Security	Subordinated to Zebit's existing accounts receivable credit facility and senior bank debt, if any, but senior to all other indebtedness of Zebit.
Conversion Price	US\$0.16 per Share, which represents the weighted average trading price of Zebit's CDIs on the Australian Stock Exchange (ASX) in the 30 trading days prior to the trading halt in the Company's shares which preceded Zebit's de-listing announcement, converted to USD based on the average exchange rate between USD and AUD during such 30 day period (Fixed Conversion Price).
Conversion	<p>Optional conversion: a Convertible Note holder may elect to convert the outstanding principal and any accrued but unpaid interest into Shares at the Fixed Conversion Price at any time.</p> <p>Mandatory conversion: the outstanding principal and any accrued but unpaid interest of all Convertible Notes will automatically convert into Shares at the Fixed Conversion Price upon election made by the requisite holders.</p> <p>Mandatory conversion upon financing: if Zebit completes an equity financing of at least US\$10 million, all Convertible Notes will automatically convert at the Conversion Price into shares with the same rights as the shares issued under the financing, except that the liquidation preference will be the lower of the Fixed Conversion Price and the lowest price per share paid by investors in the financing (Conversion Price).</p>
Change of control	In the event of a change of control the outstanding principal and interest under all Convertible Notes will, at the election of the requisite holders, either i) convert into Shares at the Fixed Conversion Price; ii) be cancelled in exchange for payment equal to two times the outstanding principal and interest; or iii) be cancelled



Term	Summary
	in exchange for payment of an amount such that the annual internal rate of return on the principal and interest of the Convertible Notes is 40%. A “ change of control ” is event in which a person or group becomes the owner of more than 50% of the outstanding voting securities, a merger or consolidation, or a sale of substantially all of Zebit’s assets.
Closing dates	Subject to Board approval and the satisfaction of conditions including financial and legal due diligence and the execution of final documents by the investors and Zebit, the Convertible Notes will be issued under multiple closings, expected to occur between late April 2022 and late July 2022.
Issue of warrants	In the event the Company does not raise the targeted minimum of US\$10 million, stockholders who invested their full pro rata and new investors who participated in an earlier closing may subscribe for additional Convertible Notes until the aggregate principal amount of all Convertible Notes reaches US\$10 million. In connection with such additional investments, the investor will receive warrants to purchase Shares with an exercise price equal to the Fixed Conversion Price). The number of warrants to be granted will be calculated by dividing 50% to 100% of the additional investment amount by the Final Conversion Price.