



Marketing and Advertising Guidelines for Retailers

Introduction

At Katapult, our mission is to create a world where financial barriers no longer exist by providing disruptive technology that empowers and simplifies the shopping experience. We want our technology to inspire financial possibility. It is important to us that our customers and retail partners understand the Katapult Lease-to-Own program and agreements. Katapult is committed to ethical and transparent interactions with both consumers and retail partners. The intent of this guide is to document the standards retailers must follow to properly advertise and otherwise comply with rules and regulations governing the Katapult lease-purchase program.



Legal Best Practices

The Basics

What is a Lease-Purchase or "Lease-to-Own" (LTO) Agreement?

LTO agreements offer consumers an opportunity to lease products for short renewable periods, typically bi-weekly or monthly, while providing the option to purchase the product(s) through an early purchase option at any time. If the consumer makes all scheduled renewal payments (typically 12 or 18 months), the consumer will automatically become the owner of the product(s). LTO agreements also provide the consumer the ability to return the product(s) at any time, thereby avoiding the issue of a long-term commitment.

Legal Best Practices

Importance of Marketing the Katapult Program

Katapult provides underserved, nonprime consumers the flexibility they deserve to access the durable goods they need. Marketing the Katapult LTO program in e-commerce and in-store experiences enables our retail partners to expand their customer base, increase transaction volume, and grow revenue. We want to work with you on the best strategies to market the program and our Katapult marketing team is standing by to collaboratively provide the support you need.

You can reach out with any questions or support needed at marketing@katapult.com.

Legal Best Practices

What are Considered Marketing or Advertising Materials?

All materials, whether digital, audio, visual, telephonic, paper, or other medium, that are consumer-facing or available for consumer consumption and that address, promote, or solicit a consumer in connection with Katapult's LTO program.

Legal Best Practices

Retailer Marketing Agreement

All marketing and disclosure materials used by a retailer relating or referring to Katapult's LTO program must comply with applicable laws and must be approved by Katapult prior to dissemination or publication. A retailer shall not, and shall cause each of its respective agents, representatives and employees to not, make any statements with respect to Katapult's LTO program that are inconsistent with these Marketing and Advertising Guidelines, any other applicable Katapult policy, or applicable laws and regulations. A retailer must obtain written approval from Katapult for any marketing materials used by the retailer, which either reference Katapult's LTO program or which the retailer presents to potential customers in connection with Katapult's LTO program.

Legal Best Practices

Approval Process

To submit marketing or advertising materials for approval, please email them to

marketing@katapult.com

Laws Applicable to Marketing and Advertising

Lease-to-Own Laws/Regulation and Regulatory Guidance

Katapult's LTO program is subject to state LTO laws (including marketing and advertising specific regulations), which vary by state. Katapult also looks to other laws, where applicable, related to marketing and/or advertising its program.

Laws Applicable to Marketing and Advertising

State LTO and Deceptive Trade Practices Laws

Most state LTO statutes include advertising requirements, including requirements for additional disclosures when certain terms are present, known as “trigger” terms. Further, certain other state laws prohibit advertising that is deceptive and/or misleading in nature. Katapult works to ensure that the marketing and advertising of its LTO program complies with these laws.

Laws Applicable to Marketing and Advertising

CAN-SPAM

CAN-SPAM sets forth requirements for commercial email messages, including marketing and advertising materials sent, delivered or promoted via email message. Further, CAN-SPAM provides rules allowing consumers to request that they no longer wish to receive commercial email messages and penalties for not abiding with such requests.

Laws Applicable to Marketing and Advertising

Telephone Consumer Protection Act - "TCPA"

The TCPA regulates telephone calls, including text messages, utilizing an Automatic Telephone Dialing System ("ATDS"), pre-recorded message and/or artificial voice. The TCPA requires prior express written customer consent before advertising to that customer using an ATDS, pre-recorded message and/or artificial voice. As with other Katapult-related marketing, retailers should not contact customers about Katapult's LTO program using an ATDS, pre-recorded message and/or artificial voice without first requesting consent from Katapult.

Standards to Ensure Customer Understanding

How to reference the Katapult LTO program

All consumer-facing marketing materials must, under all circumstances, clearly indicate the Katapult LTO program as a “Lease-to-Own,” “Lease-purchase,” or “Rental- purchase” transaction. “Lease” or “leasing” alone does not properly describe the transaction. Katapult's LTO program should not be presented as a credit or financing option.

Standards to Ensure Customer Understanding

Do not use the following terms to describe Katapult's LTO program in marketing, advertising or promotional materials or communications:

- Credit
- Finance
- Loan
- Interest free (or any reference to "APR")
- Buy now, pay later (or any reference to "BNPL")
- No Credit Check
- Same as Cash (may be permitted under certain circumstances (i.e., California)).
- Installment Sale
- Pay Off
- Pay in installments (or any variant indicating pay over- time without clarification that Katapult offers a lease to-own or lease-purchase transaction).
- Any other terms that are not *pre-approved* by Katapult or that are misleading.

Laws Applicable to Marketing and Advertising

Ensure customer is aware that Katapult provides the lease-to-own transaction

- Katapult (rather than the retailer) provides the lease-to-own transaction and is the lessor.
- All advertisements and/or marketing materials for Katapult must indicate "Katapult" is the lease-to-own lessor or provider.

Laws Applicable to Marketing and Advertising

Make clear that Katapult's LTO program is separate and distinct from other forms of financing

- Katapult's LTO program must not be presented as a credit sale, installment sale, traditional financing or credit, loan, buy now, pay later option, or any other form of credit or financing.

Required Advertising Disclosures and "Trigger" Terms

All marketing materials for Katapult's LTO program must contain the universal disclosure and, depending on content, other additional disclosures set forth below. All disclosures must be clear and conspicuous and in close proximity to the claim being made.¹ Note, although Katapult provides these guidelines, all marketing relating to Katapult's LTO program must be expressly approved by Katapult.

¹ *As used in these Marketing and Advertising Guidelines, "clear and conspicuous" means that the disclosure be easily noticeable and understandable to an ordinary consumer.*

Required Advertising Disclosures and "Trigger" Terms

Universal Disclosure - Katapult requires that all consumer facing marketing and advertising materials clearly and conspicuously disclose the following:

"This is an advertisement for Katapult's lease-purchase or lease-to-own service. The path to ownership will cost more than the merchant's cash price. The service is available for certain items at participating locations only. Not available in MN, NJ, WI, WY. For more information visit Katapult.com"

Specific Advertising Terms – Trigger Terms

The advertisement for a specific product offered through Katapult's LTO program or the inclusion of any payment amount (i.e., "trigger terms") require separate disclosures in addition to the Universal Disclosure provided above¹:

¹ *The "trigger term" requirements may vary depending on state LTO laws. These Marketing and Advertising Guidelines do not account for all possible state LTO law variations. Use of "trigger terms" is subject to Katapult's approval. Contact Katapult for more information.*

Required Advertising Disclosures and "Trigger" Terms

Initial Payment Information Without Product Information

- Advertisements displaying the initial payment amount, or a limited time promotional initial payment amount, must contain one of the following disclosures in **close proximity** to the initial payment amount:
 - **Initial Payment Amount** - "The initial payment (plus any applicable taxes and fees) is due at lease-purchase signing. Your lease-purchase payment amount will be determined after you select your product(s). You will not acquire ownership of the product(s) if the total amount necessary to acquire ownership is not paid."
 - **Promotional Initial Payment Amount** - "The initial payment (plus any applicable taxes and fees) is due at lease signing. Your lease-purchase payment amount will be determined after you select your product(s). You will not acquire ownership of the product(s) if the total amount necessary to acquire ownership is not paid. The Promotional Initial Payment does not reduce the cost of the lease-purchase agreement. The Promotional Initial Payment is available until (Month/Day/Year)."

Required Advertising Disclosures and "Trigger" Terms

Specific Product Advertising with Payment Information

- Advertisements for a specific product with related payment information offered through Katapult's LTO program must contain the following disclosure:
 - "The advertised price for [product name] is the cash price. The total cost for the [product] with a cash price of [cash price] is \$XXXX.XX [Total Cost] pursuant to your (12, 18 month) lease-purchase agreement, with an Initial Payment of \$_____ and (monthly/ bi-weekly/ weekly) payments of \$____. The cost of rental is \$____. Tax varies by state and is excluded from the above amounts. Prices for [product name] may vary by state."

Required Disclosures for Advertising the 90 Day Early Purchase Option

- Any marketing or advertising material referencing or referring to the customer's option to purchase the leased item(s) in the first 90 days of lease opening must align with the lease terms, which vary as follows across the states:
 - **Connecticut, Hawaii, Indiana, Iowa, Maine, Michigan, Nebraska, South Carolina and West Virginia:**
 - During the first 90 days, your EPO price will be the sum of the leased item's cash price, 5% of cash price, and \$45, less all lease renewal payments made (excluding any tax or fees paid), plus sales tax.
 - **California**
 - During the first 3 months, your EPO price will be the item's cash price less all lease renewal payments made (excluding any tax or fees paid), plus sales tax.
 - **All other states**
 - During the first 90 days, your EPO price will be the leased item's cash price, plus 5% of cash price, less all lease renewal payments made (excluding any tax or fees paid), plus sales tax.

Advertising With Leasable Property Only

Katapult only leases durable personal property as permitted by the various state LTO laws governing its LTO practices. Katapult does not lease all forms of property, such as highly consumable or disposable property, nor does Katapult “lease” services, such as “repair services,” that are not property. Retailers may not advertise Katapult’s LTO program to be available for items that Katapult is not legally permitted to include with a lease-purchase transaction. See Katapult’s Program Manual for more detail, or contact Katapult.