

# **Open Lending Reports Third Quarter 2021 Financial Results**

November 9, 2021

AUSTIN, Texas, Nov. 09, 2021 (GLOBE NEWSWIRE) -- Open Lending Corporation (Nasdaq: LPRO) (the "Company" or "Open Lending"), a leading provider of lending enablement and risk analytics solutions to financial institutions, today reported financial results for its third quarter of 2021.

"We are pleased to report another record quarter, which included a 138% increase in certified loans, a 98% increase in revenue and a 113% increase in Adjusted EBITDA compared to the third quarter of 2020," said John Flynn, Chairman and CEO of Open Lending. "We continue to make progress on our growth strategies to capture more of the \$250 billion addressable market and help underserved consumers get auto loans. We are very encouraged by the continued growth in our credit union and bank line where we achieved a 91% year-over-year increase in certified loans in the third quarter of 2021. We added 16 new accounts in the third quarter of 2021, of which four were tier one accounts with assets of \$1 billion or greater. In addition, our OEMs have grown a combined 205% year-to-date in 2021."

### Three Months Ended September 30, 2021 Highlights

- The Company facilitated 49,332 certified loans during the third quarter of 2021, compared to 20,696 certified loans in the third quarter of 2020
- Total revenue was \$58.9 million during the third quarter of 2021, compared to \$29.8 million in the third quarter of 2020
- Gross profit was \$52.5 million during the third quarter of 2021, compared to \$27.3 million in the third quarter of 2020
- Net income was \$29.4 million during the third quarter of 2021, compared to net loss of \$(71.1) million in the third quarter of 2020
- Adjusted EBITDA was \$42.1 million during the third quarter of 2021, compared to \$19.8 million in the third quarter of 2020

Adjusted EBITDA is a non-GAAP financial measure. Reconciliations of this non-GAAP financial measure to its most directly comparable GAAP financial measure are provided in the financial table included at the end of this press release. An explanation of this measure and how it is calculated is also included under the heading "Non-GAAP Financial Measures."

### 2021 Outlook

"Based on the third quarter results and trends into the fourth quarter of 2021, we are narrowing our previous guidance ranges. We are excited about the resiliency of our business despite inflated car values and the global semiconductor chip shortages. In addition, we are still within the guidance ranges provided 18 months ago, which demonstrates the predictability of our business model," said Chuck Jehl, CFO of Open Lending.

#### Full Year 2021 Outlook

Total Certified

165,000 - 174,000

Loans

Total Revenue \$200 - \$212 million
Adjusted EBITDA \$140 - \$150 million
Adjusted Operating \$110 - \$125 million

Cash Flow (a)

a. Adjusted Operating Cash Flow is defined as Adjusted EBITDA, minus CAPEX, plus or minus change in contract assets.

The guidance provided above includes forward-looking statements within the meaning of U.S. securities laws. While the financial guidance takes into account the continuing impact of the global COVID-19 pandemic, the impact of the pandemic has been unprecedented and the future effect of the pandemic on the global economy and our financial results remains uncertain, and our actual results may differ materially. See "Forward-Looking Statements" below.

#### **Conference Call**

Open Lending will host a conference call to discuss the third quarter 2021 financial results today at 5:00 pm ET. Hosting the call will be John Flynn, Chairman and CEO, Ross Jessup, President and COO, and Chuck Jehl, CFO. The conference call will be webcast live from the Company's investor relations website at <a href="https://investors.openlending.com/">https://investors.openlending.com/</a> under the "Events" section. The conference call can also be accessed live over the phone by dialing (800) 926-4951, or for international callers (416) 981-9029. A replay will be available two hours after the call and can be accessed by dialing (844) 512-2921 or (412) 317-6671 for international callers; the conference ID is 21998539. The replay will be available until Tuesday, November 23, 2021. An archive of the webcast

will be available at the same location on the website shortly after the call has concluded.

#### **About Open Lending**

Open Lending (Nasdaq: LPRO) provides loan analytics, risk-based pricing, risk modeling and default insurance to auto lenders throughout the United States. For 20 years, we have been empowering financial institutions to create profitable auto loan portfolios by saying "yes" to more automotive loans. For more information, please visit <a href="https://www.openlending.com">www.openlending.com</a>.

### **Forward-Looking Statements**

This press release includes certain statements that are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under the United States Private Securities Litigation Reform Act of 1995, including statements related to market trends, the impact of the global COVID-19 pandemic on factors impacting the Company's business, the Company's new lender pipeline, consumer behavior and demand for automotive loans, as well as future financial performance under the heading "2021 Outlook" above. Forward-looking statements generally are accompanied by words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "should," "would," "plan," "predict," "potential," "seem," "seek," "future," "outlook," and similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These statements are based on various assumptions and on the current expectations of the Company's management and are not predictions of actual performance. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the Company's control. These forward-looking statements are subject to a number of risks and uncertainties, including general economic, political and business conditions; the continuing effects of the COVID-19 pandemic on consumer behavior; applicable taxes, inflation, supply chain disruptions, interest rates and the regulatory environment; the outcome of judicial proceedings to which Open Lending is, or may become a party; failure to realize the anticipated benefits of the business combination with Nebula Acquisition Corporation ("Business Combination"); the amount of redemption requests made by the Company's stockholders; other risks discussed in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2020 and our subsequently filed Quarterly Reports on Form 10-Q. If the risks materialize or assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. There may be additional risks that the Company presently does not know or that they currently believe are immaterial that could also cause actual results to differ from those contained in the forwardlooking statements. In addition, forward-looking statements reflect the Company's expectations, plans or forecasts of future events and views as of the date of this press release. The Company anticipates that subsequent events and developments will cause their assessments to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's assessments as of any date subsequent to the date of this press release. Accordingly, undue reliance should not be placed upon the forward-looking statements.

#### **Non-GAAP Financial Measures**

The non-GAAP financial measures included in this press release are financial information that has not been prepared in accordance with GAAP. The Company uses Adjusted EBITDA, Adjusted EBITDA margin and Adjusted operating cash flows internally in analyzing our financial results and believes it is useful to investors, as a supplement to GAAP measures, in evaluating our ongoing operational performance. The Company believes that the use of non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial results with other companies in our industry, many of which present similar non-GAAP financial measures to investors.

The Company believes these measures provide useful information to investors and others in understanding and evaluating its operating results in the same manner as its management and board of directors. In addition, these measures provide useful measures for period-to-period comparisons of our business, as they remove the effect of certain non-cash items and certain non-recurring variable charges. Adjusted EBITDA is defined as GAAP net income (loss) excluding interest expense, provision for income taxes, depreciation and amortization expense, share-based compensation expense, gain on extinguishment of the Company's tax receivable agreement, loss on extinguishment of debt, change in fair value of contingent consideration and transaction bonuses as a result of the Business Combination. Adjusted EBITDA margin is defined as Adjusted EBITDA expressed as a percentage of total revenue. Adjusted operating cash flows is defined as adjusted EBITDA, minus CAPEX, plus or minus change in contract assets.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measure provided in the financial statement tables included below in this press release.

#### Contact:

ICR for Open Lending Investors

### **OPEN LENDING CORPORATION**

# Condensed Consolidated Balance Sheets (Unaudited, in thousands, except share data)

Current assets           Cash and cash equivalents         \$ 90,864         \$ 101,513           Restricted cash         2,896         2,635           Accounts receivable         6,874         4,352           Current contract assets         60,739         50,368           Prepaid expenses         3,436         1,873           Other current assets         165,562         162,777           Property and equipment, net         2,664         1,201           Operating lease right-to-use assets, net         53,523         38,956           Other current assets         53,523         38,956           Deferred tax asset, net         66,042         82,18           Other con-current assets         14,30         3,442           Total assets         1,430         3,442           Eliabilities and stockholders' equity         1,430         3,442           Accounds payable         1,430         3,434           Accounds payable         1,430         3,436           Current portion of debt         3,125         4,888           Other current ibabilities         4,027         4,005           Total current ibabilities         4,750         5,138           Total current ibabilities <td< th=""><th></th><th>Se</th><th>ptember 30, 2021</th><th>De</th><th>ecember 31, 2020</th></td<>		Se	ptember 30, 2021	De	ecember 31, 2020
Cash and cash equivalents         9,0864         \$10,513           Restricted cash         2,866         2,635           Accounts receivable         68,739         50,386           Current contract assets         68,739         50,386           Prepaid expenses         3,436         1,873           Other current assets         165,562         162,777           Property and equipment, net         2,664         1,201           Operating lease right-of-use assets, net         5,328         5,733           Non-current contract assets         5,328         5,733           Other non-current assets         66,042         85,218           Deferred tax asset, net         66,042         85,218           Other non-current assets         12,40         124           Total assets         11,40         3,40           Accounts payable         1,43         3,43           Accrued expenses         7,361         3,03           Income tax payable         1,10         1,60           Current portion of debt         1,10         1,60           Current portion of debt         1,75         1,73           Total current liabilities         1,75         5,13           Total current liabilities <th>Assets</th> <th></th> <th></th> <th></th> <th></th>	Assets				
Restricted cash         2,896         2,637           Accounts receivable         6,874         4,352           Current contract assets         60,739         50,368           Prepaid expenses         6,753         1,207           Other current assets         753         2,018           Total current assets         165,562         162,773           Property and equipment, net         5,328         5,733           Non-current contract assets seasets, net         5,562         3,733           Oberating lease right-of-use assets, net         66,042         85,273           Other non-current assets         124         124           Other non-current assets         124         124           Total assets         143         3,442           Accounts payable         1,43         3,442           Accounts payable         1,143         3,442           Accrude depenses         1,17         1,60           Other current liabilities         1,05         1,88           Other current liabilities         1,76         1,78           Total current liabilities         1,78         1,78           Total current liabilities         1,78         1,78           Total current liabilities	Current assets				
Accounts receivable         6,874         4,352           Current contract assets         60,739         50,386           Prepaid expenses         3,436         1,873           Other current assets         753         2,018           Total current assets         165,562         182,777           Property and equipment, net         5,328         5,733           Non-current contract assets         53,523         38,956           Deferred tax asset, net         66,042         82,218           Other non-current assets         66,042         124           Total assets         8293,243         294,000           Other convent Habilities         14,303         3,442           Accorued expenses         7,361         3,033           Accorued expenses         7,361         3,033           Income tax payable         1,107         1,460           Current portion of debt         3,125         4,885           Other current liabilities         17,001         1,902           Total current liabilities         143,828         152,859           Total current liabilities         1,005         2,005           Total current liabilities         1,005         2,005           Total current pera	Cash and cash equivalents	\$	90,864	\$	101,513
Current contract assets         60,739         50,386           Prepaid expenses         3,436         1,787           Other current assets         753         2,018           Total current assets         165,562         162,777           Property and equipment, net         2,664         1,201           Operating lease right-of-use assets, net         5,328         5,738           Non-current contract assets         5,528         38,568           Deferred tax asset, net         66,042         85,218           Other non-current assets         12         12           Total assets         293,249         294,009           Extrent liabilities         4         293,249           Accounts payable         1,430         3,442           Accounts payable         1,430         3,432           Accrued expenses         7,361         3,033           Income tax payable         1,107         1,640           Current liabilities         1,207         4,088           Other current liabilities         1,20         4,088           Non-current operating lease liabilities         4,75         5,138           Income tax payable         4,75         5,138           Long-term debt, net of defer	Restricted cash		2,896		2,635
Prepaid expenses         3,436         1,873           Other current assets         750         2,018           Total current assets         165,522         162,777           Property and equipment, net         2,664         1,202           Operating lease right-of-use assets, net         5,328         5,733           Non-current contract assets         66,042         85,218           Defer non-current assets         66,042         85,218           Other non-current assets         124         124           Total assets         233,243         \$294,009           Total stockholders' equity           Current liabilities           Accrued expenses         7,361         3,033           Accrued expenses         7,361         3,033           Other current liabilities         1,407         1,640           Current portion of debt         3,125         4,888           Other current liabilities         17,050         17,000           Total current liabilities         4,075         5,138           Non-current operating lease liabilities         4,75         5,138           Total liabilities         4,75         5,138           Total liabilities         4,75         5,138 <td>Accounts receivable</td> <td></td> <td>6,874</td> <td></td> <td>4,352</td>	Accounts receivable		6,874		4,352
Other current assets         75.3         2,018           Total current assets         165,622         162,777           Property and equipment, net         5,328         5,738           Non-current contract assets, net         5,328         38,958           Deferred tax asset, net         6,24         82,128           Other non-current assets         124         124           Total assets         232,43         29,000           Accounts payable         1,107         3,442           Accrued expenses         7,361         3,00           Income tax payable         1,107         1,600           Current portion of debt         3,125         4,888           Other current liabilities         3,125         4,888           Other current liabilities         1,00         1,00           Total current liabilities         1,4,00         1,00           Total current liabilities         1,4,00         1,00           Non-current liabilities         4,75         5,138           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current liabilities         6         4,75         5,138           Total liabilities         1,20         1,20         6,73 </td <td>Current contract assets</td> <td></td> <td>60,739</td> <td></td> <td>50,386</td>	Current contract assets		60,739		50,386
Total current assets         165,762         162,777           Property and equipment, net         2,664         1,201           Operating lease right-of-use assets, net         5,328         5,738           Non-current contract assets         53,528         38,956           Deferred tax asset, net         66,042         85,218           Other non-current assets         124         124           Total assets         293,243         294,009           Labilities and stockholders' equity         829,3243         3,240           Accounts payable         1,430         3,442           Accounts payable         1,143         3,442           Accurrent portion of debt         1,170         1,608           Current portion of debt         3,125         4,888           Other current liabilities         17,050         170           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         9         9,369           Other non-current liabilities         165,653         267,387           Total liabilities         165,653         267,387           Total liabilities         <	Prepaid expenses		3,436		1,873
Property and equipment, net         2,664         1,201           Operating lease right-of-use assets, net         5,328         5,733           Non-current contract assets         35,523         38,956           Deferred tax asset, net         66,042         85,218           Other non-current assets         124         124           Total assets         \$233,243         \$294,009           Liabilities           Current liabilities           Accrued expenses         1,430         3,442           Accrued expenses         1,107         1,640           Income tax payable         1,107         1,640           Current portion of debt         3,125         4,888           Other current liabilities         4,075         17,000           Total current liabilities         4,075         5,138           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liabilities         4,775         5,138           Total current liabilities         4,775         5,138           Tax receivable agreement liabilities         5,000         6,730         5,000           Total current portion of debt         6,000         6,75,30         5,000	Other current assets		753		2,018
Operating lease right-of-use assets, net         5,328         3,738           Non-current contract assets         53,523         38,956           Deferred tax asset, net         66,049         85,218           Other non-current assets         124         124           Total assets         293,240         294,009           Liabilities and stockholders' equity         8         293,009           Current liabilities           Accounts payable         1,430         3,442           Accrued expenses         7,361         3,033           Income tax payable         1,107         1,640           Current portion of debt         3,125         4,888           Other current liabilities         17,950         17,008           Total current liabilities         17,950         17,008           Long-term debt, net of deferred financing costs         4,775         5,138           Tax receivable agreement liability         4,775         5,138           Tox acceivable agreement liability         4,775         5,138           Tox Iliabilities         1,282         1,282         2,7,381           Tox Iliabilities         1,282         1,282         2,7,381           Tox Iliabilities         1,282 <th< td=""><td>Total current assets</td><td></td><td>165,562</td><td></td><td>162,777</td></th<>	Total current assets		165,562		162,777
Non-current contract assets         53,523         38,956           Deferred tax asset, net         66,042         85,218           Other non-current assets         293,043         \$294,009           Ital assets         293,043         \$294,009           Labilities and stockholders' equity         8         293,009           Current liabilities           Accounts payable         1,430         3,442           Accorued expenses         7,361         3,035           Income tax payable         1,107         1,600           Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Total current liabilities         4,027         1,006           Non-current operating lease liabilities         4,75         5,138           Non-current permidebt, net of deferred financing costs         4,75         5,138           Tax receivable agreement liability         4,75         5,138           Tax receivable agreement liability         6         2,03           Total liabilities         5,13         5,138           Total contract liabilities         1,28         2,53,80           Total solitities         1,28         2,63,80	Property and equipment, net		2,664		1,201
Deferred tax asset, net Other non-current assets         66,042 (124)         85,218 (124)           Total assets         293,243 (294,000)         294,000           Liabilities and stockholders' equity           Current liabilities           Accounts payable         1,430 (3,442)         3,442 (3,402)           Accrued expenses         7,361 (3,033)         3,033 (3,033)         1,100 (3,428)         4,888 (3,042)         4,027 (4,005)         4,027 (4,005)         4,027 (4,005)         4,027 (4,005)         4,027 (4,005)         4,027 (4,005)         4,027 (4,005)         4,027 (4,005)         4,027 (4,005)         4,028 (4,027)         4,005 (4,002)         4,028 (4,027)         4,005 (4,002)         4,005 (4,0	Operating lease right-of-use assets, net		5,328		5,733
Other non-current assets         124         1294,000           Itabilities and stockholders' equity         E           Current liabilities           Accounts payable         1,430         3,442           Accrued expenses         7,361         3,042           Current portion of debt         1,107         1,640           Current liabilities         4,027         4,085           Other current liabilities         17,050         17,006           Current low of deferred financing costs         143,282         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         4,775         92,369           Other non-current operating lease liabilities         4,775         13           Tax receivable agreement liability         4,75         92,369           Other non-current liabilities         16,563         267,381           Total liabilities         16,563         267,381           Total liabilities         1,262         1,282           Commitments and contingencies         1,282         1,282           Freferred stock, \$0.01 par value; 10,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,190,351 share	Non-current contract assets		53,523		38,956
Total assets         293,243         294,009           Liabilities and stockholders' equity         Current liabilities         3           Accounts payable         1,430         3,442           Accorued expenses         7,961         3,033           Income tax payable         1,107         1,648           Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Other current liabilities         17,550         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         4,775         5,138           Total liabilities         165,653         267,387           Commitments and contingencies         165,653         267,387           Stockholders' equity         5         1,282         1,282           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, 128,198,185 shares issued and 126,803,096 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of September 31, 2020         1,282         1,282         1,282           Accumulated deficit         493,972         491,246         493,972 <th< td=""><td>Deferred tax asset, net</td><td></td><td>66,042</td><td></td><td>85,218</td></th<>	Deferred tax asset, net		66,042		85,218
Liabilities and stockholders' equity           Current liabilities           Accounts payable         1,430         3,442           Accrued expenses         7,361         3,033           Income tax payable         1,107         1,640           Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Total current liabilities         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liabilities         4,775         5,138           Tax receivable agreement liabilities         4,775         5,138           Total liabilities         165,653         267,387           Commitments and contingencies         5165,653         267,387           Stockholders' equity         5         5           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of September 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246	Other non-current assets		124		124
Current liabilities           Accounts payable         1,430         3,442           Accrued expenses         7,361         3,033           Income tax payable         1,107         1,640           Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Total current liabilities         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liabilities         4,775         5,138           Tox receivable agreement liabilities         4,775         92,369           Other non-current liabilities         6         2         2,369           Tox all liabilities         5         165,653         267,387           Commitments and contingencies         5         165,653         267,387           Stockholders' equity              Common stock, \$0.01 par value; 10,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional p	Total assets	\$	293,243	\$	294,009
Accounts payable         1,430         3,442           Accrued expenses         7,361         3,033           Income tax payable         1,107         1,640           Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Total current liabilities         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         -         92,369           Other non-current liabilities         165,653         267,387           Total liabilities         165,653         267,387           Commitments and contingencies         165,653         267,387           Stockholders' equity         -         -           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of September 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at Septembe	Liabilities and stockholders' equity				
Accrued expenses         7,361         3,033           Income tax payable         1,107         1,640           Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Total current debt, net of deferred financing costs         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         -         92,369           Other non-current liabilities         165,653         267,387           Total liabilities         165,653         267,387           Commitments and contingencies         5         267,387           Stockholders' equity         -         -           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding         -         -           Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of September 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accurmulated deficit         (310,164)         (428,406)	Current liabilities				
Income tax payable         1,107         1,640           Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Total current liabilities         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         —         92,369           Other non-current liabilities         16,5653         \$267,387           Commitments and contingencies         ***         ***         ***           Stockholders' equity         ***         ***         ***           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)	Accounts payable		1,430		3,442
Current portion of debt         3,125         4,888           Other current liabilities         4,027         4,005           Total current liabilities         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         —         92,369           Other non-current liabilities         —         13           Total liabilities         \$ 165,653         267,387           Commitments and contingencies         ***         ***           Stockholders' equity         —         —         —           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 493,972         491,246           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)           Total stockholders' equity	Accrued expenses		7,361		3,033
Other current liabilities         4,027         4,005           Total current liabilities         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         —         92,369           Other non-current liabilities         —         13           Total liabilities         165,653         267,387           Commitments and contingencies         ************************************	Income tax payable		1,107		1,640
Total current liabilities         17,050         17,008           Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         —         92,369           Other non-current liabilities         —         13           Total liabilities         \$ 165,653         \$ 267,387           Commitments and contingencies         ***  Stockholders' equity**  Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding         —         —           Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)           Total stockholders' equity         26,622	Current portion of debt		3,125		4,888
Long-term debt, net of deferred financing costs         143,828         152,859           Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         92,369           Other non-current liabilities         165,653         \$ 267,387           Total liabilities         5165,653         \$ 267,387           Commitments and contingencies         **** Stockholders' equity**         **** Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)           Total stockholders' equity         127,590         26,622	Other current liabilities		4,027		4,005
Non-current operating lease liabilities         4,775         5,138           Tax receivable agreement liability         92,369           Other non-current liabilities         -         13           Total liabilities         \$ 165,653         \$ 267,387           Commitments and contingencies         **** Stockholders' equity         **** Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)           Total stockholders' equity         127,590         26,622	Total current liabilities		17,050		17,008
Tax receivable agreement liability         92,369           Other non-current liabilities         13           Total liabilities         \$ 165,653         267,387           Commitments and contingencies         Stockholders' equity         \$ 267,387           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)           Total stockholders' equity         127,590         26,622	Long-term debt, net of deferred financing costs		143,828		152,859
Other non-current liabilities         —         13           Total liabilities         \$ 165,653         \$ 267,387           Commitments and contingencies         Stockholders' equity         Stockholders' equity         —         —           Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)           Total stockholders' equity         127,590         26,622	Non-current operating lease liabilities		4,775		5,138
Total liabilities         \$ 165,653         \$ 267,387           Commitments and contingencies         Stockholders' equity             Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020         1,282         1,282           Additional paid-in capital         493,972         491,246           Accumulated deficit         (310,164)         (428,406)           Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively         (57,500)         (37,500)           Total stockholders' equity         127,590         26,622	Tax receivable agreement liability		_		92,369
Commitments and contingenciesStockholders' equityPreferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding——Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 20201,2821,282Additional paid-in capital493,972491,246Accumulated deficit(310,164)(428,406)Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively(57,500)(37,500)Total stockholders' equity127,59026,622	Other non-current liabilities		_		13
Stockholders' equity Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020  Additional paid-in capital Accumulated deficit Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively  Total stockholders' equity  Stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively  Total stockholders' equity	Total liabilities	\$	165,653	\$	267,387
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding  Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020  Additional paid-in capital  Accumulated deficit  Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively  Total stockholders' equity  — — — — — — — — — — — — — — — — — —	Commitments and contingencies				
Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020       1,282       1,282         Additional paid-in capital       493,972       491,246         Accumulated deficit       (310,164)       (428,406)         Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively       (57,500)       (37,500)         Total stockholders' equity       127,590       26,622	Stockholders' equity				
and 126,190,351 shares outstanding as of September 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020  Additional paid-in capital 493,972 491,246  Accumulated deficit (310,164) (428,406)  Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively (57,500) (37,500)  Total stockholders' equity 127,590 26,622	Preferred stock, \$0.01 par value; 10,000,000 shares authorized, none issued and outstanding		_		_
and 126,803,096 shares outstanding as of December 31, 2020       1,282       1,282         Additional paid-in capital       493,972       491,246         Accumulated deficit       (310,164)       (428,406)         Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December       (57,500)       (37,500)         31, 2020, respectively       (57,500)       (37,500)         Total stockholders' equity       127,590       26,622	•				
Additional paid-in capital       493,972       491,246         Accumulated deficit       (310,164)       (428,406)         Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively       (57,500)       (37,500)         Total stockholders' equity       127,590       26,622	· · · · · · · · · · · · · · · · · · ·		4 000		4 202
Accumulated deficit       (310,164)       (428,406)         Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December 31, 2020, respectively       (57,500)       (37,500)         Total stockholders' equity       127,590       26,622					
Treasury stock at cost, 2,007,834 shares at September 30, 2021 and 1,395,089 at December       (57,500)       (37,500)         31, 2020, respectively       127,590       26,622					•
31, 2020, respectively       (57,500)       (37,500)         Total stockholders' equity       127,590       26,622			(310,164)		(428,406)
Total stockholders' equity 127,590 26,622			(57,500)		(37,500)
	• •	\$		\$	

## **OPEN LENDING CORPORATION**

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited, in thousands, except share data)

Thre	e Months Ended
S	eptember 30.

Nine Months Ended September 30,

		2021	_	2020		2021		2020
Revenue								
Program fees	\$	21,638	\$	10,087	\$	57,146	\$	31,592
Profit share		35,447		18,544		102,019		34,482
Claims administration and other service fees		1,807		1,131		4,860		3,185
Total revenue		58,892		29,762		164,025		69,259
Cost of services		6,380		2,496	_	13,882		6,818
Gross profit		52,512		27,266		150,143		62,441
Operating expenses								
General and administrative		7,197		5,015		23,790		23,233
Selling and marketing		3,308		2,118		8,659		5,491
Research and development		1,268		579		2,632		1,286
Operating income		40,739		19,554		115,062		32,431
Interest expense		(959)		(3,572)		(5,370)		(7,980)
Interest income		35		36		177		97
Gain on extinguishment of tax receivable agreement		_		_		55,422		_
Loss on extinguishment of debt		_		_		(8,778)		_
Change in fair value of contingent consideration		_		(83,130)		_		(131,932)
Other income (expense)		3				(130)		3
Income (loss) before income taxes		39,818		(67,112)		156,383	(107,381)	
Provision for income taxes		10,404		4,021		38,141		5,385
Net income (loss) and comprehensive income (loss)	\$	29,414	\$	(71,133)	\$	118,242	\$	(112,766)
Preferred distribution to redeemable convertible Series C preferred units Accretion to redemption value of redeemable		_		_		_		(40,689)
convertible Series C preferred units		_		_		_		47,537
Net income (loss) attributable to common stockholders	\$	29,414	\$	(71,133)	\$	118,242	\$	(105,918)
Net income (loss) and comprehensive income (loss) per common share					===		=	
Basic	\$	0.23	\$	(0.62)	\$	0.94	\$	(1.56)
Diluted	\$	0.23	\$	(0.62)	\$	0.94	\$	(1.56)
Weighted average common shares outstanding								
Basic	120	6,190,351	11	5,189,532	126,405,822		67,828,046	
Diluted	120	6,247,499	11	5,189,532	12	26,451,119	6	67,828,046

# OPEN LENDING CORPORATION Condensed Consolidated Statements of Cash Flows (Unaudited, in thousands)

	Nine Months Ended September 30,			
	2021			2020
Cash flows from operating activities				
Net income (loss)	\$	118,242	\$	(112,766)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Share-based compensation		2,726		2,676
Depreciation and amortization		829		787
Non-cash operating lease cost		405		325
Gain on extinguishment of tax receivable agreement		(55,422)		
Loss on extinguishment of debt		8,778		
Change in fair value of contingent consideration		_		131,932
Deferred income taxes		19,176		4,683
Changes in assets & liabilities:				
Accounts receivable		(2,522)		375

Contract assets	(24,920)	(10,037)
Operating lease right-of-use assets	_	(523)
Prepaid expenses	(1,563)	(1,415)
Other current and non-current assets	1,265	(2,002)
Accounts payable	(2,012)	946
Accrued expenses	4,328	(597)
Income tax payable/receivable	(533)	544
Operating lease liabilities	(558)	(280)
Other current and non-current liabilities	 204	 1,727
Net cash provided by operating activities	 68,423	16,375
Cash flows from investing activities		
Purchase of property and equipment	 (1,785)	 (1,097)
Net cash used in investing activities	(1,785)	(1,097)
Cash flows from financing activities		 
Proceeds from term loans	125,000	170,000
Proceeds from revolving facility	50,000	_
Payments on term loans	(168,409)	(5,443)
Payments on revolving facility	(25,000)	_
Payment of deferred financing costs	(1,669)	(9,767)
Share repurchase	(20,000)	_
Settlement of tax receivable agreement	(36,948)	_
Distributions to Open Lending, LLC unitholders	_	(135,380)
Proceeds from stock warrant exercises	_	88,042
Recapitalization transaction, net of transaction costs	 _	 (14,862)
Net cash (used in) provided by financing activities	 (77,026)	92,590
Net change in cash and cash equivalents and restricted cash	(10,388)	107,868
Cash and cash equivalents and restricted cash at the beginning of the period	 104,148	 9,898
Cash and cash equivalents and restricted cash at the end of the period	\$ 93,760	\$ 117,766
Supplemental disclosure of cash flow information:		
Interest paid	\$ 4,545	\$ 7,209
Income tax paid, net	19,397	158
Right of use assets obtained in exchange for lease obligations	_	5,375
Non-cash investing and financing:		
Change in fair value of redeemable convertible series C preferred units	\$ _	\$ (47,537)
Conversion of preferred stock to common stock	_	257,406

# OPEN LENDING CORPORATION Reconciliation of GAAP to Non-GAAP Financial Measures (Unaudited, in thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,				
		2021		2020		2021		2020
Adjusted EBITDA reconciliation to net income (loss)								
Net income (loss)	\$	29,414	\$	(71,133)	\$	118,242	\$	(112,766)
Non-GAAP adjustments:								
Interest expense		959		3,572		5,370		7,980
Provision for income taxes		10,404		4,021		38,141		5,385
Depreciation and amortization expense		201		167		590		406
Share-based compensation (1)		1,098		_		2,726		2,676
Gain on extinguishment of tax receivable agreement (2)		_		_		(55,422)		_
Loss on extinguishment of debt (3)		_		_		8,778		_
Change in fair value of contingent consideration (4)		_		83,130		_		131,932

Transaction bonuses (5)	 _	_	 _	_	9,112
Total adjustments	12,662	 90,890	183		157,491
Adjusted EBITDA	 42,076	19,757	118,425		44,725
Total revenue	\$ 58,892	\$ 29,762	\$ 164,025	\$	69,259
Adjusted EBITDA margin	71%	66%	72%		65%
Adjusted operating cash flows (6)					
Adjusted EBITDA	\$ 42,076	\$ 19,757	\$ 118,425	\$	44,725
CAPEX	(944)	(673)	(1,785)		(1,097)
Increase in contract assets	(2,329)	(10,262)	(24,920)		(10,037)
Adjusted operating cash flows	\$ 38,803	\$ 8,822	\$ 91,720	\$	33,591

#### Notes:

- (1) Includes \$2.2 million of non-cash charges incurred in connection with the accelerated vesting of the legacy share-based awards, as a result of the Business Combination for the nine months ended September 30, 2020.
- (2) Reflects the gain recognized as a result of the early termination and settlement of the tax receivable agreement in the nine months ended September 30, 2021.
- (3) Reflects the loss recognized in connection with the refinancing of our Term Loan due 2027 on March 19, 2021, which primarily consists of the write-off of unamortized deferred financing costs.
- (4) Reflects non-cash charges for the change in the estimated fair value of contingent consideration from June 10, 2020 through the date immediately before each tranche of contingent consideration shares vested.
- (5) Reflects transaction bonuses awarded to key employees and directors in connection with the Business Combination in the nine months ended September 30, 2020.
- (6) Adjusted operating cash flow is defined as adjusted EBITDA, minus CAPEX, plus or minus change in contract assets.



Source: Open Lending Corporation