



Say YES to more automotive loans.



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# Earnings Supplement

## Q4 2020

# Financial Highlights

	Q4 2020	FY 2020
Total Certs	26,822	94,226
Revenue <i>(\$mm)</i>	\$39.6 million	\$108.9 million
Adj. EBITDA <i>(\$mm)</i>	\$24.8 million	\$69.5 million
Adj. Operating Cash Flow <sup>1</sup> <i>(\$mm)</i>	\$8.3 million	\$41.9 million

(1) Defined as Adj. EBITDA, minus CAPEX, plus or minus change in contract assets

# Recent Accomplishments



## Open Lending and Partners Strongly Positioned

- Credit union and bank lenders are well capitalized with ample liquidity
- Insurers modestly impacted relative to other industries and profitable in 2020
- Low interest rate environment, traditional lenders retrenching, and commuters shifting away from public modes of transportation are driving positive trends



## OEM Opportunity

- OEM #1
  - Experienced certification growth of over 200% from April to December 2020 (560 – 619 credit score in all markets)
  - Expanded credit score offering (619 – 679) in one pilot market with controlled roll out to the other markets in the next few months
- OEM #2
  - Ramping up since coming back online in October 2020
- Building out pipeline with other OEMs for the future



## Q4 Update

- New partnerships such as OE Federal Credit Union, Members 1<sup>st</sup> Federal Credit Union and Interra Credit Union
- Partnered with 8 new refinance lenders in Q4
- Added 16 new lender customers / contracts executed in Q4
- 14 active implementations with “go live” dates in the next 60 days

# Growth Plan

1 ■ Expand Core Business

2 ■ OEM Opportunity

3 ■ CECL Relief

4 ■ Launch into New Channels

5 ■ Broaden Our Offerings

# Q4 2020 Key Performance Indicators

	Three Months Ended December 31,		Years ended December 31,		
	2020	2019	2020	2019	2018
<b>Certs</b>					
CU & Bank Certs	18,844	18,458	73,012	74,242	56,705
OEM Certs	7,978	4,101	21,214	4,192	-
<b>Total Certs</b>	<b>26,822</b>	<b>22,559</b>	<b>94,226</b>	<b>78,434</b>	<b>56,705</b>
<b>Unit Economics</b>					
Avg. Profit Share Revenue per Cert <sup>(2)</sup>	\$ 686	\$ 686	\$ 658	\$ 614	N/A <sup>(1)</sup>
Avg. Program Fee Revenue per Cert	\$ 462	\$ 455	\$ 467	\$ 468	\$ 442
<b>Originations</b>					
Facilitated Loan Origination Volume (\$ in 000)	\$ 625,889	\$ 503,994	\$ 2,126,327	\$ 1,755,175	\$ 1,246,551
Average Loan Size	\$ 23,335	\$ 22,341	\$ 22,566	\$ 22,378	\$ 21,983
<b>Channel Overview</b>					
New Vehicle Certs as a % of Total	17.2%	15.0%	15.2%	12.0%	12.7%
Used Vehicle Certs as a % of Total	82.8%	85.0%	84.8%	88.0%	87.3%
Indirect Certs as a % of Total	79.1%	69.1%	75.6%	63.3%	61.2%
Direct Certs as a % of Total	20.9%	30.9%	24.4%	36.7%	38.8%

<sup>(1)</sup> Effective January 1, 2019, the Company adopted ASC 606 which requires us to recognize the full amount of profit share revenue upon completion of our performance obligations. This was not retroactively applied to prior periods and therefore 2018 is not comparable.

<sup>(2)</sup> Represents average profit share revenue per certified loan originated in the period and excludes the impact of change in estimates on profit share revenue recognized in the period associated with historical vintages. The profit share revenue impact related to change in estimates of historical vintages was \$7.5 million and \$(0.5) million for the three months ended December 31, 2020 and 2019, respectively; \$(1.6) million and \$4.8 million for the year ended December 31, 2020 and 2019, respectively.

# Q4 2020 Financial Update

(\$ in 000)	Three Months Ended December 31,		Years Ended December 31,		
	2020		2020	2019	2018
<b>Revenue</b>					
Program fees	\$ 12,403		\$ 43,995	\$ 36,667	\$ 25,044
Profit share	25,910		60,392	53,038	24,835
Claims administration service fees	1,320		4,505	3,142	2,313
<b>Total revenue</b>	<b>39,633</b>		<b>108,892</b>	<b>92,847</b>	<b>52,192</b>
<b>Cost of services</b>	2,968		9,786	7,806	4,603
<b>Gross profit</b>	<b>36,665</b>		<b>99,106</b>	<b>85,041</b>	<b>47,589</b>
<b>Operating expenses</b>					
General and administrative	9,351		32,584	13,774	12,125
Selling and marketing	2,350		7,841	7,482	6,188
Research and development	678		1,964	1,170	802
<b>Operating income</b>	<b>24,286</b>		<b>56,717</b>	<b>62,615</b>	<b>28,474</b>
<b>Other income/expense</b>					
Change in fair value of contingent consideration	-		(131,932)	-	-
Interest expense	(3,621)		(11,601)	(322)	(341)
Interest income	105		202	24	13
Other income (expense)	(4,380)		(4,377)	197	170
<b>Net income (loss) before income tax</b>	<b>16,390</b>		<b>(90,991)</b>	<b>62,514</b>	<b>28,316</b>
<b>Provision (benefit) for income tax</b>	1,188		6,573	(30)	37
<b>Net income (loss)</b>	<b>\$ 15,202</b>		<b>\$ (97,564)</b>	<b>\$ 62,544</b>	<b>\$ 28,279</b>
<b>Adjusted EBITDA</b>	<b>\$ 24,801</b>		<b>\$ 69,526</b>	<b>\$ 64,925</b>	<b>\$ 31,309</b>

# Reconciliation of Net Income (Loss) to Consolidated Adjusted EBITDA

(\$ in 000)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<b>GAAP net income (loss)</b>	<b>\$ 15,202</b>	<b>\$ 17,440</b>	<b>\$ (97,564)</b>	<b>\$ 62,544</b>
Non-GAAP adjustments:				
Change in fair value of contingent consideration (1)	—	—	131,932	—
Transaction bonuses (2)	—	—	9,112	—
Change in measurement – Tax Receivable Agreement (3)	4,292	—	4,292	—
Interest expense	3,621	84	11,601	322
Provision (benefit) for income taxes	1,188	28	6,573	(30)
Depreciation and amortization expense	346	27	752	105
Share-based compensation (4)	152	487	2,828	1,984
<b>Total adjustments</b>	<b>9,599</b>	<b>626</b>	<b>167,090</b>	<b>2,381</b>
<b>Adjusted EBITDA</b>	<b>24,801</b>	<b>18,066</b>	<b>69,526</b>	<b>64,925</b>
<b>Total net revenue</b>	<b>\$ 39,633</b>	<b>\$ 26,076</b>	<b>\$ 108,892</b>	<b>\$ 92,847</b>
<b>Adjusted EBITDA margin</b>	<b>62.6 %</b>	<b>69.3 %</b>	<b>63.8 %</b>	<b>69.9 %</b>

## Notes:

- (1) Reflects non-cash charges for the change in the estimated fair value of contingent consideration shares from June 10, 2020 through the date when each tranche of contingent consideration shares vested as the share price performance milestone was achieved.
- (2) Reflects transaction bonuses awarded to key employees and directors in connection with the business combination with Nebula.
- (3) Reflects non-cash charges due to changes in the measurement of our Tax Receivable Agreement liability as a result of changes in our blended state tax rate.
- (4) Principally represents non-cash charges associated with the Class B Unit Incentive Plan of Open Lending, LLC prior to the business combination and the 2020 Stock Option and Incentive Plan of Open Lending Corporation following the business combination with Nebula.

## Total Share Count

Shares	In millions
Total Shares Outstanding December 31, 2020	126.8
Treasury Shares	1.4
Total Shares Issued	128.2