

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 9, 2021



OPEN LENDING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-39326  
(Commission  
File Number)

84-5031428  
(IRS Employer  
Identification No.)

1501 S. MoPac Expressway  
Suite 450  
Austin, Texas 78746  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 512-892-0400

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	LPRO	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Condition.**

On November 9, 2021, Open Lending Corporation (the "Company") issued a press release announcing its financial results for the fiscal quarter ended September 30, 2021. A copy of the press release and additional supplemental financial information are attached as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

The information furnished under this Item 2.02 and in the accompanying Exhibits 99.1 and 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1 [Earnings Release, dated November 9, 2021, titled "Open Lending Reports Third Quarter 2021 Financial Results."](#)  
99.2 [Supplemental Earnings Information Q3 2021](#)  
104 Cover Page Interactive Data File (embedded within the Inline XBRL document)





### Open Lending Reports Third Quarter 2021 Financial Results

AUSTIN, TX, November 9, 2021 – 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 Loans	165,000 - 174,000
Total Revenue	\$200 - \$212 million
Adjusted EBITDA	\$140 - \$150 million
Adjusted Operating Cash Flow <sup>(a)</sup>	\$110 - \$125 million

- 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 <https://investors.openlending.com/> 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 [www.openlending.com](http://www.openlending.com).

**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 forward-looking 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  
[openlending@icrinc.com](mailto:openlending@icrinc.com)

**OPEN LENDING CORPORATION**  
**Condensed Consolidated Balance Sheets**  
(Unaudited, in thousands, except share data)

	September 30, 2021	December 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
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	50,386
Prepaid expenses	3,436	1,873
Other current assets	753	2,018
<b>Total current assets</b>	<b>165,562</b>	<b>162,777</b>
Property and equipment, net	2,664	1,201
Operating lease right-of-use assets, net	5,328	5,733
Non-current contract assets	53,523	38,956
Deferred tax asset, net	66,042	85,218
Other non-current assets	124	124
<b>Total assets</b>	<b>\$ 293,243</b>	<b>\$ 294,009</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>17,050</b>	<b>17,008</b>
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
<b>Total liabilities</b>	<b>\$ 165,653</b>	<b>\$ 267,387</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity</b>		
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)
<b>Total stockholders' equity</b>	<b>127,590</b>	<b>26,622</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 293,243</b>	<b>\$ 294,009</b>



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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
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
<b>Total revenue</b>	<b>58,892</b>	<b>29,762</b>	<b>164,025</b>	<b>69,259</b>
<b>Cost of services</b>	<b>6,380</b>	<b>2,496</b>	<b>13,882</b>	<b>6,818</b>
<b>Gross profit</b>	<b>52,512</b>	<b>27,266</b>	<b>150,143</b>	<b>62,441</b>
<b>Operating expenses</b>				
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
<b>Operating income</b>	<b>40,739</b>	<b>19,554</b>	<b>115,062</b>	<b>32,431</b>
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
<b>Income (loss) before income taxes</b>	<b>39,818</b>	<b>(67,112)</b>	<b>156,383</b>	<b>(107,381)</b>
<b>Provision for income taxes</b>	<b>10,404</b>	<b>4,021</b>	<b>38,141</b>	<b>5,385</b>
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 29,414</b>	<b>\$ (71,133)</b>	<b>\$ 118,242</b>	<b>\$ (112,766)</b>
Preferred distribution to redeemable convertible Series C preferred units	—	—	—	(40,689)
Accretion to redemption value of redeemable convertible Series C preferred units	—	—	—	47,537
<b>Net income (loss) attributable to common stockholders</b>	<b>\$ 29,414</b>	<b>\$ (71,133)</b>	<b>\$ 118,242</b>	<b>\$ (105,918)</b>
<b>Net income (loss) and comprehensive income (loss) per common share</b>				
Basic	\$ 0.23	\$ (0.62)	\$ 0.94	\$ (1.56)
Diluted	\$ 0.23	\$ (0.62)	\$ 0.94	\$ (1.56)
<b>Weighted average common shares outstanding</b>				
Basic	126,190,351	115,189,532	126,405,822	67,828,046
Diluted	126,247,499	115,189,532	126,451,119	67,828,046

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

	Nine Months Ended September 30,	
	2021	2020
<b>Cash flows from operating activities</b>		
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
<b>Net cash provided by operating activities</b>	<b>68,423</b>	<b>16,375</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,785)	(1,097)
<b>Net cash used in investing activities</b>	<b>(1,785)</b>	<b>(1,097)</b>
<b>Cash flows from financing activities</b>		
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)
<b>Net cash (used in) provided by financing activities</b>	<b>(77,026)</b>	<b>92,590</b>
<b>Net change in cash and cash equivalents and restricted cash</b>	<b>(10,388)</b>	<b>107,868</b>
<b>Cash and cash equivalents and restricted cash at the beginning of the period</b>	<b>104,148</b>	<b>9,898</b>
<b>Cash and cash equivalents and restricted cash at the end of the period</b>	<b>\$ 93,760</b>	<b>\$ 117,766</b>
<b>Supplemental disclosure of cash flow information:</b>		
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
<b>Non-cash investing and financing:</b>		
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
<b>Adjusted EBITDA reconciliation to net income (loss)</b>				
<b>Net income (loss)</b>	\$ 29,414	\$ (71,133)	\$ 118,242	\$ (112,766)
<b>Non-GAAP adjustments:</b>				
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
<b>Total adjustments</b>	<b>12,662</b>	<b>90,890</b>	<b>183</b>	<b>157,491</b>
<b>Adjusted EBITDA</b>	<b>42,076</b>	<b>19,757</b>	<b>118,425</b>	<b>44,725</b>
<b>Total revenue</b>	<b>\$ 58,892</b>	<b>\$ 29,762</b>	<b>\$ 164,025</b>	<b>\$ 69,259</b>
<b>Adjusted EBITDA margin</b>	<b>71 %</b>	<b>66 %</b>	<b>72 %</b>	<b>65 %</b>
<b>Adjusted operating cash flows (6)</b>				
<b>Adjusted EBITDA</b>	<b>\$ 42,076</b>	<b>\$ 19,757</b>	<b>\$ 118,425</b>	<b>\$ 44,725</b>
CAPEX	(944)	(673)	(1,785)	(1,097)
Increase in contract assets	(2,329)	(10,262)	(24,920)	(10,037)
<b>Adjusted operating cash flows</b>	<b>\$ 38,803</b>	<b>\$ 8,822</b>	<b>\$ 91,720</b>	<b>\$ 33,591</b>

**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.



**OpenLending**  
Say YES to more automotive loans.

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# Earnings Supplement

## Q3 2021

## Q3 Financial Highlights

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	Q3 2021	Q3 2020
Total Certs	49,332	20,696
Revenue	\$58.9 million	\$29.8 million
Adj. EBITDA	\$42.1 million	\$19.8 million
Adj. Operating Cash Flow <sup>1</sup>	\$ 38.8 million	\$8.8 million

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

## Well Defined Growth Plan

### *Near Term Growth Strategy*

- 1 Expand Core Business**
  - Drive Loan Volume through Further Wallet-Share Increase and Customer Penetration
  - Expansion of Lender Base
- 2 OEM Opportunity**
  - Increase OEM Captive Penetration by Addressing Broader Credit Spectrum and Deployment of Subvention Capabilities
- 3 CECL Relief**
  - Enhanced Value Proposition to Lenders Provided via CECL Relief
  - Increased Profitability for Financial Institutions in Near Prime Auto
- 4 Refinance Opportunities**
  - Enhanced Focus on Refinance Program to Drive Additional Cert Volume
  - Ease of Customer Access in Reduced Interaction Environment

### *Longer Term Growth Strategy*

- 5 Broaden Our Offerings**
  - Prime Decisioning SaaS Solution
  - Expansion into Other Consumer Asset Classes
- 6 Launch into New Channels :**
  - Expansion into Adjacent Asset Classes (e.g., leases)
  - Establish Broader Auto Platform (e.g., hub and spoke)

## Understanding Changes in Contract Assets and Profit Share Revenue

In LTM period on a net basis, **~89% of Changes in Contract Asset Estimates Driven by Realized Portfolio Performance** as Opposed to Changes in Prospective Estimates

### Change in Contract Asset Estimates and Profit Share Revenue:

(\$ in millions)



## Understanding Profit Share Unit Economic Trends

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### ***Profit Share Unit Economics Normalized While Achieving Record Cert Volumes***

- ***Profit share unit economics normalized*** as we removed COVID-19 underwriting standards
  - Removed vehicle value discount in April 2021, which drove ~15% premium increase during pandemic
  - These underwriting ***changes resulted in record cert loan volume*** and expanded our competitive positioning
  - Closure rates improved after removing COVID-19 underwriting standards
- Strategically shifted our channel mix and unit economics remain strong across all channels
  - Unit level pricing is dependent on risk and Open Lending is constantly evaluating the best risk-adjusted opportunities in the market to deploy Lender's Protection
  - Refinance channel has grown to nearly 30% of total certs in Q3 and exhibits high quality and predictable credit characteristics; channel remains an attractive avenue for growth
- Continued ***strong loan performance would result in positive changes in contract assets, profit share revenues and cash flows***



## Q3 2021 Key Performance Indicators

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Certs</b>				
CU & Bank Certs	36,375	19,064	88,700	54,168
OEM Certs	12,957	1,632	40,358	13,236
<b>Total Certs</b>	<b>49,332</b>	<b>20,696</b>	<b>129,058</b>	<b>67,404</b>
<b>Unit Economics</b>				
Avg. Profit Share Revenue per Cert (1)	\$ 566	\$ 711	\$ 601	\$ 647
Avg. Program Fee Revenue per Cert	\$ 439	\$ 487	\$ 443	\$ 469
<b>Originations</b>				
Facilitated Loan Origination Volume (\$ in 000)	\$ 1,267,809	\$ 463,377	\$ 3,218,657	\$ 1,500,422
Average Loan Size	25,700	22,390	24,940	22,260
<b>Channel Overview</b>				
New Vehicle Certs as a % of Total	9.3%	14.6%	13.7%	14.4%
Used Vehicle Certs as a % of Total	90.7%	85.4%	86.3%	85.6%
Indirect Certs as a % of Total	55.7%	54.9%	62.8%	61.3%
Direct Certs as a % of Total	15.4%	29.3%	15.9%	25.8%
Refinance Certs as % of Total	28.9%	15.8%	21.3%	12.9%

(1) Represents average profit share revenue per certified loan originated in the period excluding the impact of 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 \$3.8 million, for the three months ended September 30, 2021 and 2020, respectively. The profit share revenue impact related to change in estimates of historical vintages was \$24.4 million and (\$9.1) million, for the nine months ended September 30, 2021 and 2020, respectively.

## Q3 2021 Financial Update

(\$ in 000)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Revenue</b>				
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
<b>Total revenue</b>	<b>58,892</b>	<b>29,762</b>	<b>164,025</b>	<b>69,259</b>
<b>Cost of services</b>	<b>6,380</b>	<b>2,496</b>	<b>13,882</b>	<b>6,818</b>
<b>Gross profit</b>	<b>52,512</b>	<b>27,266</b>	<b>150,143</b>	<b>62,441</b>
<b>Operating expenses</b>				
General and administrative (1)	7,197	5,015	23,790	23,233
Selling and marketing (2)	3,308	2,118	8,659	5,491
Research and development	1,268	579	2,632	1,286
<b>Operating income</b>	<b>40,739</b>	<b>19,554</b>	<b>115,062</b>	<b>32,431</b>
<b>Other income/expense</b>				
Interest expense	(959)	(3,572)	(5,370)	(7,980)
Interest income	35	36	177	97
Gain on tax receivable agreement extinguishment (3)	-	-	55,422	-
Loss on extinguishment of debt (4)	-	-	(8,778)	-
Change in fair value of contingent consideration (5)	-	(83,130)	-	(131,932)
	3	-	(130)	3
<b>Income before income taxes</b>	<b>39,818</b>	<b>(67,112)</b>	<b>156,383</b>	<b>(107,381)</b>
<b>Provision for income taxes</b>	<b>10,404</b>	<b>4,021</b>	<b>38,141</b>	<b>5,385</b>
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 29,414</b>	<b>\$ (71,133)</b>	<b>\$ 118,242</b>	<b>\$ (112,766)</b>
<b>Adjusted EBITDA</b>	<b>\$ 42,076</b>	<b>\$ 19,757</b>	<b>\$ 118,425</b>	<b>\$ 44,725</b>

(1) During the nine months ended September 30, 2020, general and administrative expenses included a \$9.1 million transaction bonus awarded to key employees and directors and \$2.2 million of non-cash charges incurred in connection with the accelerated vesting of legacy share-based awards, as a result of the Business Combination.

(2) Selling and marketing expenses increased primarily due to an increase in employee compensation and commissions costs driven by both increased headcount and sales.

(3) Reflects the gain recognized as a result of the early termination and settlement of the tax receivable agreement during the nine months ended September 30, 2021.

(4) 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.

(5) Reflects non-cash charges for the change in the estimated fair value of contingent consideration from June 10, 2020 through the date when each tranche of contingent consideration shares vested as the share price performance milestone was achieved.

## Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted EBITDA (\$ in 000)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	\$ 29,414	\$ (71,133)	\$ 118,242	\$ (112,766)
<b>Net income (loss)</b>				
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 tax receivable agreement extinguishment (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
<b>Total adjustments</b>	<b>12,662</b>	<b>90,890</b>	<b>183</b>	<b>157,491</b>
<b>Adjusted EBITDA</b>	<b>42,076</b>	<b>19,757</b>	<b>118,425</b>	<b>44,725</b>
<b>Total revenue</b>	<b>\$ 58,892</b>	<b>\$ 29,762</b>	<b>\$ 164,025</b>	<b>\$ 69,259</b>
<b>Adjusted EBITDA margin</b>	<b>71%</b>	<b>66%</b>	<b>72%</b>	<b>65%</b>
<b>Adjusted Operating Cash Flows (6)</b>				
<b>Adjusted EBITDA</b>	<b>\$ 42,076</b>	<b>\$ 19,757</b>	<b>\$ 118,425</b>	<b>\$ 44,725</b>
CAPEX	(944)	(673)	(1,785)	(1,097)
Increase in contract assets	(2,329)	(10,262)	(24,920)	(10,037)
<b>Adjusted Operating Cash Flows</b>	<b>\$ 38,803</b>	<b>\$ 8,822</b>	<b>\$ 91,720</b>	<b>\$ 33,591</b>

(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 during 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 when each tranche of contingent consideration shares vested as the share price performance milestone was achieved.

(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.

## Total Current Share Count

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Shares	In millions
<b>Total Shares Outstanding November 9, 2021</b>	<b>126.2</b>
<b>Treasury Shares</b>	<b>2.0</b>
<b>Total Shares Issued</b>	<b>128.2</b>

