



Say YES to more automotive loans.



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# Earnings Supplement

## Q4 2021

# Q4 2021 Financial Highlights

	Q4 2021	Q4 2020
Total Certs	42,639	26,822
Revenue	\$51.6 million	\$39.6 million
Adj. EBITDA	\$36.6 million	\$24.8 million
Adj. Operating Cash Flow <sup>1</sup>	\$37.5 million	\$8.3 million

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

# 2021 Financial Highlights

	FY 2021	FY 2020
Total Certs	171,697	94,226
Revenue	\$215.7 million	\$108.9 million
Adj. EBITDA	\$155.0 million	\$69.5 million
Adj. Operating Cash Flow <sup>1</sup>	\$129.2 million	\$41.9 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

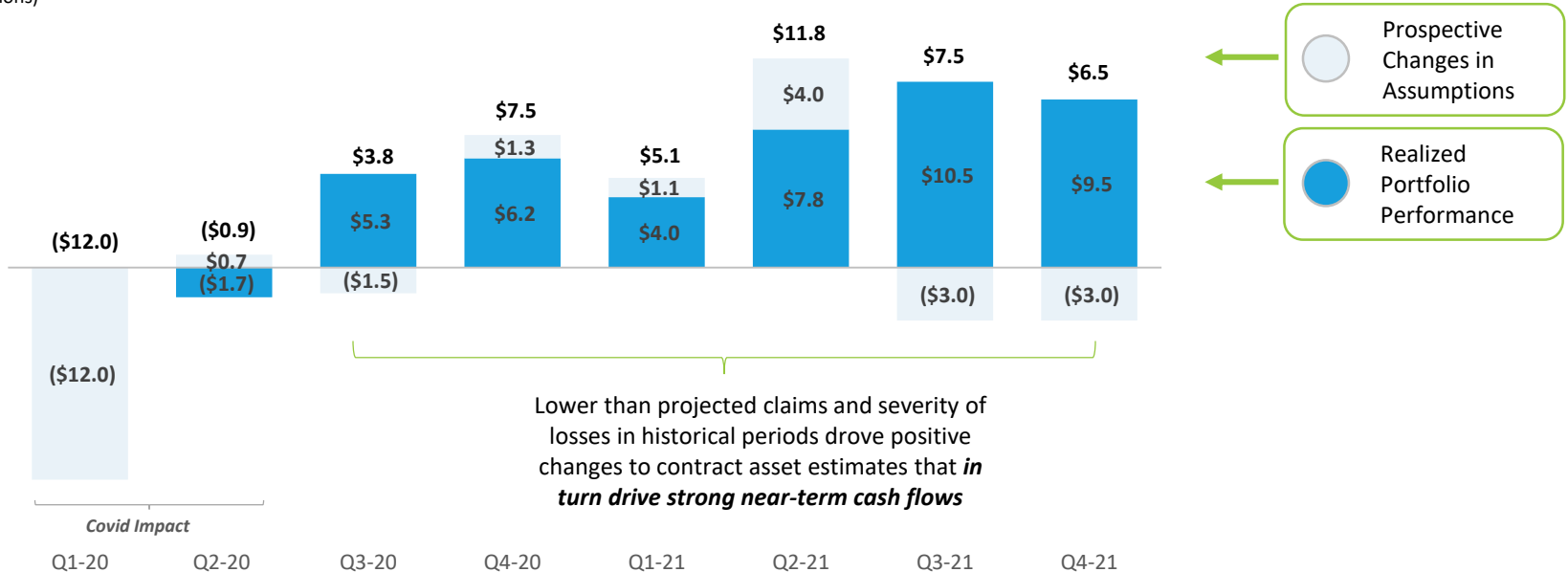
- 5 Broaden Our Offerings**
  - Prime Decisioning SaaS Solution
  - Expansion into Other Consumer Asset Classes
- 6 Launch into New Channels**
  - Expansion into Adjacent Asset Classes (e.g., leases)
  - Establish Broader Auto Platform (e.g., hub and spoke)

# Understanding Changes in Contract Assets and Profit Share Revenue

In LTM period on a net basis, **~103% 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

## *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 34% of total certs in Q4 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***

# Q4 2021 Key Performance Indicators

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Certs</b>				
CU & Bank Certs	34,385	18,844	123,085	73,012
OEM Certs	8,254	7,978	48,612	21,214
<b>Total Certs</b>	<b>42,639</b>	<b>26,822</b>	<b>171,697</b>	<b>94,226</b>
<b>Unit Economics</b>				
Avg. Profit Share Revenue per Cert (1)	\$ 580	\$ 686	\$ 596	\$ 658
Avg. Program Fee Revenue per Cert	\$ 433	\$ 462	\$ 440	\$ 467
<b>Originations</b>				
Facilitated Loan Origination Volume (\$ in 000)	\$ 1,112,835	\$ 625,899	\$ 4,331,508	\$ 2,126,327
Average Loan Size	26,099	23,335	25,228	22,566
<b>Channel Overview</b>				
New Vehicle Certs as a % of Total	6.4%	17.2%	11.9%	15.2%
Used Vehicle Certs as a % of Total	93.6%	82.8%	88.1%	84.8%
Indirect Certs as a % of Total	50.2%	63.0%	59.7%	61.8%
Direct Certs as a % of Total	15.4%	20.9%	15.8%	24.4%
Refinance Certs as % of Total	34.4%	16.1%	24.5%	13.8%

(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 \$6.5 million and \$7.5 million, for the three months ended December 31, 2021 and 2020, respectively, and \$30.9 million and (\$1.6) million, for the year ended December 31, 2021 and 2020, respectively.

# Q4 2021 Financial Update

(\$ in 000)	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
<b>Revenue</b>				
Profit share	\$ 31,196	\$ 25,910	\$ 133,215	\$ 60,392
Program fees	18,484	12,403	75,630	43,995
Claims administration and other service fees	1,950	1,320	6,810	4,505
<b>Total revenue</b>	<b>51,630</b>	<b>39,633</b>	<b>215,655</b>	<b>108,892</b>
<b>Cost of services</b>	<b>4,739</b>	<b>2,968</b>	<b>18,621</b>	<b>9,786</b>
<b>Gross profit</b>	<b>46,891</b>	<b>36,665</b>	<b>197,034</b>	<b>99,106</b>
<b>Operating expenses</b>				
General and administrative (1)	6,603	9,351	30,393	32,584
Selling and marketing (2)	3,341	2,350	12,000	7,841
Research and development	1,720	678	4,352	1,964
<b>Operating income</b>	<b>35,227</b>	<b>24,286</b>	<b>150,289</b>	<b>56,717</b>
Interest expense	(489)	(3,621)	(5,859)	(11,601)
Interest income	36	105	213	202
Gain on extinguishment of tax receivable agreement (3)	-	-	55,422	-
Loss on extinguishment of debt (4)	-	-	(8,778)	-
Change in fair value of contingent consideration (5)	-	-	-	(131,932)
Other income (expense)	11	(4,380)	(119)	(4,377)
<b>Income (loss) before income taxes</b>	<b>34,785</b>	<b>16,390</b>	<b>191,168</b>	<b>(90,991)</b>
<b>Income tax expense</b>	<b>6,945</b>	<b>1,188</b>	<b>45,086</b>	<b>6,573</b>
<b>Net income (loss) and comprehensive income (loss)</b>	<b>\$ 27,840</b>	<b>\$ 15,202</b>	<b>\$ 146,082</b>	<b>\$ (97,564)</b>

(1) During the year ended December 31, 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 year ended December 31, 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		Year Ended	
	December 31,		December 31,	
	2021	2020	2021	2020
<b>Net income (loss)</b>	<b>\$ 27,840</b>	<b>\$ 15,202</b>	<b>\$ 146,082</b>	<b>\$ (97,564)</b>
Non-GAAP adjustments:				
Interest expense	489	3,621	5,859	11,601
Income tax expense	6,945	1,188	45,086	6,573
Depreciation and amortization expense	202	346	792	752
Share-based compensation (1)	1,089	152	3,815	2,828
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)	-	-	-	131,932
Change in measurement - tax receivable agreement (5)	-	4,292	-	4,292
Transaction bonuses (6)	-	-	-	9,112
<b>Total adjustments</b>	<b>8,725</b>	<b>9,599</b>	<b>8,908</b>	<b>167,090</b>
<b>Adjusted EBITDA</b>	<b>36,565</b>	<b>24,801</b>	<b>154,990</b>	<b>69,526</b>
<b>Total revenue</b>	<b>\$ 51,630</b>	<b>\$ 39,633</b>	<b>\$ 215,655</b>	<b>\$ 108,892</b>
<b>Adjusted EBITDA margin</b>	<b>71%</b>	<b>63%</b>	<b>72%</b>	<b>64%</b>

## Adjusted operating cash flows (7)

<b>Adjusted EBITDA</b>	<b>\$ 36,565</b>	<b>\$ 24,801</b>	<b>\$ 154,990</b>	<b>\$ 69,526</b>
CAPEX	(202)	(99)	(1,987)	(1,196)
Decrease (increase) in contract assets	1,157	(16,354)	(23,763)	(26,391)
<b>Adjusted operating cash flows</b>	<b>\$ 37,520</b>	<b>\$ 8,348</b>	<b>\$ 129,240</b>	<b>\$ 41,939</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 year ended December 31, 2020.
- (2) Reflects the gain recognized as a result of the early termination and settlement of the tax receivable agreement.
- (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 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.
- (6) Reflects transaction bonuses awarded to key employees and directors in connection with the Business Combination.
- (7) Adjusted operating cash flow is defined as adjusted EBITDA, minus CAPEX, plus or minus change in contract assets.

## Total Current Share Count

Shares	In millions
Total Shares Outstanding February 24, 2022	126.2
Treasury Shares	2.0
Total Shares Issued	128.2