



# Investor Presentation

November 2024



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**OpenLending**



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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 excluding interest expense, income taxes, depreciation and amortization expense of property and equipment, and share-based compensation expense. 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, +/- 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 presentation.



# Introduction to Open Lending

Specialized **Lending Enablement Platform** for the **Near and Non-Prime Auto Market** powered by Proprietary Data, Advanced Decisioning Analytics, and an Innovative Insurance Structure

**\$270bn**  
Total  
Addressable  
Market for  
Underlying  
Loan  
Origination<sup>(1)</sup>

**\$3.6bn**  
Loans  
Facilitated in  
2023

**\$117m**  
2023  
Revenue

**\$50m**  
2023 Adj.  
EBITDA

**43%**  
2023 Adj.  
EBITDA margin

**454**  
Active  
Automotive  
Lenders<sup>(2)</sup>

**20+**  
Years of  
Proprietary  
Data

**2m+**  
Unique Risk  
Profiles

(1) Source: 2022 L.E.K. research and analysis

(2) "Active automotive lender" is defined as an automotive lender that issued at least one insured loan in 2023.



# Compelling Investment Thesis

## Substantial Market Opportunity



- ~\$270bn total addressable market for underlying loan origination; current TAM penetration is <2% <sup>(1)</sup>
- Opportunity related to the refinancing market is estimated at \$40bn annually

## Unique Business Model



- Attractive revenue model; compelling unit economics
- Low-capital intensity; no balance sheet lending risk
- **Considerable barriers to entry**; 20+ years of proprietary data; 2M+ unique risk profiles

## Strong Value Proposition



- Compelling solution for lenders seeking to mitigate risk during uncertain market conditions
- Offering clients a **low-cost solution** with minimized loss exposure

## Significant Growth Opportunities



- Opportunity to **accelerate market share gains** as credit unions prove resilience
- Near-term focus for **attainable growth** includes expansion within existing core customer base
- Long-term drivers of growth include **broadened product offerings** and expansion of large enterprise accounts, including OEM captives

## Experienced Leadership Team



- Visionary management team with **deep domain expertise**

## Compelling Financial Profile



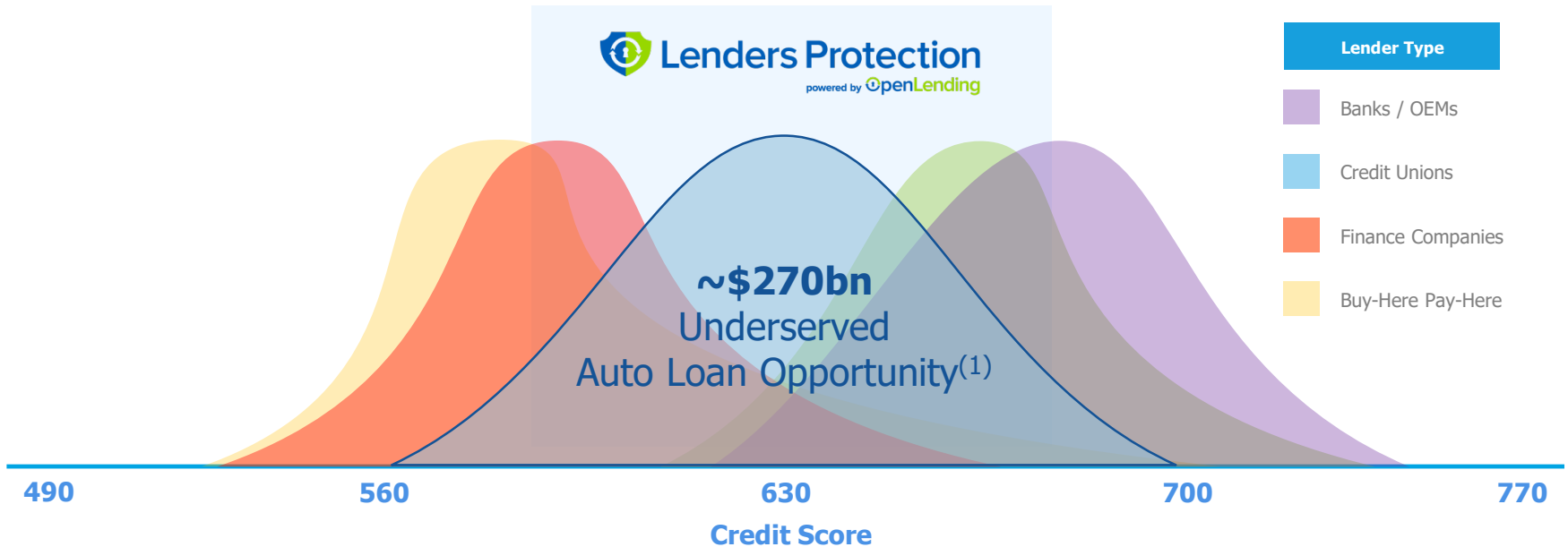
- \$117m 2023A Revenue
- \$50m 2023A Adj. EBITDA <sup>(2)</sup>
- ~43% 2023A Adj. EBITDA margin

(1) Based on \$3.6bn loans facilitated in 2023



# Substantial Market Opportunity

Open Lending Enables Banks, Credit Unions, Captive Finance Companies and Other Financial Institutions to Profitably Lend to Traditionally Underserved Near and Non-Prime Borrowers



Note: Graphic is illustrative.

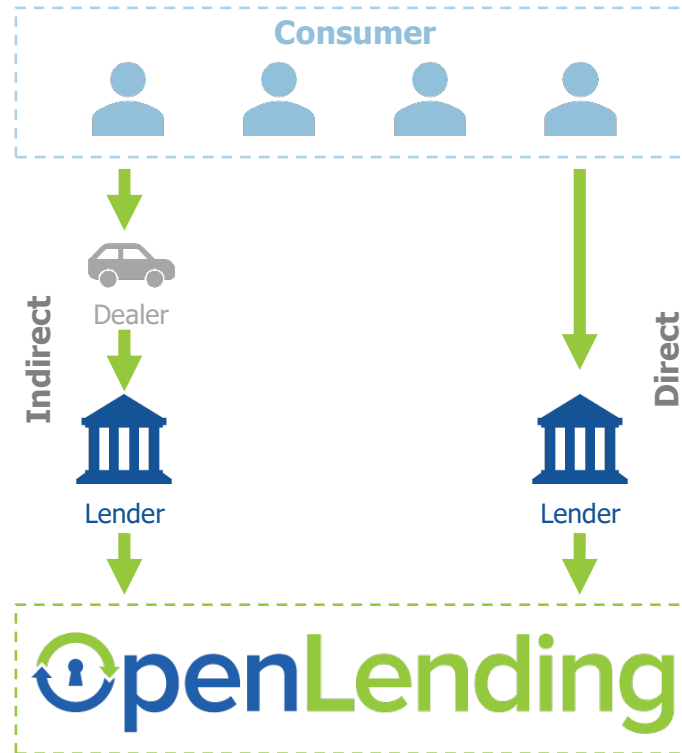
(1) Open Lending empowers its banks, credit unions and captive finance companies to profitably lend to consumers with credit scores between 560 and 699; Source: L.E.K. research and analysis



# Specialized B2B Model

## Open Lending's Customer is the Lender

- ✓ Cloud-based, automotive lending platform links lenders and insurance carriers to deliver automated issuance of credit default insurance for near and non-prime auto loans
- ✓ ~5 second decisioning generates customized, risk-based, all-inclusive interest rate <sup>(1)</sup>



## Focus on near and non-prime market

- ✓ Bring competition to near and non-prime lending by offering attractive loan terms in an underserved market space
- ✓ Dealers or lenders can expand loan offerings to consumers with additional risk profiles and vehicle types
- ✓ Consumers, dealers and lenders all share in the benefits

(1) Interest rate is inclusive of all loan costs, cost of capital and target ROA



# Our Business Model Advantages



## Sophisticated Technology

- ✓ Multi-tenant architecture
- ✓ Geo-diverse, Hot-Hot data centers
- ✓ 5 second underwriting decisions
- ✓ Robust reporting
- ✓ 2m+ unique risk profiles
- ✓ SOC 2 certified



## Proprietary Data Assets

- ✓ 20+ years of proprietary loan data
- ✓ 409k loans in force <sup>(2)</sup>
- ✓ Detailed database of \$21.9bn+ loans<sup>(2)</sup>, which includes \$1.4bn of loans during the financial crisis



## Carrier Relationships

- ✓ Highly rated insurance partners
- ✓ Exclusive relationships
- ✓ Reliance on Open Lending data, risk modeling and claims adjudication service
- ✓ Fully integrated with insurer
- ✓ Established track record



## Lender Relationships

- ✓ 454 active automotive lenders<sup>(1)</sup>
- ✓ Customized pricing
- ✓ Loyal, embedded relationships
- ✓ Integrated with 20+ loan origination systems
- ✓ Automatic loan fulfillment



## Regulatory Experience

- ✓ Proven success in highly regulated industry
- ✓ Robust compliance program reviews
- ✓ Credentialed to use all three credit bureaus

**Open Lending has built a sophisticated network across the value chain to secure a best-in-class offering**

(1) "Active automotive lender" is defined as an automotive lender that issued at least one insured loan in 2023.

(2) Loans funded are as of December 31, 2023.



# Driving Value Creation Across the Entire Ecosystem

- ✓ More Customers
- ✓ Higher Loan Volumes
- ✓ Lower Risk
- ✓ Increased ROA



- ✓ Access to our Technology
- ✓ Increased Profitability + Diversified Risk
- ✓ No Customer Acquisition Costs
- ✓ Increased ROE



- ✓ Increased Car Sales
- ✓ Optimized Sales Process
- ✓ Better Financing Options



- ✓ More Approvals
- ✓ Higher Loan Amounts
- ✓ Better Rates
- ✓ Appropriate Down Payments





# Strong Value Proposition to Lenders

## Value Proposition to Lenders

### **Uplift in Loan Originations**

- ✓ Higher loan advance rates
- ✓ Ability to expand to older model, higher mileage vehicles
- ✓ Longer loan terms
- ✓ Increased after market product sales

### **Increased Profitability**

- ✓ Higher loan yields as compared to super prime and prime
- ✓ Loss mitigation through default insurance

### **Seamless Integration**

- ✓ Easy to use technology
- ✓ Using existing loan origination system

## Value Proposition to Captive Finance Companies

### **Increase Sales and Support Values**

- ✓ Expand new vehicle sales to near and non-prime consumers
- ✓ Leveraging subvention unlocks larger market opportunity
- ✓ Increased financing for used vehicles

### **Material New Revenue Stream**

- ✓ Greater earnings and ROA comparable to prime loans
- ✓ Leverage existing infrastructure to generate low risk revenues

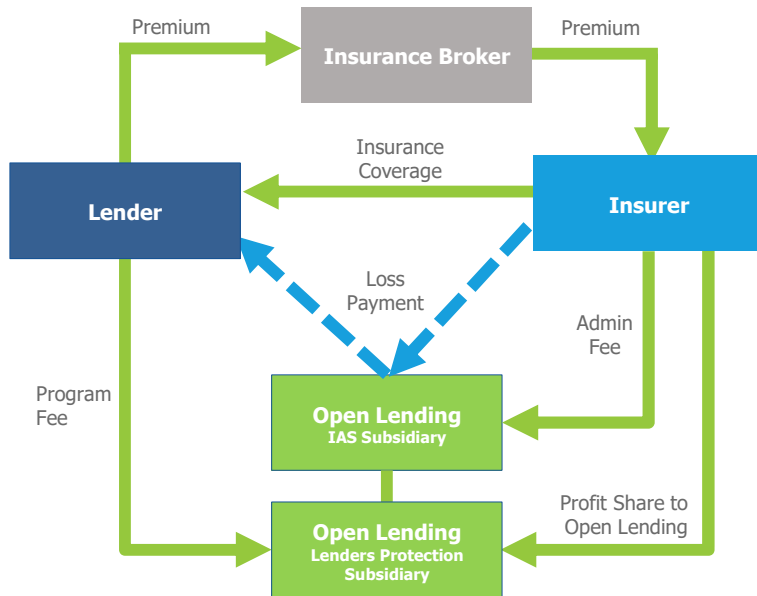
### **Develop Brand Loyalty**

- ✓ Increase near and non-prime repeat buyers
- ✓ Optimized sales process for dealers



# Strong Value Proposition for Insurance Partners

## Payment Flows



## Insurer Value Proposition

### Profitable

- ✓ Attractive underwriting profitability
- ✓ Low correlation to traditional P&C insurance risks
- ✓ Complete turnkey product for the insurer with little overhead cost

### Strong Relationships

- ✓ Carriers rely on Open Lending's underwriting that has delivered positive results to carriers for years
- ✓ Exclusive agreements with each carrier

### Financial Stability

- ✓ "A" ("Excellent")<sup>(1)</sup> rated carriers
- ✓ Minimum credit rating required

### Significant Appetite to Expand

- ✓ Active discussions with additional insurance carriers
- ✓ Evaluating potential carriers based on alignment with Open Lending's growth priorities

(1) Source: A.M. Best.



# Attractive Revenue Model

Open Lending has Compelling Unit Economics Comprised of **Program Fee**, **Admin Fee** and **Insurance Profit Share**



1

### Program Fee

- ~3% fee based on initial loan amount
- Recognized upfront and majority paid upfront

2

### Administration Fee

- ~3% fixed % of monthly earned insurance premium
- Paid monthly over life of loan

3

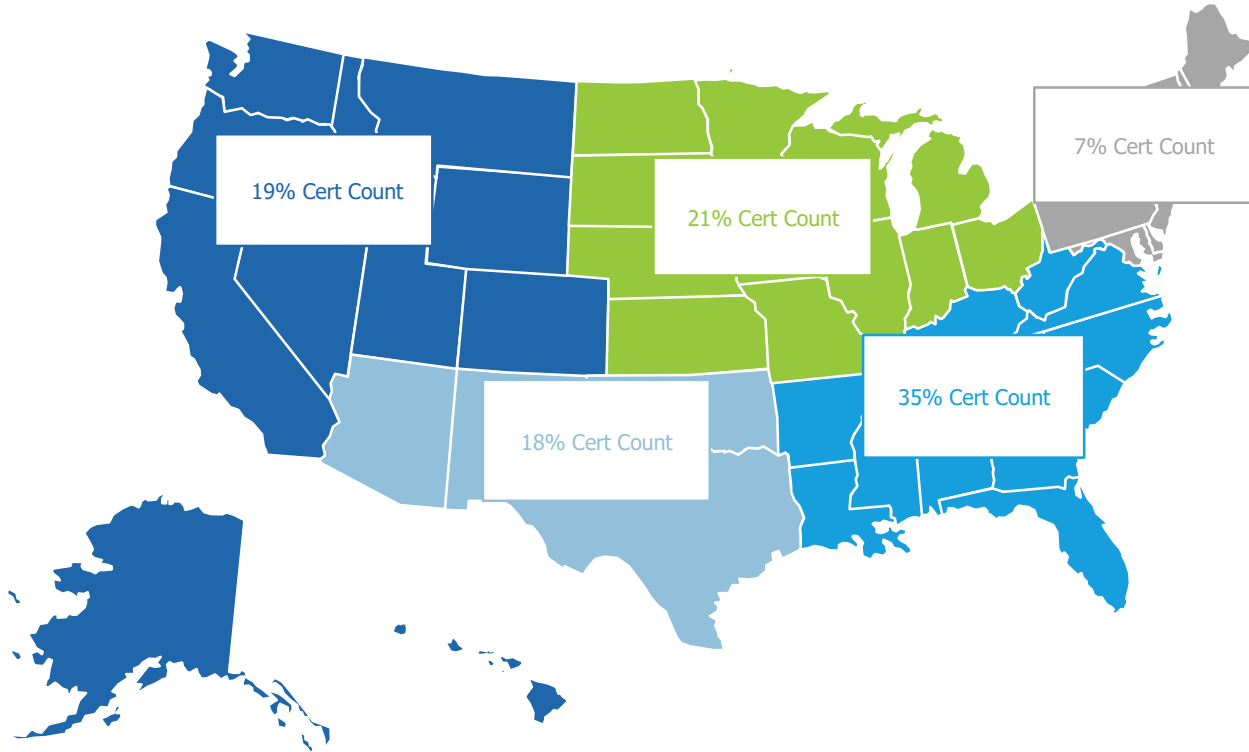
### Profit Share <sup>(1)</sup>

- ~72% fixed % of monthly underwriting profit for all lenders
- Recognized upfront (subject to adjustment over time) and received from carrier over life of loan





# National Footprint



454 Active Automotive Lenders (1)

50 States

\$24.3bn+ Loans Facilitated

(1) "Active automotive lender" is defined as an automotive lender that issued at least one insured loan in 2023



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