

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): May 9, 2023



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

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.

Item 2.02 Results of Operations and Financial Condition.

On May 9, 2023, Open Lending Corporation (the "Company") issued a press release announcing its financial results for the fiscal quarter ended March 31, 2023. 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 May 9, 2023, titled "Open Lending Reports First Quarter 2023 Financial Results."
99.2	Supplemental Earnings Information Q1 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OPEN LENDING CORPORATION

By: /s/ Charles D. Jehl
Name: Charles D. Jehl
Title: Chief Financial Officer

Date: May 9, 2023



Open Lending Reports First Quarter 2023 Financial Results

AUSTIN, Texas, May 9, 2023 – Open Lending Corporation (Nasdaq: LPRO) (the “Company” or “Open Lending”), an industry trailblazer in lending enablement and risk analytics solutions for financial institutions, today reported financial results for its first quarter of 2023.

“First quarter results were ahead of our expectations and included the certification of 32,408 loans and total revenue of \$38.4 million. We also reported net income of \$12.5 million and Adjusted EBITDA of \$21.2 million,” said Keith Jezek, CEO of Open Lending. “In this challenging economic environment, we remain laser focused on further refining and optimizing our sales channels, enhancing our technology offering and attracting and retaining top talent. We feel that the challenges our industry faces will eventually subside and that we are well positioned to capture the pent-up demand when conditions improve.”

Three Months Ended March 31, 2023 Highlights

- The Company facilitated 32,408 certified loans during the first quarter of 2023, compared to 43,944 certified loans in the first quarter of 2022
- Total revenue was \$38.4 million during the first quarter of 2023, compared to \$50.1 million in the first quarter of 2022
- Gross profit was \$32.9 million during the first quarter of 2023, compared to \$45.3 million in the first quarter of 2022
- Net income was \$12.5 million during the first quarter of 2023, compared to \$23.2 million in the first quarter of 2022
- Adjusted EBITDA was \$21.2 million during the first quarter of 2023, compared to \$33.8 million in the first quarter of 2022

Adjusted EBITDA is a non-GAAP financial measure. A reconciliation of this non-GAAP financial measure to its most directly comparable GAAP financial measure is 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.”

Second Quarter 2023 Outlook

Based on trends into second quarter 2023, the Company is issuing guidance ranges as follows:

Total Certified Loans	29,000 - 33,000
Total Revenue	\$33 - \$37 million
Adjusted EBITDA	\$16 - \$20 million

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 first quarter 2023 financial results today at 5:00 pm ET. 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 (844) 512-2921, or for international callers (412) 317-6671; the conference ID is 22026749. 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 over 20 years, we have been empowering financial institutions to create profitable auto loan portfolios with less risk and more reward. For more information, please visit 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 "Second Quarter 2023 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, market, political and business conditions; the continuing effects of the COVID-19 pandemic on consumer behavior; applicable taxes, inflation, supply chain disruptions including global hostilities and responses thereto, 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; 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, 2022. 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 these measures are 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 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 press release.

Contact:

ICR for Open Lending
Investors
openlending@icrinc.com

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

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 210,589	\$ 204,450
Restricted cash	4,713	4,069
Accounts receivable, net	6,620	5,721
Current contract assets, net	41,711	54,429
Income tax receivable	6,530	9,714
Other current assets	1,832	2,361
Total current assets	271,995	280,744
Property and equipment, net	2,664	2,573
Operating lease right-of-use asset, net	4,459	4,610
Contract assets, net	24,231	21,001
Deferred tax asset, net	63,907	65,128
Other assets	5,642	5,575
Total assets	\$ 372,898	\$ 379,631
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	741	288
Accrued expenses	6,369	6,388
Current portion of debt	3,750	3,750
Third-party claims administration liability	4,713	4,055
Other current liabilities	1,173	626
Total current liabilities	16,746	15,107
Long-term debt, net of deferred financing costs	142,829	143,683
Operating lease liabilities	3,930	4,082
Other liabilities	3,844	3,935
Total liabilities	\$ 167,349	\$ 166,807
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized and none issued and outstanding	—	—
Common stock, \$0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 120,591,873 shares outstanding as of March 31, 2023 and 128,198,185 shares issued and 123,646,059 shares outstanding as of December 31, 2022	1,282	1,282
Additional paid-in capital	500,530	499,625
Accumulated deficit	(203,281)	(215,819)
Treasury stock at cost, 7,606,312 shares at March 31, 2023 and 4,552,126 at December 31, 2022	(92,982)	(72,264)
Total stockholders' equity	205,549	212,824
Total liabilities and stockholders' equity	\$ 372,898	\$ 379,631

OPEN LENDING CORPORATION
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except share data)

	Three Months Ended March 31,	
	2023	2022
Revenue		
Profit share	\$ 18,602	\$ 28,310
Program fees	17,301	19,726
Claims administration and other service fees	2,458	2,032
Total revenue	38,361	50,068
Cost of services	5,431	4,788
Gross profit	32,930	45,280
Operating expenses		
General and administrative	10,195	7,482
Selling and marketing	4,409	3,733
Research and development	1,230	1,823
Total operating expenses	15,834	13,038
Operating income	17,096	32,242
Interest expense	(2,387)	(803)
Interest income	2,064	25
Income before income taxes	16,773	31,464
Income tax expense	4,235	8,310
Net income	\$ 12,538	\$ 23,154
Net income per common share		
Basic	\$ 0.10	\$ 0.18
Diluted	\$ 0.10	\$ 0.18
Weighted average common shares outstanding		
Basic	123,122,014	126,215,698
Diluted	123,424,322	126,216,197

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

	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities		
Net income	\$ 12,538	\$ 23,154
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	1,844	1,281
Depreciation and amortization of property and equipment	244	221
Amortization of debt issuance costs	101	83
Non-cash operating lease cost	151	141
Deferred income taxes	1,221	554
Changes in assets & liabilities:		
Accounts receivable, net	(899)	(1,535)
Contract assets, net	9,488	5,504
Other current and non-current assets	515	3,066
Accounts payable	454	(1,090)
Accrued expenses	(19)	1,526
Income tax receivable, net	2,817	(745)
Operating lease liabilities	(135)	(119)
Third-party claims administration liability	658	(21)
Other current and non-current liabilities	530	(88)
Net cash provided by operating activities	29,508	31,932
Cash flows from investing activities		
Purchase of property and equipment	(36)	(56)
Capitalized software development costs	(299)	(130)
Net cash used in investing activities	(335)	(186)
Cash flows from financing activities		
Payments on term loans	(938)	(781)
Shares repurchased	(21,323)	—
Shares withheld for taxes related to restricted stock units	(129)	(39)
Net cash (used in) provided by financing activities	(22,390)	(820)
Net change in cash and cash equivalents and restricted cash	6,783	30,926
Cash and cash equivalents and restricted cash at the beginning of the period	208,519	119,509
Cash and cash equivalents and restricted cash at the end of the period	\$ 215,302	\$ 150,435
Supplemental disclosure of cash flow information:		
Interest paid	\$ 2,537	\$ 721
Income tax paid (refunded), net	197	8,501
Non-cash investing and financing:		
Share-based compensation for capitalized software development	\$ 11	\$ —
Capitalized software development costs accrued but not paid	20	—

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

	Three Months Ended March 31,	
	2023	2022
Net income	\$ 12,538	\$ 23,154
Non-GAAP adjustments:		
Interest expense	2,387	803
Income tax expense	4,235	8,310
Depreciation and amortization of property and equipment	244	221
Share-based compensation	1,844	1,281
Total adjustments	8,710	10,615
Adjusted EBITDA	\$ 21,248	\$ 33,769
Total revenue	\$ 38,361	\$ 50,068
Adjusted EBITDA margin	55 %	67 %
Adjusted operating cash flows⁽¹⁾		
Adjusted EBITDA	\$ 21,248	\$ 33,769
CAPEX	(335)	(186)
Decrease (increase) in contract assets, net	9,488	5,504
Adjusted operating cash flows	\$ 30,401	\$ 39,087

(1) Adjusted operating cash flows is defined as Adjusted EBITDA, minus CAPEX, +/- change in contract assets.

The logo for OpenLending, featuring a stylized 'O' with a circular arrow icon inside, followed by the text 'OpenLending' in a bold, sans-serif font.

OpenLending

Say YES to more automotive loans.

The main title of the document, 'Earnings Supplement Q1 2023', is displayed in a large, bold, white sans-serif font. A thin blue horizontal line is positioned above the text. The background of the entire page is a dark blue gradient with a digital aesthetic, featuring a semi-transparent image of a silver car on the right side, green wavy lines on the left, and faint binary code (0s and 1s) scattered throughout.

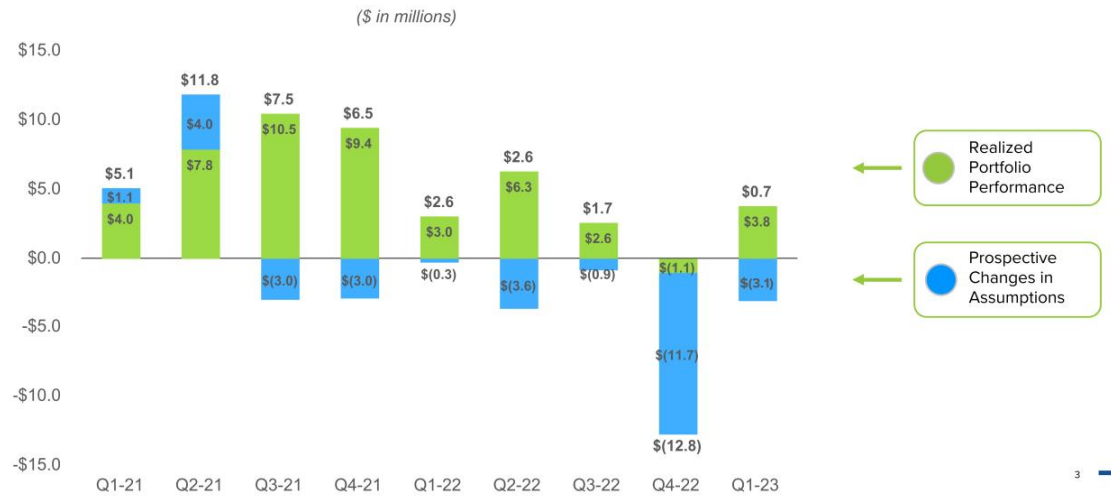
Q1 2023 Financial Highlights

	Q1 2023	Q1 2022
Total Certs	32,408	43,944
Revenue	\$38.4 million	\$50.1 million
Adj. EBITDA ¹	\$21.2 million	\$33.8 million
Adj. Operating Cash Flows ²	\$30.4 million	\$39.1 million

(1) See reconciliation of GAAP to non-GAAP financial measures on page 6
(2) Defined as Adj. EBITDA, minus CAPEX, +/- change in contract assets

Contract Asset and Profit Share Revenue Estimates

Changes in Contract Asset and Profit Share Revenue Estimates attributable to **Realized Portfolio Performance** versus **Prospective Changes in Assumptions**



Q1 2023 Key Performance Indicators

	Three Months Ended March 31,	
	2023	2022
Certs		
Credit Unions & Bank Certified Loans (Certs)	26,362	38,520
OEM Certs	6,046	5,424
Total Certs	32,408	43,944
Unit Economics		
Avg. Profit Share Revenue per Cert (1)	\$ 552	\$ 584
Avg. Program Fee Revenue per Cert	\$ 534	\$ 449
Originations		
Facilitated Loan Origination Volume (\$ in 000s)	\$ 951,893	\$ 1,182,567
Average Loan Size	29,372	26,911
Channel Overview		
New Vehicle Certs as a % of Total	14.7 %	5.6 %
Used Vehicle Certs as a % of Total	85.3 %	94.4 %
Indirect Certs as a % of Total	72.0 %	45.8 %
Direct Certs as a % of Total	20.1 %	14.4 %
Refinance Certs as a % of Total	7.9 %	39.8 %

(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 \$0.7 million and \$2.6 million, for the three months ended March 31, 2023 and 2022, respectively.

Q1 2023 Financial Update

(\$ in '000s)	Three Months Ended March 31,	
	2023	2022
Revenue		
Profit share	\$ 18,602	\$ 28,310
Program fees	17,301	19,726
Claims administration and other service fees	2,458	2,032
Total revenue	38,361	50,068
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Net income	\$ 12,538	\$ 23,154

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted EBITDA (\$ in 000's)	Three Months Ended March 31,	
	2023	2022
Net income	\$ 12,538	\$ 23,154
Non-GAAP adjustments:		
Interest expense	2,387	803
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Adjusted EBITDA	\$ 21,248	\$ 33,769
CAPEX	(335)	(186)
Decrease (increase) in contract assets, net	9,488	5,504
Adjusted operating cash flows	\$ 30,401	\$ 39,087

Total Current Share Count

Shares	In thousands
Total Shares Outstanding May 9, 2023	120,654
Treasury Shares	7,544
Total Shares Issued	128,198

