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): August 10, 2021

OPEN LENDING CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	001-39326	84-5031428
(State or other jurisdiction of incorporation)	(Commission File Number)	(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 August 10, 2021, Open Lending Corporation (the "Company") issued a press release announcing its financial results for the fiscal quarter ended June 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 August 10, 2021, titled "Open Lending Reports Second Quarter 2021 Financial Results."
99.2	Supplemental Earnings Information Q2 2021
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 Jehl
Name:	Charles D. Jehl
Title:	Chief Financial Officer

Date: August 10, 2021

Exhibit 99.1

Open Lending Reports Second Quarter 2021 Financial Results

AUSTIN, TX, August 10, 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 second quarter of 2021.

“We are pleased to report another record quarter, which included a 148% increase in certified loans, a 177% increase in revenue and a 199% increase in Adjusted EBITDA compared to the second quarter of 2020. June was especially notable, a record month in our Company’s history from a certified loan perspective, and the momentum has continued,” 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. During the quarter, we signed an agreement with a third insurance partner, American National, and they have already begun to write policies for us. Looking ahead, our pipeline of new credit union and regional bank customers is strong and there remains a large opportunity in front of us to grow our OEM captive business.”

Three Months Ended June 30, 2021 Highlights

- The Company facilitated 46,408 certified loans during the second quarter of 2021, compared to 18,684 certified loans in the second quarter of 2020
- Total revenue was $61.1 million during the second quarter of 2021, compared to $22.1 million in the second quarter of 2020
- Gross profit was $57.0 million during the second quarter of 2021, compared to $20.2 million in the second quarter of 2020
- Net income was $76.0 million during the second quarter of 2021, compared to net loss of $(49.8) million in the second quarter of 2020
- Adjusted EBITDA was $46.1 million during the second quarter of 2021, compared to $15.4 million in the second 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 second quarter results and trends into the third quarter of 2021, the Company is reaffirming its previously issued guidance of the following:

	Full Year 2021 Outlook
Total Certified Loans	161,000 - 206,000
Total Revenue	$184 - $234 million
Adjusted EBITDA	$125 - $168 million
Adjusted Operating Cash Flow [(a)]	$81 - $111 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 second 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 (877) 407-4018, or for international callers (201) 689-8471. 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 13721622. The replay will be available until Tuesday, August 24, 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.

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 anticipated 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, 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; the amount of redemption requests made by the Company’s stockholders; those factors discussed in other documents of the Company filed, or to be filed, with the SEC. 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 is 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 believe it is useful to investors, as a supplement to GAAP measures, in evaluating our ongoing operational performance. The Company believes that the use of this non-GAAP financial measure 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, they 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 (including amortization of right-of-use assets), 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 with Nebula Acquisition Corporation (“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

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

	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 57,154	$ 101,513
Restricted cash	2,891	2,635
Accounts receivable	7,569	4,352
Current contract assets	61,032	50,386
Income tax receivable	80	—
Prepaid expenses	4,390	1,873
Other current assets	634	2,018
Total current assets	**133,750**	**162,777**
Property and equipment, net	2,581	1,201
Operating lease right-of-use assets, net	5,465	5,733
Non-current contract assets	50,901	38,956
Deferred tax asset, net	68,315	85,218
Other non-current assets	124	124
Total assets	**$ 261,136**	**$ 294,009**
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	1,987	3,442
Accrued expenses	5,070	3,033
Income tax payable	—	1,640
Current portion of debt	3,125	4,888
Other current liabilities	4,460	4,005
Total current liabilities	**14,642**	**17,008**
Long-term debt, net of deferred financing costs	144,518	152,859
Non-current operating lease liabilities	4,898	5,138
Tax receivable agreement liability	—	92,369
Other non-current liabilities	—	13
Total liabilities	**$ 164,058**	**$ 267,387**
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.01 par value; 550,000,000 shares authorized, 128,198,185 shares issued and 126,190,351 shares outstanding as of June 30, 2021 and 128,198,185 shares issued and 126,803,096 shares outstanding as of December 31, 2020	1,282	1,282
Additional paid-in capital	492,874	491,246
Accumulated deficit	(339,578)	(428,406)
Treasury stock at cost, 2,007,834 shares at June 30, 2021 and 1,395,089 at December 31, 2020, respectively	(57,500)	(37,500)
Total stockholders' equity	**97,078**	**26,622**
Total liabilities and stockholders' equity	**$ 261,136**	**$ 294,009**

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Revenue				
Program fees	$ 20,597	$ 8,793	$ 35,508	$ 21,505
Profit share	38,842	12,163	66,572	15,938
Claims administration service fees	1,686	1,111	3,053	2,054
Total revenue	**61,125**	**22,067**	**105,133**	**39,497**
Cost of services	4,140	1,827	7,502	4,322
Gross profit	**56,985**	**20,240**	**97,631**	**35,175**
Operating expenses				
General and administrative	8,381	14,650	16,593	18,218
Selling and marketing	2,954	1,295	5,351	3,373
Research and development	773	349	1,364	707
Operating income	**44,877**	**3,946**	**74,323**	**12,877**
Interest expense	(1,122)	(3,644)	(4,411)	(4,408)
Interest income	58	44	142	61
Gain on extinguishment of tax receivable agreement	55,422	—	55,422	—
Loss on extinguishment of debt	—	—	(8,778)	—
Change in fair value of contingent consideration	—	(48,802)	—	(48,802)
Other (expense) income	(2)	3	(133)	3
Income (loss) before income taxes	**99,233**	**(48,453)**	**116,565**	**(40,269)**
Provision for income taxes	23,267	1,352	27,737	1,364
Net income (loss) and comprehensive income (loss)	**$ 75,966**	**$ (49,805)**	**$ 88,828**	**$ (41,633)**
Preferred distribution to redeemable convertible Series C preferred units	—	(214)	—	(40,689)
Accretion to redemption value of redeemable convertible Series C preferred units	—	—	—	47,537
Net income (loss) attributable to common stockholders	**$ 75,966**	**$ (50,019)**	**$ 88,828**	**$ (34,785)**
Net income (loss) and comprehensive income (loss) per common share				
Basic	$ 0.60	$ (1.01)	$ 0.70	$ (0.80)
Diluted	$ 0.60	$ (1.01)	$ 0.70	$ (0.80)
Weighted average common shares outstanding				
Basic	126,230,752	49,547,284	126,515,343	43,589,168
Diluted	126,274,197	49,547,284	126,554,082	43,589,168

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

	Six Months Ended June 30,	
	2021	**2020**
Cash flows from operating activities		
Net income (loss)	$ 88,828	$ (41,633)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Share-based compensation	1,628	2,676
Depreciation and amortization	537	483
Amortization of right-of-use assets	268	188
Gain on extinguishment of tax receivable agreement	(55,422)	—
Loss on extinguishment of debt	8,778	—
Change in fair value of contingent consideration	—	48,802
Deferred income taxes	16,903	775
Changes in assets & liabilities:		
Accounts receivable	(3,217)	574
Contract assets	(22,591)	225
Prepaid expenses	(2,517)	(1,150)
Deferred transaction costs	—	1,081
Other current and non-current assets	1,384	322
Accounts payable	(1,455)	176
Accrued expenses	1,377	(1,184)
Income tax payable/receivable	(1,720)	569
Operating lease liabilities	(349)	(178)
Other current and non-current liabilities	551	280
Net cash provided by operating activities	**32,983**	**12,006**
Cash flows from investing activities		
Purchase of property and equipment	(841)	(424)
Net cash used in investing activities	**(841)**	**(424)**
Cash flows from financing activities		
Proceeds from term loans	125,000	170,000
Proceeds from revolving facility	50,000	—
Payments on term loans	(167,628)	(4,380)
Payments on revolving facility	(25,000)	—
Payment of deferred financing costs	(1,669)	(9,767)
Distributions to Open Lending, LLC unitholders	—	(135,380)
Share repurchase	(20,000)	—
Settlement of tax receivable agreement	(36,948)	—
Recapitalization transaction, net of transaction costs	—	(13,289)
Net cash (used in) provided by financing activities	**(76,245)**	**7,184**
Net change in cash and cash equivalents and restricted cash	(44,103)	18,766
Cash and cash equivalents and restricted cash at the beginning of the period	104,148	9,898
Cash and cash equivalents and restricted cash at the end of the period	**$ 60,045**	**$ 28,664**
Supplemental disclosure of cash flow information:		
Interest paid	$ 3,776	$ 3,958
Income tax paid, net	12,452	20
Non-cash investing and financing:		
Internally developed software accrued but not paid	$ 660	$ —
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 June 30,		Six Months Ended June 30,	
	2021	**2020**	**2021**	**2020**
Adjusted EBITDA reconciliation to net income (loss)				
Net income (loss)	**$ 75,966**	**$ (49,805)**	**$ 88,828**	**$ (41,633)**
Non-GAAP adjustments:				
Interest expense	1,122	3,644	4,411	4,408
Provision for income taxes	23,267	1,352	27,737	1,364
Depreciation and amortization expense	196	120	389	242
Share-based compensation (1)	927	2,189	1,628	2,676
Gain on extinguishment of tax receivable agreement (2)	(55,422)	—	(55,422)	—
Loss on extinguishment of debt (3)	—	—	8,778	—
Change in fair value of contingent consideration (4)	—	48,802	—	48,802
Transaction bonuses (5)	—	9,112	—	9,112
Total adjustments	**(29,910)**	**65,219**	**(12,479)**	**66,604**
Adjusted EBITDA	**46,056**	**15,414**	**76,349**	**24,971**
Total revenue	**$ 61,125**	**$ 22,067**	**$ 105,133**	**$ 39,497**
Adjusted EBITDA margin	**75 %**	**70 %**	**73 %**	**63 %**
Adjusted operating cash flows (6)				
Adjusted EBITDA	**$ 46,056**	**$ 15,414**	**$ 76,349**	**$ 24,971**
Capex	(838)	(341)	(841)	(424)
(Increase) decrease in contract assets	(14,715)	(3,977)	(22,591)	225
Adjusted operating cash flows	**$ 30,503**	**$ 11,096**	**$ 52,917**	**$ 24,772**

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 three and six months ended June 30, 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 June 30, 2020.
(5) Reflects transaction bonuses awarded to key employees and directors in connection with the Business Combination in the three and six months ended June 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.
Earnings Supplement
Q2 2021

Q2 Financial Highlights

	Q2 2021	Q2 2020
Total Certs	46,408	18,684
Revenue	$61.1 million	$22.1 million
Adj. EBITDA	$46.1 million	$15.4 million
Adj. Operating Cash Flow[1]	$ 30.5 million	$11.1 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 & 2021
- Low interest rate environment, traditional lenders retrenching, and commuters shifting away from public modes of transportation are driving positive trends

OEM Opportunity

- **OEM #1**
  - 185% cert growth Q2’21 compared to Q2’20
  - 33% cert growth Q2’21 compared to Q1’21
- **OEM #2**
  - 42% cert growth Q2’21 compared to Q1’21
- Building out pipeline with other OEMs for the future

Recent Business Highlights

- Credit Union & Banks – 87% cert growth Q2’21 compared to Q2’20
- Signed third insurance partner agreement with American National
- Partnered with 5 new refinance lenders in Q2
- Executed 22 contracts with new customers in Q2
- Over 15 active implementations with “go live” dates in the next 60 – 90 days

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

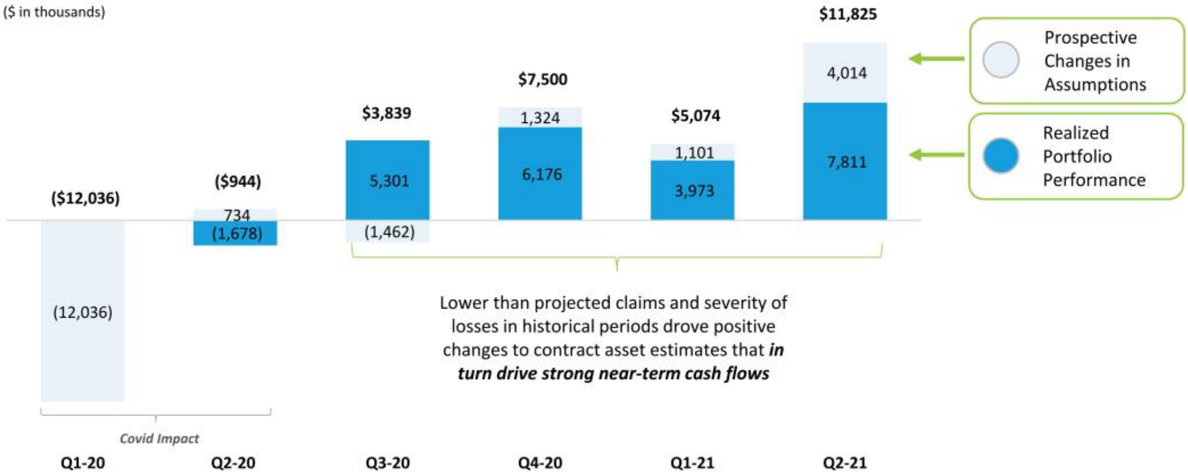
5. **Broaden Our Offerings**
   - Prime Decisioning SaaS Solution
   - Expansion into Other Consumer Asset Classes
6. **Launch into New Channels**
   - Expansion into Adjacent Asset Classes (e.g., leases)
   - Establish Broader Auto Platform (e.g., hub and spoke)

Understanding Changes in Contract Assets and Profit Share Revenue

In LTM period, ***80%+ 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 thousands)



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 by over 20% 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 ~20% of total certs in Q2 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**

Q2 2021 Key Performance Indicators

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Certs				
CU & Bank Certs	30,398	16,242	52,325	35,104
OEM Certs	16,010	2,442	27,401	11,604
Total Certs	**46,408**	**18,684**	**79,726**	**46,708**
Unit Economics				
Avg. Profit Share Revenue per Cert (1)	$ 582	$ 701	$ 623	$ 619
Avg. Program Fee Revenue per Cert	$ 444	$ 471	$ 445	$ 460
Originations				
Facilitated Loan Origination Volume *($ in 000)*	$ 1,170,461	$ 409,934	$ 1,950,822	$ 1,037,031
Average Loan Size	25,221	21,940	24,469	22,202
Channel Overview				
New Vehicle Certs as a % of Total	16.9%	11.8%	16.5%	14.4%
Used Vehicle Certs as a % of Total	83.1%	88.2%	83.5%	85.6%
Indirect Certs as a % of Total	84.4%	72.3%	83.9%	75.8%
Direct Certs as a % of Total	15.6%	27.7%	16.1%	24.2%

(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 $11.8 million and ($1.0) million, for the three months ended June 30, 2021 and 2020, respectively. The profit share revenue impact related to change in estimates of historical vintages was $16.9 million and ($13.0) million, for the six months ended June 30, 2021 and 2020, respectively.

Q2 2021 Financial Update

($ in 000)	Three Months Ended June,		Six Months Ended June 30,	
	2021	2020	2021	2020
Revenue				
Program fees	$ 20,597	$ 8,793	$ 35,508	$ 21,505
Profit share	38,842	12,163	66,572	15,938
Claims administration service fees	1,686	1,111	3,053	2,054
Total revenue	**61,125**	**22,067**	**105,133**	**39,497**
Cost of services	4,140	1,827	7,502	4,322
Gross profit	**56,985**	**20,240**	**97,631**	**35,175**
Operating expenses				
General and administrative (1)	8,381	14,650	16,593	18,218
Selling and marketing (2)	2,954	1,295	5,351	3,373
Research and development	773	349	1,364	707
Operating income	**44,877**	**3,946**	**74,323**	**12,877**
Other income/expense				
Interest expense	(1,122)	(3,644)	(4,411)	(4,408)
Interest income	58	44	142	61
Gain on tax receivable agreement extinguishment (3)	55,422	-	55,422	-
Loss on extinguishment of debt (4)	-	-	(8,778)	-
Change in fair value of contigent consideration (5)	-	(48,802)	-	(48,802)
Other (expense) income	(2)	3	(133)	3
Income before income taxes	**99,233**	**(48,453)**	**116,565**	**(40,269)**
Provision for income taxes	23,267	1,352	27,737	1,364
Net income and comprehensive income	**$ 75,966**	**$ (49,805)**	**$ 88,828**	**$ (41,633)**
Adjusted EBITDA	**$ 46,056**	**$ 15,414**	**$ 76,349**	**$ 24,971**

(1) During the three and six months ended June 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 recievable agreement.

(4) Reflects the loss recognized in connection with the refinancing of our Term Loan due 2027 on March 19, 2021, which primarily consisits 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 shares from June 10, 2020 through the date when each tranche of contingent consideration shares vested as the share price performace milestone was achieved.

Reconciliation of GAAP to Non-GAAP Financial Measures

Adjusted EBITDA
($ in 000)

	Three Months Ended June		Six Months Ended June 30,	
	2021	2020	2021	2020
Net income (loss)	**$ 75,966**	**$ (49,805)**	**$ 88,828**	**$ (41,633)**
Non-GAAP adjustments:				
Interest expense	1,122	3,644	4,411	4,408
Provision for income taxes	23,267	1,352	27,737	1,364
Depreciation and amortization expense	196	120	389	242
Share-based compensation (1)	927	2,189	1,628	2,676
Gain on tax receivable agreement extinguishment (2)	(55,422)	-	(55,422)	-
Loss on extinguishment of debt (3)	-	-	8,778	-
Change in fair value of contingent consideration (4)	-	48,802	-	48,802
Transaction bonuses (5)	-	9,112	-	9,112
Total adjustments	**(29,910)**	**65,219**	**(12,479)**	**66,604**
Adjusted EBITDA	**46,056**	**15,414**	**76,349**	**24,971**
Total revenue	**$ 61,125**	**$ 22,067**	**$ 105,133**	**$ 39,497**
Adjusted EBITDA margin	**75%**	**70%**	**73%**	**63%**

Adjusted Operating Cash Flows (6)

Adjusted EBITDA	**$ 46,056**	**$ 15,414**	**$ 76,349**	**$ 24,971**
Capex	(838)	(341)	(841)	(424)
(Increase) decrease in contract assets	(14,715)	(3,977)	(22,591)	225
Adjusted Operating Cash Flows	**$ 30,503**	**$ 11,096**	**$ 52,917**	**$ 24,772**

(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 three and six months ended June 30, 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 June 30, 2020.

(5) Reflects transaction bonuses awarded to key employees and directors in connection with the Business Combination in the three and six months ended June 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

Shares	In millions
Total Shares Outstanding August 10, 2021	**126.2**
Treasury Shares	**2.0**
Total Shares Issued	**128.2**