Cover slide

Operator

Welcome to Oportun Financial Corporation's First Quarter 2026 Earnings Conference Call. All lines have been placed on mute to prevent background noise. After the speakers' remarks, there will be a question-and-answer session. Today's call is being recorded. For opening remarks and introductions, I'd like to turn the call over to Dorian Hare, Senior Vice President of Investor Relations. Mr. Hare, you may begin.

Slide 2

Introduction: Dorian Hare, Senior Vice President, Investor Relations

Thanks, and hello everyone. With me to discuss Oportun's first quarter 2026 results are Doug Bland, our Chief Executive Officer, and Paul Appleton, our interim Chief Financial Officer, Treasurer and Head of Capital Markets. Kate Layton, Oportun's Chief Legal Officer and Gaurav Rana, our Senior Vice President and General Manager of Lending, will also join for the question and answer session. I'll remind everyone on the call or webcast that some of the remarks made today will include forward-looking statements related to our business, future results of operations and financial position, including projected Adjusted ROE attainment and expected originations growth, planned products and services, business strategy, expense savings measures and plans and objectives of management for our future operations. Actual results may differ materially from those contemplated or implied by these forward-looking statements, and we caution you not to place undue reliance on these forward-looking statements. A more detailed discussion of the risk factors that could cause these results to differ materially are set forth in our earnings press release and in our filings with the Securities and Exchange Commission under the caption, "Risk Factors," including our upcoming Form 10-Q filing for the quarter ended March 31, 2026. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information or future events other than as required by law.

Also on today's call, we will present both GAAP and non-GAAP financial measures, which we believe can be useful measures for the period-to-period comparisons of our core business, and which will provide useful information to investors regarding our financial condition and results of operations. A full list of definitions can be found in our earnings materials, available at the investor relations section on our website. Non-GAAP financial measures are presented in addition to, and not as a substitute for, financial measures calculated in accordance with GAAP. A reconciliation of non-GAAP to GAAP financial measures is included in our earnings press release, our first quarter 2026 financial supplement and the appendix section of the first quarter 2026 earnings presentation, all of which are available at the investor relations section of our website at investor.oportun.com. In addition, this call is being webcast, and an archived version will be available after the call, along with a copy of our prepared remarks. With that, I will now turn the call over to Doug.

Doug Bland, Chief Executive Officer

Slide 3 [1Q26 Earnings Overview]

Thanks, Dorian, and good afternoon, everyone. Thank you for joining us. I'm honored to be speaking with you for the first time as CEO of Oportun.

I was drawn to Oportun because it stands out: a technology-driven platform with a critical mission, and proven ability to responsibly improve the financial lives of people who are too often overlooked by traditional lenders. I also saw a business known for high-quality customer service, uniquely positioned to seamlessly engage with both English and Spanish speaking members across its retail, contact center and mobile app. My initial meetings with team members across the company and with key stakeholders have only reinforced this view.

I look forward to working with our team and Board to strengthen the business, build deeper relationships with our members, and deliver long-term value for shareholders. I'm optimistic about what we can achieve together.

I joined Oportun on April 20th, so I've been in the role for less than three weeks. I'm not going to use my first earnings call to declare a new strategy before I've completed a deeper review. What I can say from my early assessment is that the team has made real progress strengthening the foundation of the business — particularly profitability, liquidity and funding costs — while important work remains to improve through-cycle credit performance and rebuild a durable growth engine. The 2026 plan was already in motion before I arrived, and based on my review so far, I support reiterating the full year guidance.

I'll now hand it over to Paul for a review of how we're executing against our current strategy and our first quarter financial results. He'll also provide our Q2 guidance while updating you on our full year outlook.

Paul Appleton, Interim Chief Financial Officer, Treasurer & Head of Capital Markets

Slide 4 [Strategic Priorities]

Thank you, Doug and good afternoon every one. I'd like to start by updating you on our strategic priorities, which include: **improving credit outcomes, strengthening business economics, and identifying high-quality originations.**

1. Starting with improving credit outcomes:
    - We have remained in a tight credit posture, maintaining an emphasis on returning members amid an uncertain macroeconomic outlook for low and moderate income households.
        - Our annualized net charge-off rate was 12.65% in Q1, at the midpoint of our guidance range.
        - In Q1, the proportion of originations to returning members was 79%, 16 percentage points higher than the 63% recorded in the prior-year quarter.
        - Importantly, our Q1 30+ delinquency rate of 4.5% met the expectations we set on our February earnings call, down 38 basis points sequentially and 18 basis points year-over-year.
        - We expect the second quarter's 30+ delinquency rate to improve further to a range between 4.10 and 4.20%, which is 22 to 32 basis points lower than 2Q25 and 30 to 40 basis points lower sequentially than the first quarter.
        - These proof points support our continued confidence that Q1's 12.65% annualized net charge-off rate should be the highest of 2026.
    - We also mentioned on our February earnings call that a key focus this year is continuing to invest in our credit decisioning capabilities to accelerate model training, deployment, and effectiveness.
        - In Q2, we are introducing the latest iteration of our primary underwriting model, V13, which features an enhanced model architecture designed to better capture both long-term and more recent, emerging trends. The model also incorporates new alternative data sources to improve predictive power and reduce adverse selection risk.

2. Turning to business economics, we remain committed to improving on full year 2025's 17.5% Adjusted ROE and 6.8% GAAP ROE, making progress towards our objective of 20 to 28% GAAP ROEs on an annual basis.
    - A key component of this is continuing our expense discipline. During Q1, total OpEx declined 1% year-over-year to $91 million, in line with the substantially flat expectation we've set for the full year.
    - Another important part of our efforts to attain our ROE goal is exploring the launch of risk-based pricing. As discussed on our last earnings call, this effort would reintroduce pricing above 36% for shorter-term loans and higher-risk segments, including some customers we are not able to approve today. We have made good progress with this initiative, including signing a letter of intent with a new bank partner. As a result, we continue to expect to roll this initiative out in the second half of the year.
    - Last month, we launched another initiative, a payment protection offering, that we expect will provide more certainty for our members and a positive financial contribution to Oportun in future years.
        - Payment protection is an opt-in offering that members can elect during the loan application process, which provides protection against unforeseen events like involuntary unemployment, death, or disability by completely or partially paying off the loan.
        - The offering is currently available to loan applicants in several states, and in coordination with our bank partner, we expect to introduce the offering across most of our footprint in the coming months.
        - Due to the phased roll-out, we are currently assuming only a modest financial benefit from the payment protection initiative in our 2026 guidance. However, at scale, we see a potential for profit enhancement in future years, due to lower credit losses on enrolled loans and fees earned.
3. Lastly, regarding identifying high-quality originations, in Q1 originations declined by 11%. This was in line with our expectations, reflecting typical seasonality and the higher mix of returning borrowers I referenced a moment ago. We continue to expect to grow originations in the mid-single-digit percent range this year.
    - Expanding our secured personal loan portfolio, secured by members' autos, remains a key pillar of our responsible growth strategy.
        - Partially offsetting the unsecured personal loan originations decline in Q1, secured personal loan originations grew 12% year-over-year and the secured portfolio grew 30% year-over-year to $233 million. As a result, secured

personal loans now represent 9% of our owned portfolio, up from 7% last year.
    - Importantly, average losses on secured personal loans continued to run substantially lower than unsecured personal loans in the first quarter.

Slide 6 [First Quarter and Full Year Highlights]

Turning now to Q1 highlights on **Slide 6**, we recorded our sixth consecutive quarter of GAAP profitability, with net income of $2.3 million and diluted EPS of $0.05. We also generated Adjusted Net Income of $10 million, and Adjusted EPS of $0.21.

Total revenue of $229 million declined by $7.1 million, or 3% year-over-year, which was in line with our expectations and driven by the 11% year-over-year decline in originations I mentioned a moment ago.

Net decrease in fair value was $86 million this quarter, due to $85 million in net charge-offs. The net decrease in fair value was $13 million higher than the prior-year period, which benefitted from a favorable $12 million mark-to-market adjustment on loans.

First quarter interest expense was $48 million, down $9 million year-over-year. This improvement reflects recent balance sheet optimization initiatives that I'll detail shortly.

Net revenue was $95 million, down $11 million year-over-year, as the impact of lower total revenue and fair value offset the benefit from lower interest expense.

Operating expenses were $91 million, down $1.3 million, or 1%, year-over-year, reflecting continued cost discipline.

Adjusted EBITDA, which excludes the impact of fair value mark-to-market adjustments on our loan portfolio and notes, was $29 million in the first quarter. This reflected a year-over-year decrease of $4.2 million, as lower total revenue and higher net charge-offs more than offset lower interest expense and Adjusted Operating Expense.

Adjusted Net Income was $10 million, down $8.4 million year-over-year, due to lower net revenue, partially offset by lower Adjusted Operating Expense. Adjusted EPS declined year-over-year from $0.40 to $0.21.

GAAP net income of $2.3 million, was similarly down $7.4 million year-over-year.

Slide 9 [Capital and Liquidity]

Turning to capital and liquidity as shown on **Slide 9**, we continue to strengthen our debt capital structure through continued balance sheet optimization by further reducing higher-cost corporate debt, lowering our overall cost of capital, and enhancing liquidity.

I'm pleased with the progress we made deleveraging, ending the quarter with a 6.8x debt-to-equity ratio. That's down from 7.6x a year ago and materially lower than the peak leverage of 8.7x we reported in 3Q24. The improvements achieved since then and through the end of the first quarter include consistent GAAP profitability, a $69 million, or 21% increase in shareholders' equity, and a $70 million, or 30%, reduction in our high-cost corporate debt.

Q1 interest expense was $48 million. That was $9 million, or 16% lower than the prior-year quarter, supporting our sustained profitability. This was driven by corporate debt repayments as well as actions related to our ABS notes and warehouse facilities.

Also supporting our strong liquidity position, our cash flow has enabled us to continue to grow our unrestricted cash balance to $130 million as of the end of 1Q26, up $25 million from year-end 2025 and up $52 million year-over-year.

With this strong cash position, we paid down another $30 million of high-cost corporate debt following the end of the first quarter, lowering our remaining corporate debt principal balance to $135 million. Corporate debt repayments since the facility's October 2024 inception now total $100 million, reducing outstandings from the initial $235 million balance to $135 million, resulting in $15 million in annualized run rate interest expense savings.

On the capital markets side, we completed a $485 million ABS transaction at a 5.32% yield in February. Over the last 12 months, we have issued $1.9 billion in ABS bonds at sub-6% yields, demonstrating a sustained access to capital on favorable terms.

Slide 10 [Guidance]

Next, I'd like to turn to our updated guidance as shown on Slide 10. While our member base remains resilient, inflation above Federal Reserve targets, uneven job creation, policy uncertainty and higher gas prices continue to create a cautious environment for low-to-moderate income consumers. We are particularly monitoring the impact of higher fuel prices on our members, and while we have not seen any deterioration to our metrics as a result, we understand the pressure this can place on our customers if higher prices persist. Consequently, our outlook prudently assumes we maintain a tight credit posture through the balance of the year. We remain well positioned to adjust quickly as conditions evolve.

Our outlook for the second quarter is:

- Total Revenue of $227 to $232 million
- Annualized net charge-off rate of 12.2% plus or minus 15 basis points, and
- Adjusted EBITDA of $34 to $39 million

At the midpoint, our Q2 revenue guidance implies a modest sequential increase from Q1 and a lesser year-over-year decline, driven by higher originations from first quarter levels.

Our Q2 annualized net charge-off rate midpoint guidance of 12.2% implies 45 basis points of sequential improvement from the first quarter, supported by the favorable 30+ delinquency trends I discussed earlier.

At the midpoint of $37 million, our Q2 Adjusted EBITDA guidance implies strong sequential and a return to year-over-year growth of $5 million, or 17% — driven primarily by lower interest expense, along with ongoing operating expense discipline.

We are fully reiterating our full-year 2026 guidance, including:

- Total Revenue of $935 to $955 million
- Annualized net charge-off rate of 11.9% plus or minus 50 basis points
- Adjusted EBITDA of $150 to $165 million,
- Adjusted Net Income of $74 to $82 million, and
- Adjusted EPS of $1.50 to $1.65

Our full year 2026 guidance continues to be underpinned by our expectations for mid-single-digit originations growth, a 1% to 2% decline in average daily principal balance, a reduction in interest expense of at least 10%, and substantially flat operating expenses.

Also, our full year annualized net charge-off rate midpoint guidance of 11.9% continues to indicate slight year-over-year improvement.

Midpoint growth of 16% in Adjusted EPS and 6% in Adjusted EBITDA, even amid macro uncertainty for low-to-moderate income consumers, reflects the resilience of both our members and our business model.

Slide 11 [Unit Economics]

Before I turn it back to Doug, let me conclude with a brief summary of our unit economics progress. Although our long-term targets are GAAP targets, I'll reference adjusted metrics because they remove non-recurring items and better reflect our future run rate.

As shown on **Slide 11,** we generated a 10.5% Adjusted ROE during the first quarter. With ramping originations and lower credit losses embedded in our full-year guidance, we expect to improve on our first quarter Adjusted ROE performance in the balance of the year and outpace last year's 17.5% Adjusted ROE.

I'm encouraged by the positive fundamentals we exhibited in Q1, particularly on year-over-year improvement in cost of funds and operating expense efficiency.

- Our balance sheet optimization initiatives drove improvement in our cost of funds from 8.2% to 7.0%, a level well below our 8.0% target; and
- Expense discipline enabled improvement in our Adjusted OpEx ratio from 13.3% to 12.7%, nearing our 12.5% target.

Our north star remains delivering GAAP ROEs of 20 to 28% annually. We plan to achieve this by driving positive credit outcomes, growing the owned loan portfolio, and effectively managing operating expenses.

We also intend to continue to drive our debt-to-equity leverage ratio this year towards our 6:1 target by reducing our debt outstanding and continuing to grow GAAP profitability.

With that, Doug, back over to you.

Cover slide [Closing Remarks]

Doug Bland, Chief Executive Officer

Thanks, Paul.

To close, I'd like to emphasize that while Oportun's foundation is stronger than it was, we need to establish predictable outcomes that result in durable growth. My focus now is on disciplined execution, deeper assessment, and coming back to you on our second quarter earnings call with a clearer view of the path forward.

I want to underscore that Oportun's mission, to empower members to build a better future will continue. I see a tremendous opportunity to accelerate our mission. It's my focus to partner with our teams to determine ways to accomplish this. I'm energized by what's ahead.

With that, Operator, let's open up the line for questions.

[Question & Answer Session]

Conclusion: Doug Bland, Chief Executive Officer

Thank you again for joining today's call. We appreciate your continued interest in Oportun, and look forward to speaking with you again soon.