Cover slide

Operator
Welcome to Oportun Financial Corporation's Third Quarter 2025 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 third quarter 2025 results are Raul Vazquez, Chief Executive Officer and Paul Appleton, our Treasurer, Head of Capital Markets and interim Chief Financial Officer. 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 September 30, 2025. 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 third quarter 2025 financial supplement and the appendix section of the third quarter 2025 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 Raul.

Raul Vazquez, Chief Executive Officer

Slide 3 [3Q25 Earnings Overview]

Thanks, Dorian, and good afternoon, everyone. Thank you for joining us.

Our third quarter results were strong, marking our fourth consecutive quarter of GAAP profitability. We met or exceeded all of our guidance metrics, reflecting continued operational discipline and strong execution across the business.

The four key headlines from the quarter are: continued GAAP profitability, improved credit performance, ongoing expense discipline, and an enhanced capital structure.

1. Let's start with profitability.
    - We were GAAP profitable once again in Q3, with net income of $5.2 million, reflecting $35 million of year-over-year improvement. Our ROE was 5%, up 40 percentage points year-over-year.
    - We achieved these results through continued disciplined expense management, improved credit performance and growth in originations.
    - Based on our performance through the first three quarters, we remain confident that we'll deliver on our promise of full-year 2025 GAAP profitability, as we committed to at the start of the year. This includes our expectation to be GAAP profitable in the fourth quarter.
2. Turning to credit performance:
    - Our annualized net charge-off rate was 11.8%, a modest improvement from 11.9% in the prior year period.
    - Our 30-plus day delinquency rate also improved year-over-year, by 44 basis points to 4.7%.
3. On the expense side, we reported $91 million in operating expenses, down 11% year-over-year. That represents our second lowest quarterly expense level since becoming a public company in 2019, and our lowest ever on an adjusted basis. Thanks to our planned reduction of second half 2025 marketing and other expenses, we now expect full-year 2025 GAAP operating expenses of approximately $370 million - a $10 million improvement from our prior outlook and a $40 million improvement from 2024.
4. Finally, we took meaningful steps during and after the quarter to further strengthen our capital structure. We executed ABS financings at weighted average yields below 6% in August and October, and proactively repaid higher-cost corporate debt. Additionally, we expanded our warehouse financing capacity in October by adding a new facility and modifying an existing one—extending average maturity and reducing our average cost of capital. Our debt-to-equity ratio was 7.1x at the end of

Q3, down significantly from the 8.7x peak level in the prior-year quarter, and we remain on track toward our target of 6.0x.

Slide 4 [Strategic Priorities]

With our Q3 highlights covered, I'll now review how we're executing against our three strategic priorities: **improving credit outcomes, strengthening business economics, and identifying high-quality originations**.

1. Starting with credit outcomes:
    - On our last earnings call, we shared that the first half of the year saw a higher mix of new members than expected, and that we were recalibrating originations more toward returning members. Our efforts were effective - 70% of Q3 originations went to returning members, up from 64% in the first half.
    - Although our third quarter 30-plus day delinquency rate of 4.7% came down by 44 basis points year-over-year, it was at the higher end of our internal expectations. Observing this trend, we took additional credit tightening actions during the quarter, which are ongoing.
        - This included leveraging a new early default model to enhance predictiveness, and using our bank transaction model to lower loan amounts and enact hard declines where needed.
    - While these actions help protect portfolio quality, they led to slightly lower originations in Q3, and we expect continued impact in Q4 origination levels. Accordingly, we now expect full-year 2025 originations growth in the high-single-digits percent range, slightly down from our prior expectation for growth of approximately 10%.
2. Turning to business economics, we continue to make strong progress on efficiency and operating leverage.
    - Our risk adjusted net interest margin ratio improved 231 basis points year-over-year to 16.4%. As a reminder, that metric includes portfolio yield, net charge-offs, cost of capital and loan-related fair value impacts.
    - Our adjusted OpEx ratio improved 133 basis points year-over-year to 12.6% of our owned portfolio. That's a new record for cost efficiency, and within 8 basis points of our 12.5% target.
    - Together, these improvements drove strong operating leverage, lifting ROE by 40 percentage points year-over-year and sharply increasing Adjusted EPS from $0.02 to $0.39.
3. Finally, on identifying high-quality originations - even as we maintain a conservative credit posture, we grew originations by focusing on members with higher free cash flow and on channels that deliver the strongest results.
    - Q3 originations were $512 million, up 7% year over year, marking our fourth consecutive quarter of growth under a disciplined credit approach.

- Our referral program continues to perform well, driving 25% growth in referral-based originations to $31 million in the quarter.
- And, expanding our secured personal loans portfolio remains a key pillar of our responsible growth strategy.
    - SPL originations increased 22% year-over-year, and our secured portfolio grew 48% year-over-year to $209 million, now 8% of our owned portfolio, up from 5% a year ago.
    - Through the first three quarters of this year, secured personal loans losses have run over 500 basis points lower compared to unsecured personal loans.

Altogether, these actions reflect our commitment to balancing growth, credit quality, and efficiency — an approach that's driving consistent improvement in Oportun's profitability and overall momentum.

Slide 3 [3Q25 Earnings Overview]

With that, I'd like to now preview our updated 2025 outlook.

We continue to closely monitor key indicators such as inflation, unemployment, fuel prices and evolving government policies, alongside our internal performance metrics. Our members have remained remarkably resilient despite ongoing macro uncertainty, and our third quarter results reflect that resilience.

With that being the case, our 30-plus day delinquency rate did come in at the high end of our internal expectations as I mentioned earlier. While we've tightened credit accordingly, we do anticipate these trends to result in a slight increase at the midpoint of our full-year 2025 annualized net charge-off rate by 20 basis points to 12.1%, reflecting approximately $5 million in higher anticipated losses. This includes a 12.45% annualized net charge-off rate expectation at the midpoint of our guidance for the fourth quarter.

We expect this elevated loss rate to be temporary, impacting early 2026 before easing by next year's second quarter as recent tightening actions take hold.

Finally, we've raised our full-year Adjusted EPS guidance to a range of $1.30 to $1.40 per share, up 4% at the midpoint, reflecting strong year-over-year growth of 81% to 94%. This increase is driven by continued expense discipline and a lower cost of capital, which together strengthen our profitability outlook for 2025. Oportun itself has become far more resilient — with sustained GAAP profitability, improved operating efficiency, and a clear path toward our 20 to 28% target ROEs.

Looking ahead to 2026, we plan to stay focused on our three strategic priorities, which gives us confidence that we'll continue to grow Adjusted EPS next year.

With that, I will turn it over to Paul for additional details on our financial and credit performance, as well as our guidance.

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

Slide 5 [Performance vs. Guidance]

Thanks Raul, and good afternoon everyone. Turning to **Slide 5,** we delivered a strong third quarter, coming in $2 million, or 6%, above the top-end of our Adjusted EBITDA guidance, driven by lower operating expense and lower interest expense. In addition, we met guidance for total revenue and net charge-offs, and delivered another quarter of strong GAAP and Adjusted EPS performance.

Slide 6 [Third Quarter Highlights]

Turning now to **Slide 6**, we continued our momentum with our fourth consecutive quarter of GAAP profitability, generating $5.2 million in net income and diluted EPS of $0.11. This marks our seventh straight quarter of adjusted profitability, with Adjusted Net Income of $19 million, and Adjusted EPS of $0.39.

While maintaining credit discipline, originations of $512 million were up 7% year-over-year, slightly below our prior expectations due to the credit tightening actions Raul mentioned a moment ago.

Total revenue of $239 million declined by $11 million, or 5% year-over-year.

- This decline was primarily due to the absence of $9 million of credit card revenue in the prior-year quarter. As a reminder, we completed the sale of our credit card portfolio in November of last year, a transaction that has been accretive to our bottom line.

- Net decrease in fair value was $77 million this quarter, primarily due to $80 million in net charge-offs, which declined 3% from the prior-year quarter. In addition sustained lower ABS funding costs drove a favorable $7 million mark-to-market adjustment on our loan portfolio.

- Third quarter interest expense was $57 million, up $1 million year-over-year, as sub-3% pandemic-era ABS issuances continued to pay down. However, cost of debt was lower sequentially, decreasing from 8.6% in the second quarter to 8.1% in the third

quarter, closely aligning with our 8% unit economics target. This improvement reflects the positive impact of recent lower-cost ABS issuance, the refinancing of higher-cost ABS debt, as well as the repayment of corporate debt, which I'll cover in more detail, shortly.

Net revenue was $105 million, up 68% year-over-year, driven by improved fair value marks and lower net charge-offs, more than offsetting lower total revenue.

Operating expenses were $91 million, down 11% from the prior-year, reflecting our ongoing cost discipline. Year-to-date, we've reduced operating expenses by $43 million. As Raul mentioned, with additional cost saving measures identified, we now expect full-year 2025 operating expenses to be approximately $370 million, including approximately $92 million in the fourth quarter, for a 10% full-year reduction from 2024.

Adjusted EBITDA, which excludes the impact of fair value mark-to-market adjustments on our loan portfolio and notes, was $41 million in the third quarter. This reflected a year-over-year increase of $10 million, driven by cost reductions and credit performance improvement.

Adjusted Net Income was $19 million, up $18 million year-over-year, driven by our reduced operating expenses along with improved credit performance. Adjusted EPS increased sharply year-over-year from $0.02 to $0.39, while our Adjusted ROE improved by 19 percentage points to 20%, which I will discuss further when I review our unit economics progress.

GAAP income before taxes of $14 million, increased $54 million year-over-year. This was our highest level of pre-tax income since the first quarter of 2022.

I'll note that while our GAAP net income of $5 million increased sharply by $35 million, it was approximately half of what it would have been due to a $5 million unfavorable revision to tax expense from an annual R&D tax credit study. The revision primarily drove our effective tax rate up to 64%, compared with 24% in the prior year period. Despite the higher rate, diluted EPS of $0.11—also impacted by the tax revision—still increased by $0.86 year-over-year.

Slides 7-9 [Credit Performance]

Next, I'd like to provide some additional color on our credit performance in Q3:

- Our front book of loans, originated since July 2022, continues to perform quite well, while our back book of pre-July 2022 loans continues to roll off.

    - As you can see on **Slide 7**, our more recent credit vintages have generally outperformed their predecessors and, as a result, the losses on our front book twelve-plus months after disbursement are now running approximately 700 basis points or more lower than our back book.
    - Furthermore, you can see our annualized net charge-off rate for the quarter by front-book versus back-book on **Slide 8**. In Q3, the front book had an annualized net charge-off rate of 11.7%, near the 9 to 11% net charge-off range that we target in our unit economics model. The back book continues to decline, representing just 2% of the loan portfolio at quarter-end but accounting for 7% of gross charge-offs. We still expect the back book to further diminish to just 1% of our portfolio by the end of 2025.
- Finally, as you can see on **Slide 9**, our NCO rate was 11.8% in the third quarter which was 7 basis points better than last year's rate. Our Q3 net charge-off dollars declined by 3% year-over-year. While we reduced our 30-plus day delinquency rate year-over-year for the seventh consecutive quarter, it was at the higher end of our internal expectations, as Raul talked about.

Slide 11 [Capital and Liquidity]

Turning to capital and liquidity, as shown on **Slide 11**, we've taken significant recent steps to enhance our debt capital structure by reducing debt outstanding and lowering our cost of capital, while bolstering our liquidity.

We de-leveraged during Q3 by reducing our debt-to-equity ratio from 7.3x to 7.1x quarter-over-quarter, supported by GAAP profitability and $99 million in operating cash flow, of which $31 million was used to pay down debt. Our leverage is down markedly from the 8.7x peak level a year ago.

Much of our focus on reducing debt outstanding has been on repaying high-cost corporate debt, which carries a 15% interest rate. We proactively repaid $20 million of corporate loan principal during the third quarter and another $17.5 million following the quarter-end. We've now repaid a total of $50 million since the facility's inception in October 2024, reducing the original $235 million balance to $185 million, resulting in an annualized run rate reduction in interest expense of $7.5 million.

Since the end of the second quarter, we have continued to demonstrate our ability to consistently access the capital markets at favorable terms. In August, we issued $538 million in ABS notes at a 5.29% weighted average yield, which was our lowest cost ABS issuance since October, 2021. Following the quarter-end, we completed another ABS, issuing $441 million in notes at a 5.77% weighted average yield. Both transactions,

achieved a sub-6% funding cost, a AAA rating on their senior notes and freed up warehouse capacity for future originations.

Also following the quarter, we increased our total committed warehouse capacity from $954 million to $1.14 billion, increased the weighted average remaining term for our combined warehouse facilities from 17 months to 25 months and reduced the aggregate weighted average margin across our warehouse facilities by 43 basis points. We did so by closing a new $247 million, three-year revolving term, committed warehouse facility and improving the terms of existing facilities.

Following the end of the quarter, we purchased $115 million of the Oportun-serviced loan portfolio held by our bank sponsorship partner, Pathward. We expect some profitability benefit from the acquisition, driven by the lower funding costs of owning the portfolio in comparison to the prior agreement with Pathward.

As of September 30, total cash was $224 million, of which $105 million was unrestricted and $119 million was restricted.

Slide 12 [Guidance]

Turning now to our guidance as shown on Slide 12, our outlook for the fourth quarter is:

- Total Revenue of $241 to $246 million
- Annualized net charge-off rate of 12.45% plus or minus 15 basis points, and
- Adjusted EBITDA of $31 to $37 million

Our Q4 total revenue guidance reflects a $7 million year-over-year decline at the midpoint, largely due to the absence of the prior year period's $4 million in credit card revenue.

Our Q4 Adjusted EBITDA guidance of $34 million at the midpoint also reflects a $7 million year-over-year decline, driven by lower total revenue and higher net charge-offs, partially offset by lower interest expense.

Our Q4 annualized net charge-off midpoint guidance at 12.45% reflects 3Q's 30-plus delinquency rate being at the higher end of our expectations. We tightened our credit standards during Q3 and expect this uptick in our NCO rate to be temporary.

Our revised full-year 2025 guidance, includes:

- Total Revenue of $950 to $955 million
- Annualized net charge-off rate of 12.1% plus or minus 10 basis points

- Adjusted EBITDA of $137 to $143 million, and
- Adjusted EPS of $1.30 to $1.40

I'll note that our recent credit tightening actions imply a high-single-digit year-over-year decline in originations for the fourth quarter. For context, 4Q24's originations of $522 million were our highest level since 2022.

We've maintained the midpoint of our full-year revenue guidance at $952.5 million, while narrowing the range by $10 million. We've also maintained the midpoint of our Adjusted EBITDA guidance at $140 million, reflecting 34% year-over-year growth, while narrowing that range by $4 million.

We've increased our Adjusted EPS midpoint by $0.05, or 4%, supported by lower operating expenses and reduced cost of capital. Together, these actions more than offset the impact of slightly higher charge-offs and reinforce the continued strength of our profitability trajectory.

Slide 14 [Unit Economics]

Before I turn it back to Raul, let me conclude with a brief summary of our unit economics progress. While our long-term targets are GAAP targets, I'll use adjusted metrics because they remove non-recurring items and provide a better sense of our future run rate. It's clear on **Slide 14** that we continued to make significant progress in Q3. Adjusted ROE was 20%, which was a 19 percentage point year-over-year improvement, driven principally by cost reductions and improved credit performance.

Our north star continues to be delivering GAAP ROEs of 20 to 28% annually, driven by reducing annualized net charge-offs to 9 to 11%, lowering operating expenses to 12.5% of our owned portfolio, and attaining annual growth of 10 to 15% in our owned loan portfolio.

We also intend to return to our target 6:1 debt-to-equity leverage ratio by reducing our debt outstanding and continuing to grow GAAP profitability.

With that, Raul, back over to you.

Cover slide [Closing Remarks]

Raul Vazquez, Chief Executive Officer

Thanks, Paul.

To close, I'd like to emphasize three key points:

- First, we're pleased with our third quarter results - achieving GAAP profitability for the fourth consecutive quarter, a GAAP ROE of 5% and Adjusted ROE of 20%, both significantly improved from a year ago;
- Second, we made important progress in strengthening our capital structure, lowering leverage, and reducing our cost of capital — improvements that position us well for the years ahead;
- And, third, we're raising our full-year Adjusted EPS guidance expectations again, to a range of $1.30 to $1.40, reflecting strong year-over-year growth of 81% to 94%. We expect to grow our Adjusted EPS further in 2026.

Our disciplined execution across credit, efficiency, and quality growth has delivered consistent progress over the past two years. Oportun is now a more resilient business, even amidst ongoing macro uncertainty, supported by our dedicated team and loyal members. We look forward to speaking with you early next year to share our Q4 results and provide our full set of 2026 expectations.

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

[**Question & Answer Session]**

Conclusion: Raul Vazquez, 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.