



1Q 2024 Earnings Presentation

May 9, 2024

Forward-looking statements

This presentation and the accompanying oral presentation contain forward-looking statements. All statements other than statements of historical fact contained in this presentation and the accompanying oral presentation, including statements as to future performance, results of operations and financial position; statements related to the effectiveness of the Company's cost reduction measures and the impacts on the Company's business; achievement of our strategic priorities and goals; our expectation regarding macroeconomic conditions and future growth opportunities; our net charge-off rate projections and expectations; our profitability and future growth opportunities; our expectation regarding the effect of fair value mark-to-market adjustments on our loan portfolio and asset-backed notes; second quarter and full-year 2024 outlook; business strategy; and plans and objectives of management for future operations of Oportun Financial Corporation ("Oportun," "we," "us," "our," or the "Company"), are forward-looking statements. These statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company's actual results and financial position, as well as our plans, objectives and expectations for our performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include those risks described in Oportun's filings with the Securities and Exchange Commission under the caption "Risk Factors", including the Company's most recent annual report on Form 10-K, and include, but are not limited to: our ability to retain existing members and attract new members; our ability to accurately predict demand for, and develop, our financial products and services; the effectiveness of our A.I. model; macroeconomic conditions, including rising inflation and market interest rates; Oportun's future financial performance, including trends in revenue, net revenue, operating expenses, and net income; increases in loan non-payments, delinquencies and charge-offs; Oportun's ability to operate successfully in a highly regulated industry; Oportun's ability to increase market share and enter into new markets; Oportun's ability to realize the benefits from acquisitions and integrate acquired technologies; the risk of security breaches or incidents affecting the Company's information technology systems or those of the Company's third-party vendors or service providers; Oportun's ability to successfully offer loans in additional states; Oportun's ability to compete successfully with companies that are currently in, or may in the future enter, our industry; changes in Oportun's ability to obtain additional financing on acceptable terms or at all; and Oportun's potential need to seek additional strategic alternatives, including restructuring or refinancing its debt, seeking additional debt or equity capital, or reducing or delaying its business activities.

In some cases, you can identify forward-looking statements by terminology such as "aim," "anticipate," "assume," "believe," "contemplate," "continue," "could," "due," "estimate," "expect," "goal," "intend," "may," "objective," "plan," "predict," "potential," "positioned," "seek," "should," "target," "will," "would," or the negative of these terms or other similar words. These forward-looking statements are subject to the safe harbor provisions under the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are only predictions. Oportun has based these forward-looking statements on its current expectations and projections about future events, financial trends and risks and uncertainties that it believes may affect its business, financial condition and results of operations. Also, these forward-looking statements represent the Company's estimates and assumptions only as of the date of this presentation. The Company assumes no obligation to update any forward-looking statements after the date of this presentation, except as required by law.

This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other industry data. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The Company has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of its future performance and the future performance of the industries in which it operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by Oportun.

You should view this presentation and the accompanying oral presentation with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect.

This presentation includes certain non-GAAP financial measures. Non-GAAP financial measures are presented in addition to, and not as a substitute for, and are not superior to, financial measures calculated in accordance with GAAP. The Company believes these Non-GAAP measures can be useful measures for period-to-period comparisons of our core business and provide useful information to investors and others in understanding and evaluating our operating results. Non-GAAP financial measures are provided in addition to, and not as a substitute for, and are not superior to, financial measures calculated in accordance with GAAP. In addition, the non-GAAP measures we use, as presented, may not be comparable to similar measures used by other companies. See the Appendix for a reconciliation of non-GAAP financial measures to the most comparable measure, calculated in accordance with GAAP.

All financial information and other metrics used in this presentation are as of March 31, 2024, unless otherwise noted.

1Q24 Earnings Overview

Strong performance vs. expectations leads to improved full year 2024 outlook

- ▶ **Resilient total revenue of \$250M under tight credit posture**
\$12M above top-end of guidance range
- ▶ **Quarterly operating expense of \$110M, down 25% Y/Y**
1,000+ bps Y/Y improvement in Adjusted Operating Efficiency
- ▶ **Adjusted Net Income profitable, improves by \$61M Y/Y**
GAAP Net Loss sharply reduced by \$76M Y/Y
- ▶ **Delivered positive Adjusted EBITDA, improvement driven by cost reductions**
\$22M Y/Y increase
- ▶ **Credit discipline driving improved performance**
Front book vintages outperforming back book, most recent vintages are strongest after 12 months
- ▶ **Expect further operational improvement throughout the remainder of 2024**
Operating expenses to trend down to \$97.5M by 4Q24, Adjusted EBITDA to ramp
- ▶ **Raising full year 2024 revenue and Adjusted EBITDA expectations**
FY24 Adjusted EBITDA range of \$80 - \$90M a \$20M, 31% uplift at the midpoint

2024 Strategic Priorities

Improving Credit Outcomes

- 1-29 day delinquencies now running well below 2023, rolling into improved 30+
- Maintaining tight credit posture initiated in July 2022; tightened further in 4Q23
- Launched V12 risk model built on performance data from the inflationary environment; initial reads show favorable improvement

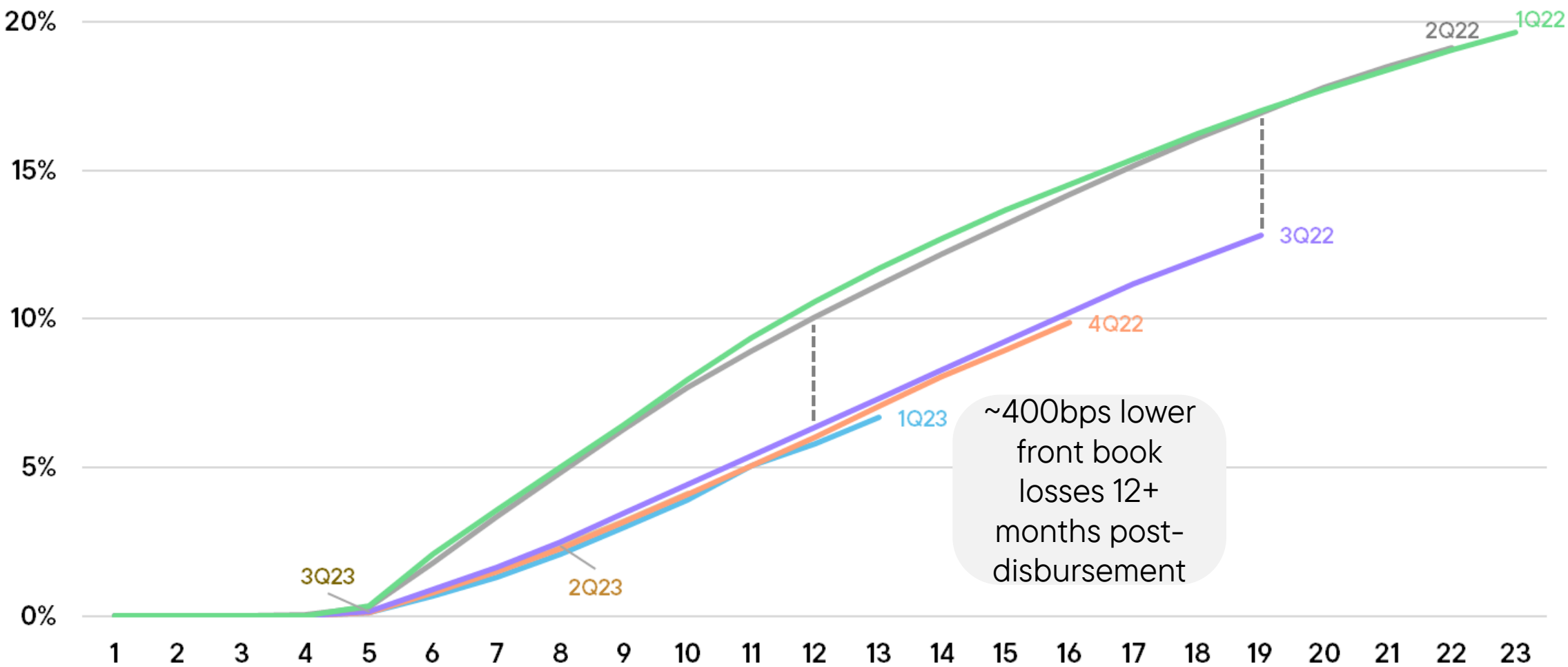
Fortifying Business Economics

- Targeting \$97.5 million in 4Q24 operating expenses, a 38% reduction from 2Q22 initiation of expense reductions, ~\$240M of savings on an annualized basis
- 1Q24 Portfolio Yield up 113 bps Y/Y; Risk Adjusted Portfolio yield up 120 bps Y/Y
- February ABS ~160 bps lower rate than October transaction

Identifying High-Quality Originations

- Ramping up Secured Personal Loans program, which had ~350 bps lower 2023 loss rates than Unsecured Personal Loans
- 1Q24 originations down 17% Y/Y; improved application quality to support 2Q-4Q24 originations ramp

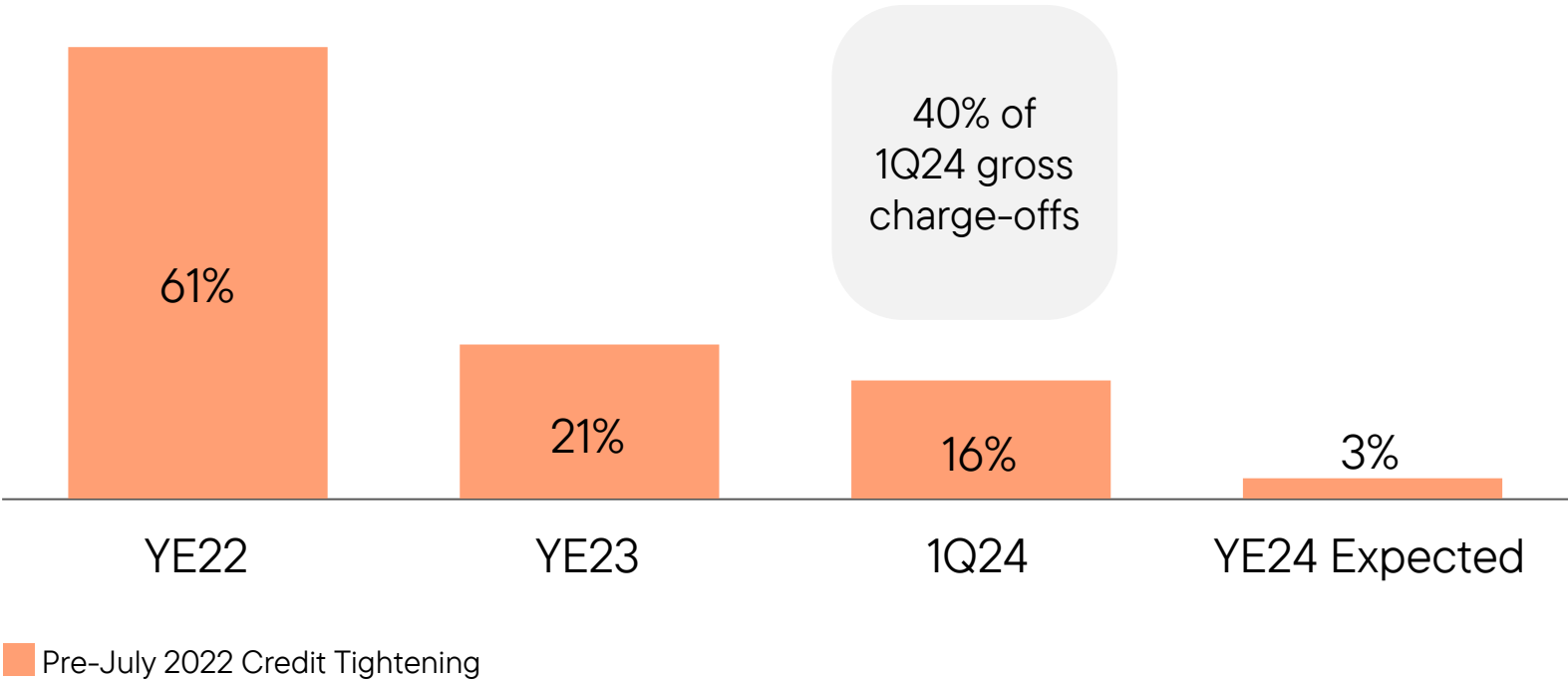
Post-July 2022 credit tightening quarterly vintages are outperforming prior vintages in net lifetime loss rate by month on book⁽¹⁾



(1) 3Q22 vintage only includes August and September 2022.

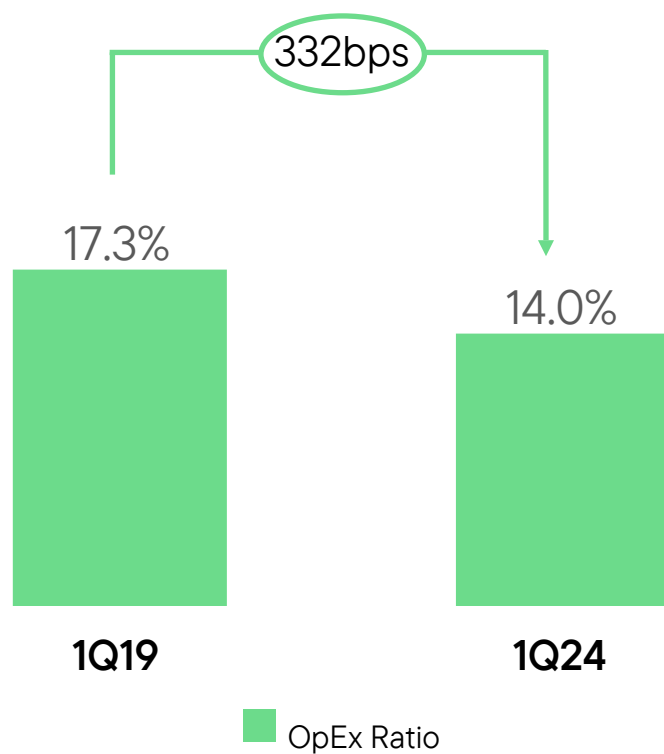
Pre-July 2022 credit tightening back book continues to shrink

Quarter-End Back Book Portfolio % of Owned Principal Balance Outstanding ⁽¹⁾

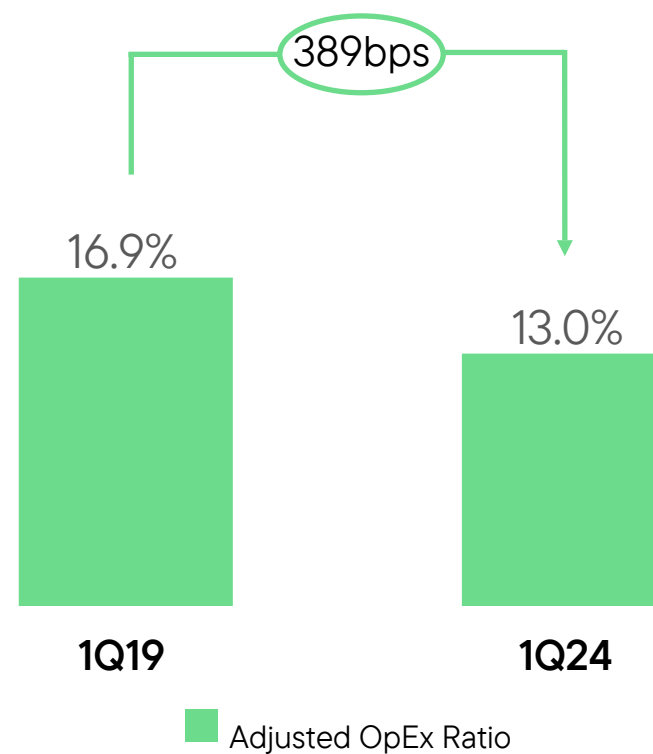


Significantly more efficient than 2019













OpEx to Average Managed Principal Balance (%)



Adjusted OpEx to Average Managed Principal Balance (%)⁽¹⁾



Prudently expanding Secured Personal Loans product, featuring better unit economics than Unsecured

California	Texas	Florida	Arizona	New Jersey	Illinois
					
Available since 2020	3/28/24	3/28/24	5/2/24	5/2/24	Coming soon
					

Higher Total Revenue per unit
(FY23)

50%+

Lower Net Charge-Offs
(FY23)

~350bps

First quarter performance vs. guidance

	1Q 2024 Guidance	1Q 2024 Actual
Total Revenue	\$233 - \$238 M	✓ \$250 M
Annualized Net Charge-off Rate (%)	12.1% +/- 15 bps	✓ 12.0%
Adjusted EBITDA ⁽¹⁾	\$(14) - \$(12) M	✓ \$1.9 M

First quarter 2024 highlights

Financial Highlights

Total Revenue
\$250M

GAAP Net Loss
\$26M

Adjusted EBITDA⁽¹⁾
\$1.9M

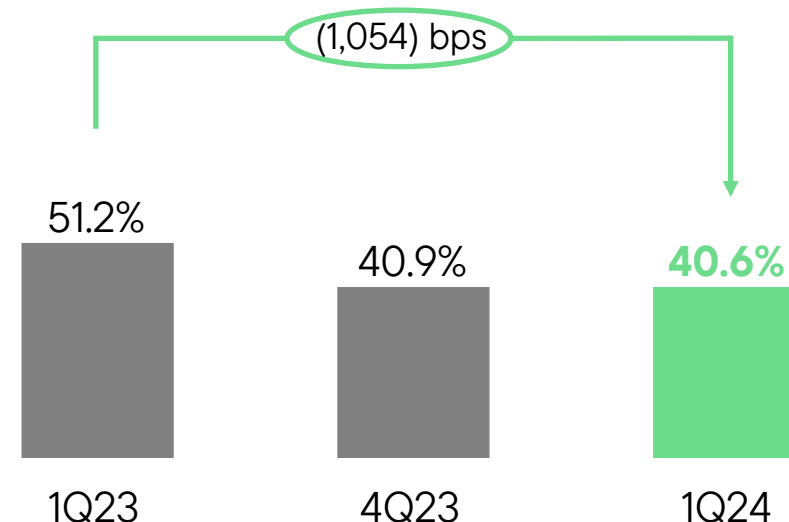
Adjusted Net Income⁽¹⁾
\$3.6M

GAAP Diluted EPS
\$(0.68)

Adjusted EPS⁽¹⁾
\$0.09

Annualized Net Charge-Off Rate (NCO)⁽¹⁾
12.0%

Adjusted Operating Efficiency⁽¹⁾



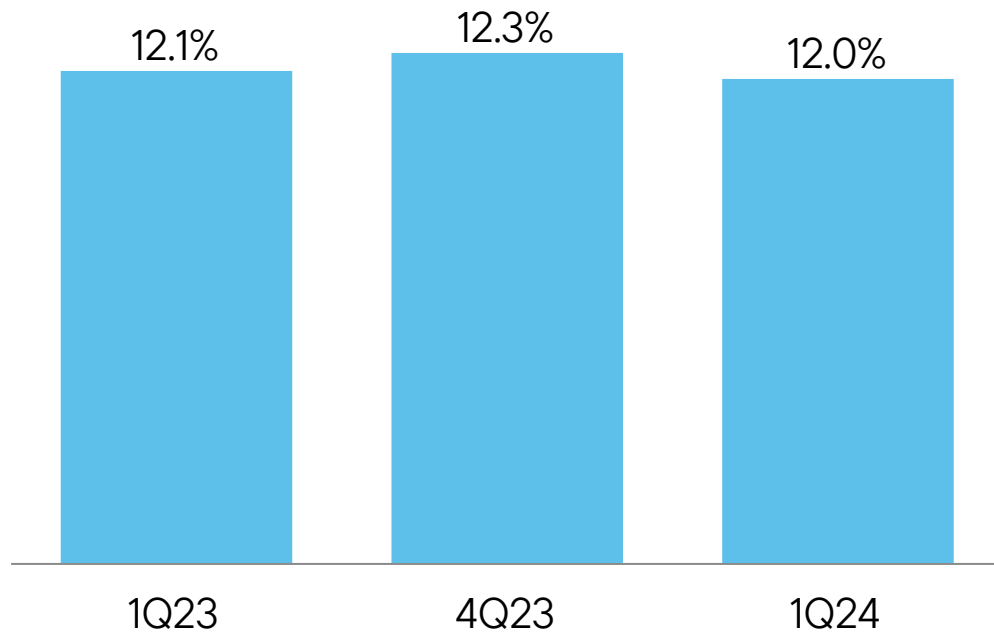
Total revenue	\$260M	\$263M	\$250M
Adjusted operating expense	\$133M	\$107M	\$102M

(1) Beginning 1Q24, we updated our calculations of Adjusted EBITDA, Adjusted Net Income (Loss) and Adjusted Operating Efficiency. Prior periods presented here have been updated to reflect the prior period numbers on a comparable basis. See Appendix for Key Definitions and non-GAAP reconciliation to the most comparable GAAP measure; numbers may not foot or cross due to rounding.

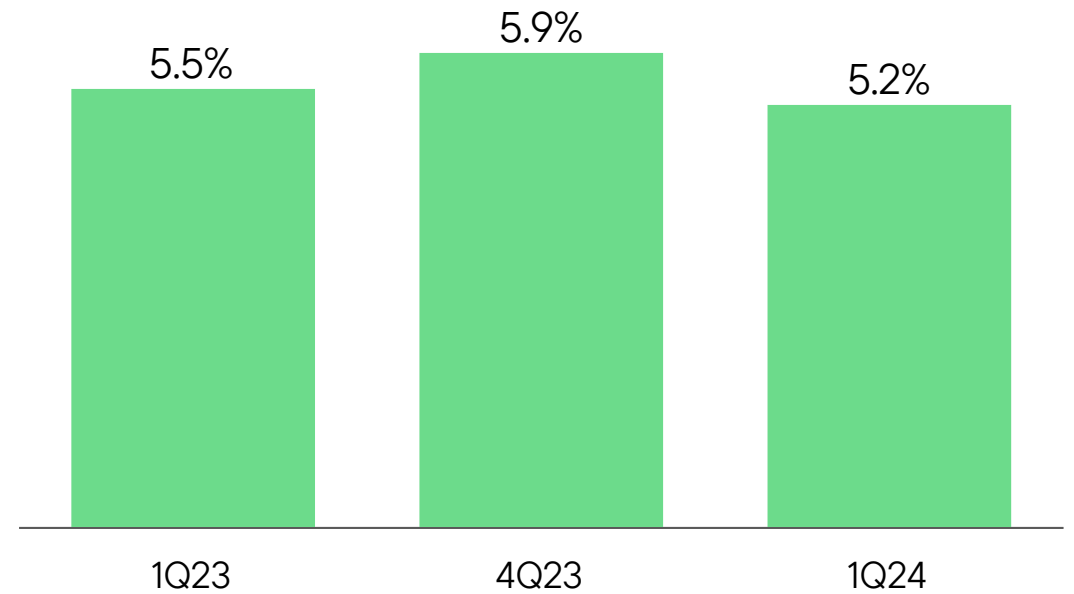
Credit performance

Sharp 60+ bps sequential, 20+ bps year-over-year reduction in 30+ Day Delinquency Rate a positive indicator towards reducing Annualized Net Charge-off Rate

Annualized Net Charge-off Rate (%)⁽¹⁾



30+ Day Delinquency Rate (%)⁽¹⁾

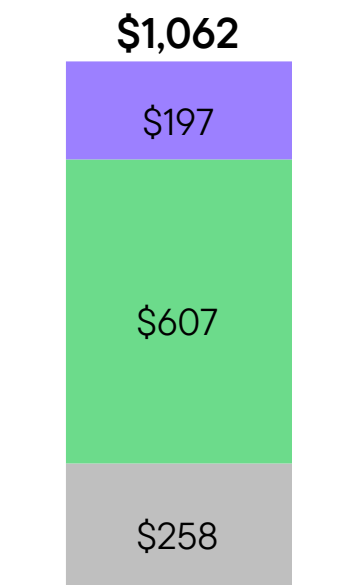


⁽¹⁾ See Appendix for definition of 30+ Day Delinquency Rate and Annualized Net Charge-Off Rate.

First quarter 2024 capital and liquidity

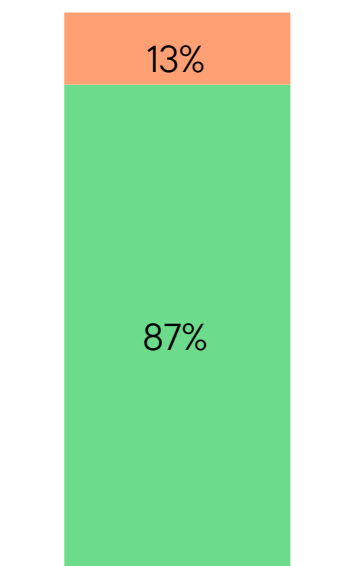
Strong 1Q24 \$86M operating cash flow increased 12% Y/Y; additional \$150M whole loan sale agreement executed in May

Sources of Liquidity (\$M)

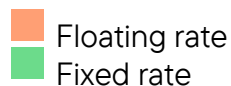


Total Liquidity Available

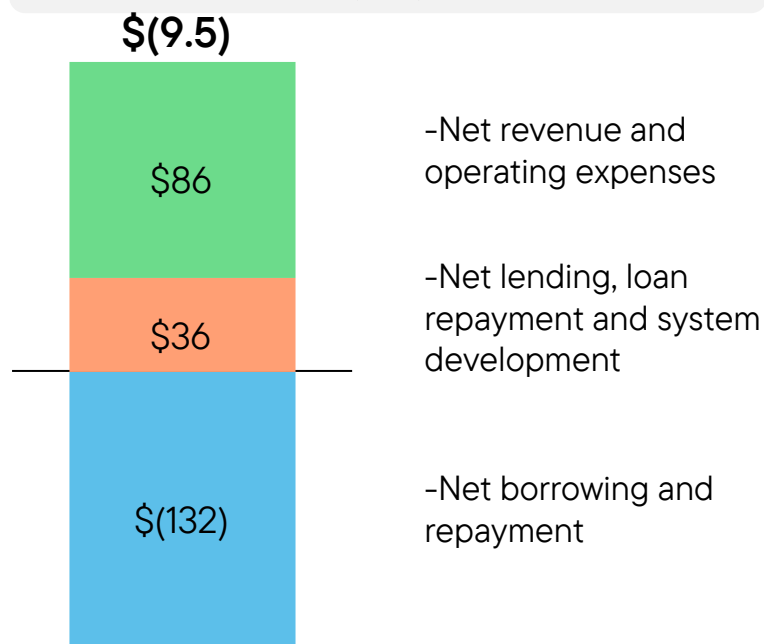
Fixed Rate Debt (%)



Fixed Rate Debt



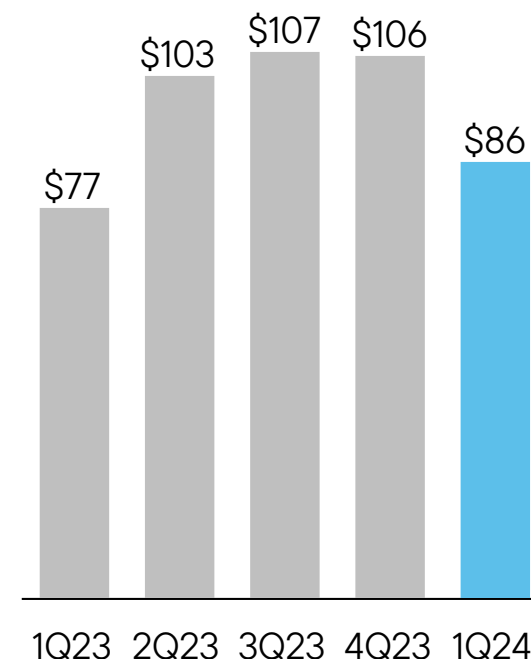
Net Change in Cash and Primary Drivers (\$M)



Total Change



Operating Cash Flow Trend (\$M)



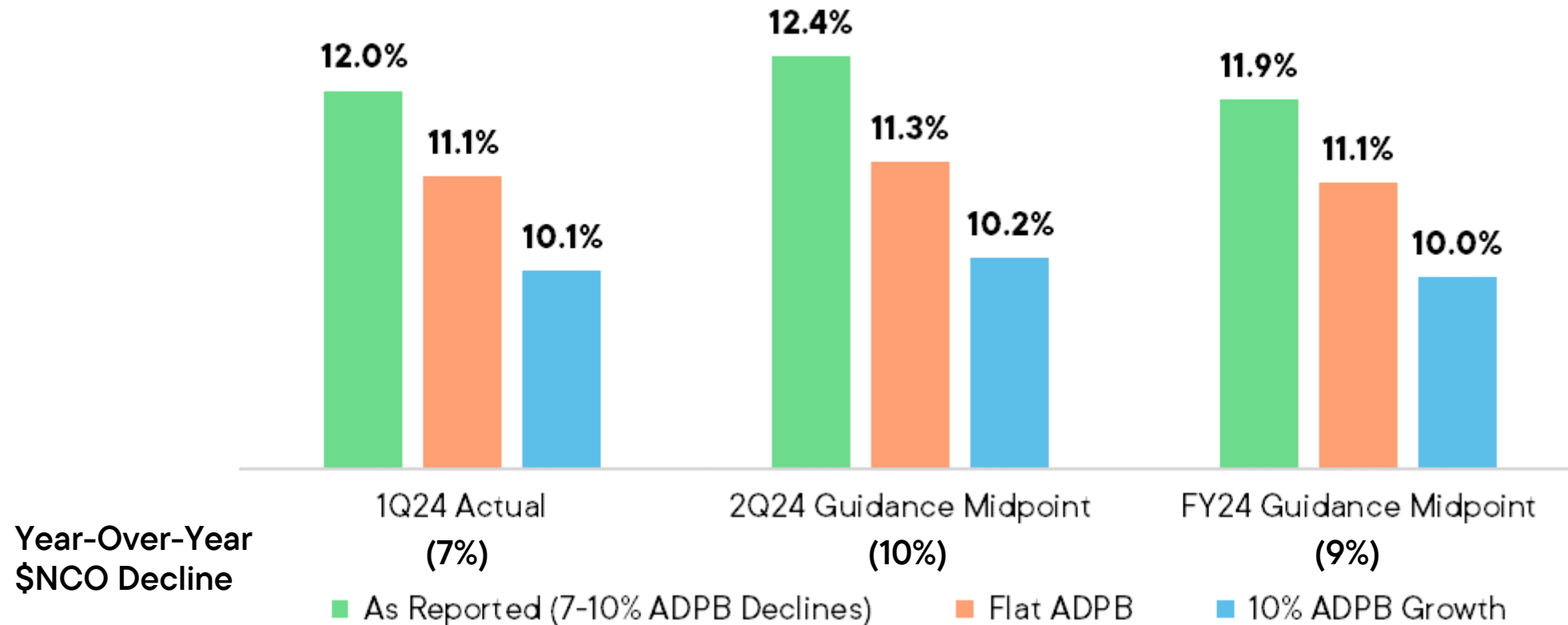
⁽¹⁾ Warehouse Lines - 3/31/24 combined undrawn capacity on our secured financing facilities.

⁽²⁾ WLS Agmts Rmng - 3/31/24 combined sale targets on forward flow whole loan sale agreements.

Second quarter and Full Year 2024 guidance

	2Q 2024E	FY 2024E
Total Revenue	\$245 - \$250M	\$985 - \$1,010M
Annualized Net Charge-off Rate (%)	12.4% +/- 15 bps	11.9% +/- 50 bps
Adjusted EBITDA ⁽¹⁾	\$14 - \$17M	\$80 - \$90M

Although dollar net charge-offs are projected to decline by approximately 9% in 2024, lower average daily principal balances are resulting in higher annualized net charge-off rates



Appendix

Key definitions

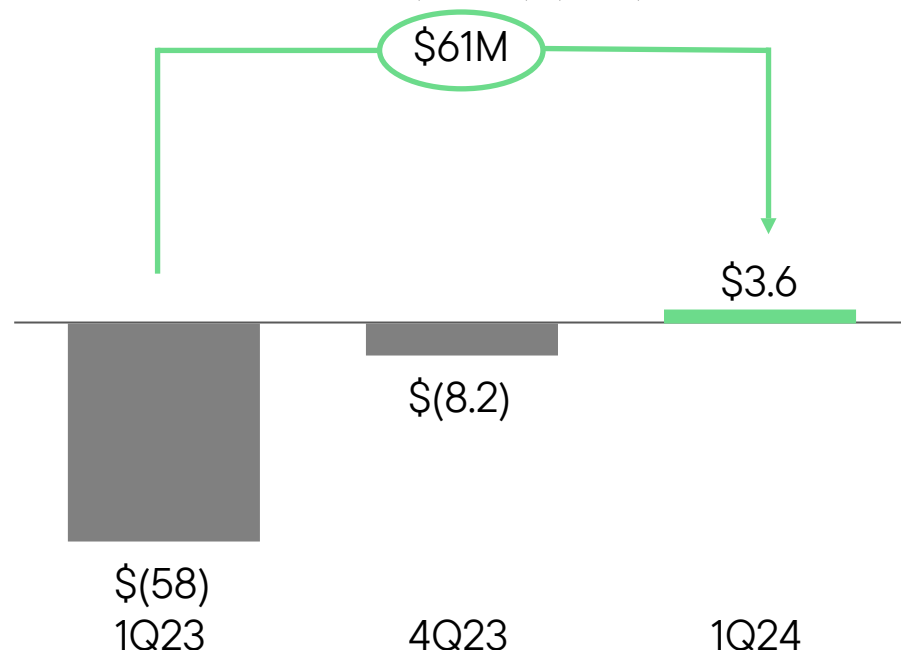
- **30+ Day Delinquency Rate** is the unpaid principal balance for our owned loans and credit card receivables that are 30 or more calendar days contractually past due as of the end of the period divided by Owned Principal Balance as of such date
- **Adjusted EBITDA** is a non-GAAP financial measure calculated as net income (loss), adjusted to eliminate the effect of the following items: income tax expense (benefit), stock-based compensation expense, depreciation and amortization, interest expense from corporate financing, certain non-recurring charges, and fair value mark-to-market adjustment
- **Adjusted EBITDA Margin** is calculated as Adjusted EBITDA divided by total revenue
- **Adjusted Earnings Per Share (EPS)** is a non-GAAP financial measure calculated by dividing Adjusted Net Income by diluted adjusted weighted-average common shares outstanding
- **Adjusted Net Income** is a non-GAAP financial measure calculated by adjusting our net income (loss) for the impact of our election of the fair value option, and further adjusted to exclude income tax expense (benefit), stock-based compensation expense, fair value mark-to-market adjustment on asset-backed notes, and certain non-recurring charges
- **Adjusted Operating Efficiency** is a non-GAAP financial measure calculated by dividing total operating expenses (excluding stock-based compensation expense and certain non-recurring charges) by total revenue
- **Adjusted Operating Expense** is a non-GAAP financial measure calculated by adjusting total operating expenses to exclude stock-based compensation expense and certain non-recurring charges
- **Adjusted Opex Ratio** is calculated as Adjusted Operating Expense divided by Average Managed Principal Balance
- **Adjusted Return on Equity ("ROE")** is a non-GAAP financial measure calculated by dividing annualized Adjusted Net Income by average total stockholders' equity; prior to January 1, 2020, Adjusted ROE was calculated by dividing annualized Adjusted Net Income by average total stockholders' equity
- **Aggregate Originations** is the aggregate amount disbursed to borrowers and credit granted on credit cards during a specified period, including amounts originated by us through our Lending as a Service partners or under our bank partnership programs. Aggregate Originations exclude any fees in connection with the origination of a loan
- **Annualized Net Charge-Off Rate ("NCO")** is calculated as annualized loan and credit card principal losses (net of recoveries) divided by the Average Daily Principal Balance of owned loans and credit card receivables for the period
- **Average Daily Debt Balance** is the average of outstanding debt principal balance at the end of each calendar day during the period
- **Average Daily Principal Balance** is the average of outstanding principal balance of owned loans and credit card receivables at the end of each calendar day during the period
- **Corporate Financing** is (a) a senior secured term loan secured by the assets of the Company and certain of its subsidiaries guaranteeing the term loan, including pledges of the equity interests of certain subsidiaries that are directly or indirectly owned by the Company and (b) a residual facility secured by the residual cash flows of certain of the Company's securitizations.
- **Cost of Debt** is calculated as annualized interest expense divided by Average Daily Debt Balance

Key definitions (cont'd)

- **Customer Acquisition Cost (or "CAC")** is calculated as sales and marketing expenses, which include the costs associated with various paid marketing channels, including direct mail, digital marketing and brand marketing and the costs associated with our telesales and retail operations divided by number of loans originated and new credit cards activated to new and returning borrowers during a period
- **First Payment Defaults** are calculated as the principal balance of any loan whose first payment becomes 30 days past due, divided by the aggregate principal balance of all loans originated during that same period
- **Loans Receivable at Fair Value** are all loans receivable held for investment. Loans Receivable at Fair Value include loans receivable on our unsecured and secured personal loan products and credit card receivable balances
- **Managed Principal Balance at End of Period** is the total amount of outstanding principal balance for all loans and credit card receivables, including loans sold, which we continue to service, at the end of the period. Managed Principal Balance at End of Period also includes loans and accounts originated under a bank partnership program that we service
- **Operating Efficiency** is calculated as total operating expenses divided by total revenue
- **Owned Principal Balance at End of Period** is the total amount of outstanding principal balance for all loans and credit card receivables, including finance receivables pledged as part of a secured borrowing and excluding loans and receivables sold or retained by a bank partner, at the end of the period
- **Portfolio Yield** is annualized interest income as a percentage of Average Daily Principal Balance
- **Return on Equity** is calculated as annualized net income divided by average stockholders' equity for a period

Reduced OpEx and credit losses support \$61M Y/Y improvement Adjusted Net Income, \$22M improvement in Adjusted EBITDA during 1Q24

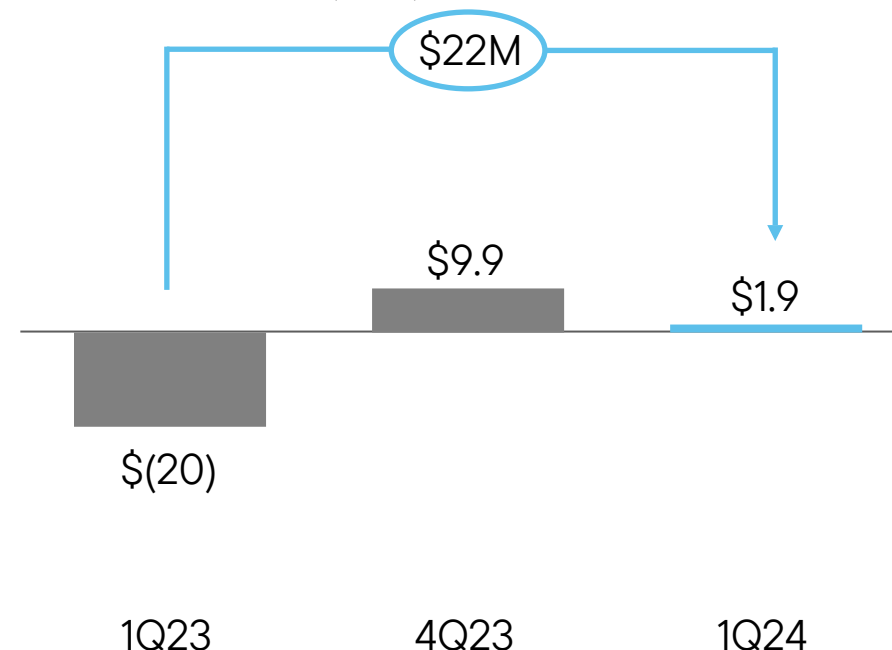
Adjusted Net Income (Loss) (\$M)⁽¹⁾



Adjusted ROE (%)⁽¹⁾

(46.6)%	(7.7)%	3.7%
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Adjusted EBITDA (\$M)⁽¹⁾



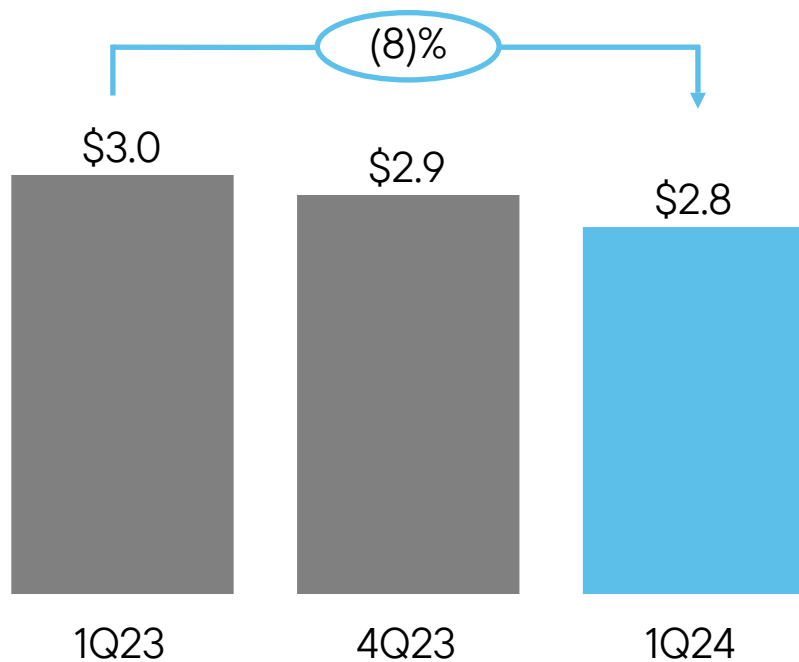
Adjusted EBITDA Margin (%)⁽¹⁾

(7.8)%	3.8%	0.8%
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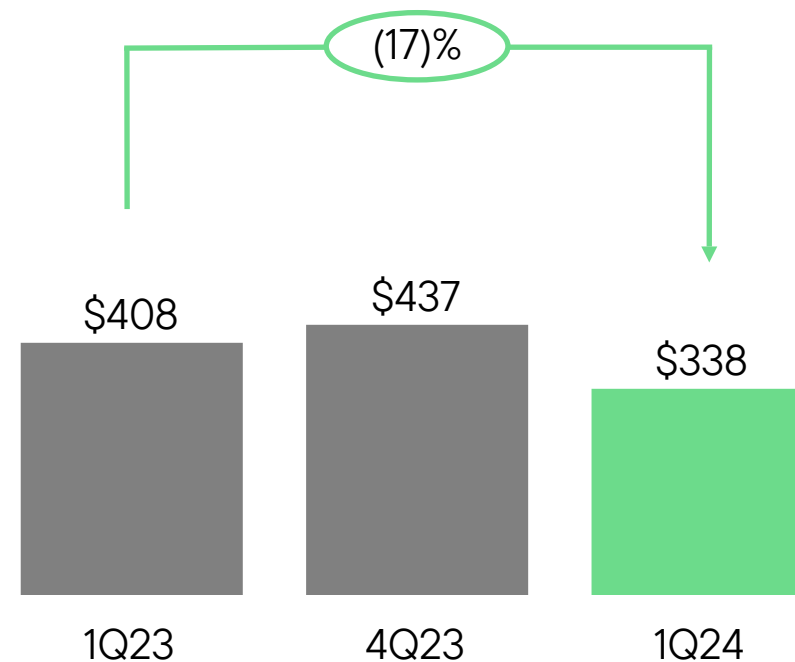
⁽¹⁾ Beginning 1Q24, we updated our calculations of Adjusted EBITDA and Adjusted Net Income (Loss). Prior periods presented here have been updated to reflect the prior period numbers on a comparable basis. See Appendix for Key Definitions and a reconciliation to the most comparable GAAP measure; numbers may not foot or cross due to rounding.

Owned Principal Balance and Aggregate Originations decreased year-over-year given tightened credit underwriting

Owned Principal Balance at EOP (\$B)



Aggregate Originations (\$M)



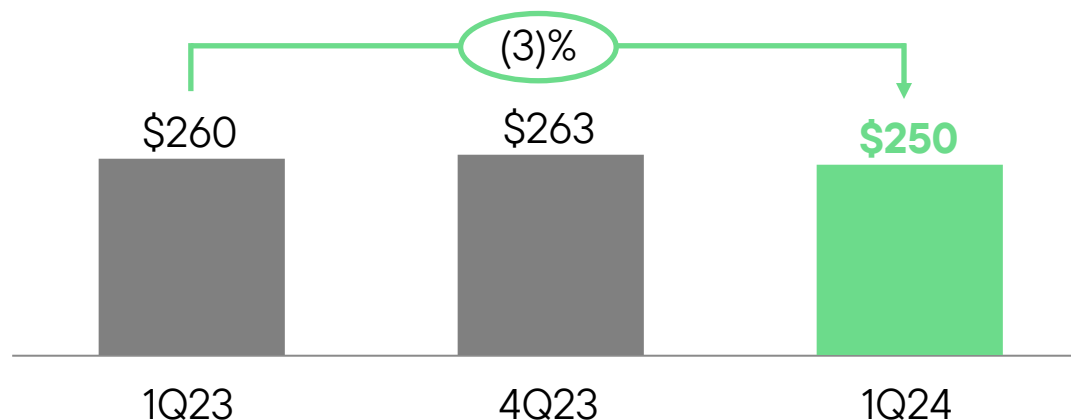
1Q Total Revenue resilient, down (3)% Y/Y

1Q24 Highlights

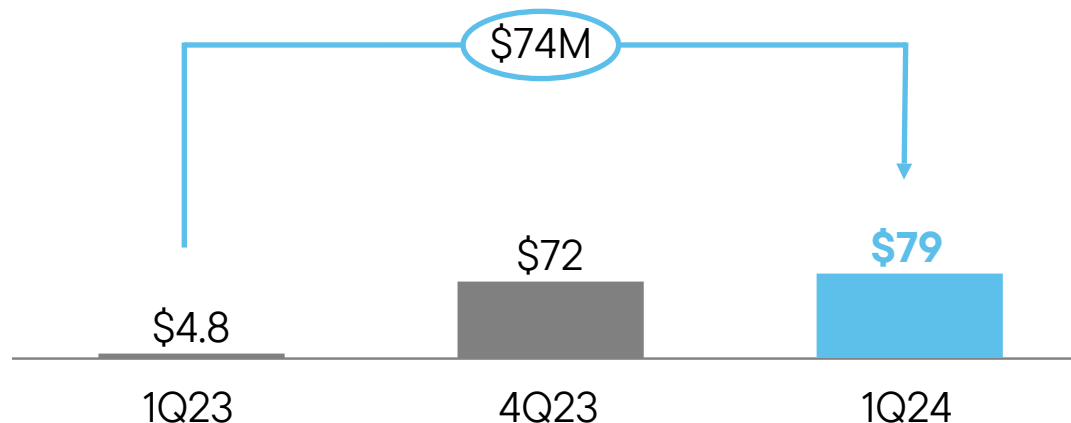
Total Revenue: \$250M,
down \$9M Y/Y; 7% lower
average daily principal
balance on credit
tightening partially offset
by 113 bps higher portfolio
yield

Net Revenue: \$79M, up
\$74M Y/Y due to reduced
non-cash fair value marks,
partially offset by higher
interest expense

Total Revenue (\$M)

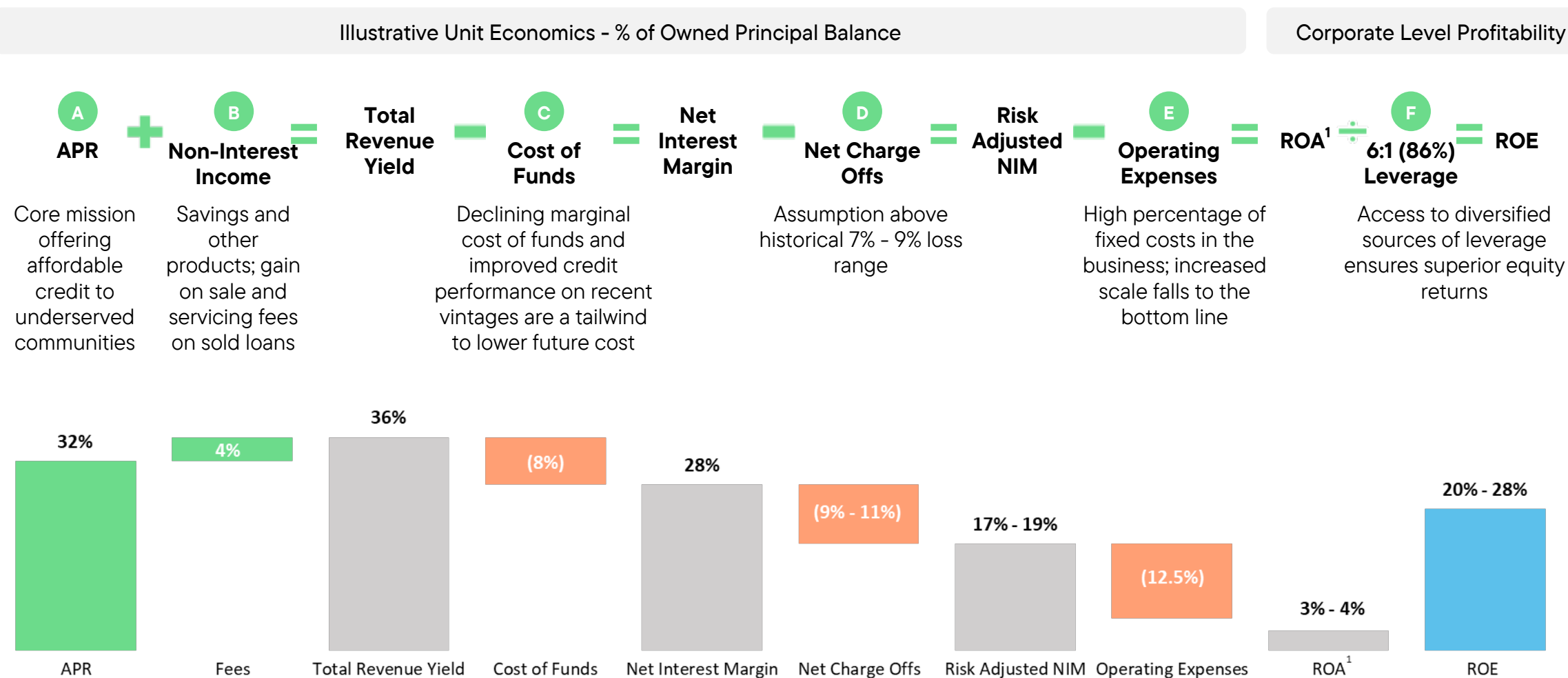


Net Revenue (\$M)



Attractive unit economic model

Business structured to deliver strong ROEs in a normalized environment



Key financial & operating metrics

	Quarter Ended					Change
	1Q24	4Q23	3Q23	2Q23	1Q23	Y / Y
Aggregate Originations (Millions)	\$ 338.2	\$ 437.3	\$ 482.7	\$ 485.1	\$ 408.0	(17.1)%
Portfolio Yield	32.5 %	32.7 %	32.5 %	32.2 %	31.4 %	
30+ Day Delinquency Rate (%)	5.2 %	5.9 %	5.5 %	5.3 %	5.5 %	
Annualized Net Charge-Off Rate (%)	12.0 %	12.3 %	11.8 %	12.5 %	12.1 %	

Other Useful Metrics	Quarter Ended					Change
	1Q24	4Q23	3Q23	2Q23	1Q23	Y / Y
Managed Principal Balance EOP (Millions)	\$ 3,027.5	\$ 3,182.1	\$ 3,231.0	\$ 3,253.3	\$ 3,281.9	(7.8)%
Owned Principal Balance EOP (Millions)	\$ 2,752.4	\$ 2,904.7	\$ 2,927.9	\$ 2,963.2	\$ 3,005.0	(8.4)%
Average Daily Principal Balance (Millions)	\$ 2,851.7	\$ 2,940.5	\$ 2,967.7	\$ 2,993.6	\$ 3,069.9	(7.1)%
Customer Acquisition Cost ⁽¹⁾	\$ 138	\$ 141	\$ 155	\$ 163	\$ 192	(28.1)%

⁽¹⁾ Sales and marketing expenses divided by the number of new and returning member loans originated in the respective periods.

Note: Numbers may not foot or cross-foot due to rounding.

Condensed consolidated income statement

(\$ Millions, except per share data. Shares in Millions)	Quarter Ended					Change	
	1Q24	4Q23	3Q23	2Q23	1Q23	Y / Y	
Interest income	\$ 230.6	\$ 242.2	\$ 243.3	\$ 240.5	\$ 237.6	(3.0)%	
Non-interest income	19.9	20.5	25.0	26.1	21.9	(9.1)%	
Total revenue	\$ 250.5	\$ 262.6	\$ 268.2	\$ 266.6	\$ 259.5	(3.5)%	
Less:							
Interest expense	\$ 54.5	\$ 52.0	\$ 47.0	\$ 41.4	\$ 39.0	39.7 %	
Net increase (decrease) in fair value	(116.9)	(138.5)	(136.1)	(106.5)	(215.7)	45.8 %	
Net Revenue	\$ 79.2	\$ 72.1	\$ 85.1	\$ 118.6	\$ 4.8	1547.6 %	
Operating expenses:							
Sales and marketing	\$ 16.0	\$ 18.1	\$ 18.9	\$ 19.2	\$ 19.2	(16.6)%	
Other operating expenses	93.6	111.3	103.7	116.9	127.2	(26.4)%	
Total operating expenses	\$ 109.6	\$ 129.4	\$ 122.5	\$ 136.1	\$ 146.3	(25.1)%	
Income (loss) before taxes	\$ (30.5)	\$ (57.3)	\$ (37.4)	\$ (17.5)	\$ (141.5)	78.5 %	
Income tax provision (benefit)	(4.0)	(15.5)	(16.2)	(2.6)	(39.4)	89.8 %	
Net income (loss)	\$ (26.4)	\$ (41.8)	\$ (21.1)	\$ (14.9)	\$ (102.1)	74.1 %	
Memo:							
Earnings (loss) per share	\$ (0.68)	\$ (1.09)	\$ (0.55)	\$ (0.41)	\$ (3.00)	77.3 %	
Diluted earnings (loss) per share	\$ (0.68)	\$ (1.09)	\$ (0.55)	\$ (0.41)	\$ (3.00)	77.3 %	
Weighted average common shares outstanding - basic	38.9	38.5	38.3	36.7	34.0	14.5 %	
Weighted average common shares outstanding - diluted	38.9	38.5	38.3	36.7	34.0	14.5 %	

Condensed consolidated balance sheet

(\$ Millions)	Quarter Ended					Change Y / Y
	1Q24	4Q23	3Q23	2Q23	1Q23	
Cash and cash equivalents	\$ 69.2	\$ 91.2	\$ 81.9	\$ 73.4	\$ 74.1	(6.6)%
Restricted cash	127.4	114.8	117.8	129.0	127.8	(0.4)%
Total cash	\$ 196.6	\$ 206.0	\$ 199.6	\$ 202.3	\$ 201.9	(2.7)%
Loans receivable at fair value	2,841.5	2,962.4	2,940.9	2,985.1	3,012.7	(5.7)%
Other assets	239.4	243.5	289.4	284.6	287.4	(16.7)%
Total assets	\$ 3,277.5	\$ 3,411.9	\$ 3,429.9	\$ 3,472.0	\$ 3,502.1	(6.4)%
Total debt	2,804.9	2,910.2	2,894.0	2,902.3	2,935.7	(4.5)%
Other liabilities	90.6	97.3	94.6	111.3	110.2	(17.7)%
Total liabilities	\$ 2,895.5	\$ 3,007.5	\$ 2,988.6	\$ 3,013.6	\$ 3,045.9	(4.9)%
Total stockholders' equity	\$ 382.0	\$ 404.4	\$ 441.4	\$ 458.4	\$ 456.1	(16.3)%
Total liabilities and stockholders' equity	\$ 3,277.5	\$ 3,411.9	\$ 3,429.9	\$ 3,472.0	\$ 3,502.1	(6.4)%

Note: Numbers may not foot or cross-foot due to rounding.

Adjusted EBITDA reconciliation

(\$ Millions)	Quarter Ended					Change Y / Y
	1Q24	4Q23	3Q23	2Q23	1Q23	
Net income (loss)	\$ (26.4)	\$ (41.8)	\$ (21.1)	\$ (14.9)	\$ (102.1)	74.1 %
Adjustments:						
Income tax expense (benefit)	(4.0)	(15.5)	(16.2)	(2.6)	(39.4)	89.8 %
Interest on corporate financing ⁽¹⁾⁽²⁾	13.9	14.6	15.0	12.6	9.8	42.0 %
Depreciation and amortization	13.2	13.8	13.9	13.8	13.4	(1.4)%
Stock-based compensation expense	4.0	4.8	4.3	4.4	4.5	(11.5)%
Workforce optimization expenses	0.8	6.8	0.5	8.4	6.8	NM
Other non-recurring charges ⁽¹⁾⁽²⁾	3.5	10.8	1.6	0.6	2.3	54.6 %
Fair value mark-to-market adjustment	(3.0)	16.4	16.5	(7.8)	84.5	NM
Adjusted EBITDA⁽³⁾	\$ 1.9	\$ 9.9	\$ 14.5	\$ 14.5	\$ (20.2)	NM
Memo:						
Total revenue	250.5	262.6	268.2	266.6	259.5	(3.5)%
Adjusted EBITDA Margin (%)⁽⁴⁾	0.8 %	3.8 %	5.4 %	5.4 %	(7.8)%	

⁽¹⁾ Certain prior-period financial information has been reclassified to conform to current period presentation.

⁽²⁾ \$0.2 million of warrant amortization was included in the "Interest on corporate financing" adjustment line in 1Q23. Beginning in 2Q23, the warrant amortization is included in the "Other non-recurring charges" adjustment line. The YTD total reflects the updated classification; therefore, the sum of the presented quarters will not agree to the YTD amount for these adjustment lines.

⁽³⁾ Our calculation of Adjusted EBITDA was updated in 1Q24 to more closely align with management's internal view of the performance of the business. The 4Q23, 3Q23, 2Q23 and 1Q23 values for Adjusted EBITDA shown in the table above have been revised and presented on a comparable basis. Prior to these revisions the values would have been \$6.1 million, \$15.6 million, \$4.3 million and \$(24.5) million, respectively.

⁽⁴⁾ Calculated as Adjusted EBITDA divided by total revenue.

Note: Numbers may not foot or cross-foot due to rounding.

Adjusted net income reconciliation

(\$ Millions)	Quarter Ended					Change
	1Q24	4Q23	3Q23	2Q23	1Q23	Y / Y
Net income (loss)	\$ (26.4)	\$ (41.8)	\$ (21.1)	\$ (14.9)	\$ (102.1)	74.1 %
Adjustments:						
Income tax expense (benefit)	(4.0)	(15.5)	(16.2)	(2.6)	(39.4)	89.8 %
Stock-based compensation expense	4.0	4.8	4.3	4.4	4.5	(11.5)%
Workforce optimization expenses	0.8	6.8	0.5	8.4	6.8	NM
Other non-recurring charges ⁽¹⁾⁽²⁾	3.5	10.8	1.6	0.6	2.3	54.6 %
Mark-to-market adjustment on ABS notes	27.1	23.6	14.9	12.6	48.9	(44.5)%
Adjusted income before taxes	\$ 5.0	\$ (11.3)	\$ (16.1)	\$ 8.5	\$ (79.0)	NM
Normalized income tax expense	(1.3)	3.0	4.4	(2.3)	21.3	NM
Income tax rate (%)	27.0 %	27.0 %	27.0 %	27.0 %	27.0 %	
Adjusted Net Income⁽³⁾	\$ 3.6	\$ (8.2)	\$ (11.8)	\$ 6.2	\$ (57.7)	NM
Memo:						
Stockholders' equity	\$ 382.0	\$ 404.4	\$ 441.4	\$ 458.4	\$ 456.1	(16.3)%
Adjusted ROE (%)⁽⁴⁾	3.7 %	(7.7)%	(10.4)%	5.5 %	(46.6)%	

⁽¹⁾ Certain prior-period financial information has been reclassified to conform to current period presentation.

⁽²⁾ Beginning in 2Q23, a year-to-date adjustment for warrant amortization was recorded. \$0.2 million related to 1Q23. We did not retroactively adjust 1Q23 Adjust Net Income for the YTD adjustment. As a result, the YTD amounts presented in the six months ended June 30, 2023 column for "Other non-recurring charges" does not agree to the sum of the presented quarters because the YTD amount includes the \$0.2 million related to 1Q23.

⁽³⁾ Our calculation of Adjusted Net Income (Loss) was updated in 1Q24 to more closely align with management's internal view of the performance of the business. The 4Q23, 3Q23, 2Q23 and 1Q23 values for Adjusted Net Income (Loss) shown in the table above have been revised and presented on a comparable basis. Prior to these revisions the values would have been \$(20.6) million, \$(17.6) million, \$2.3 million and \$(88.3) million, respectively.

⁽⁴⁾ Calculated as Adjusted Net Income (Loss) divided by average stockholders' equity. ROE has been annualized. Due to the Adjusted Net Income (Loss) revisions in 1Q24, the 4Q23, 3Q23, 2Q23 and 1Q23 Adjusted ROE values would have been (19.3)%, (15.5)%, 2.0% and (71.3)%, respectively.

Note: Numbers may not foot or cross-foot due to rounding.

Adjusted operating efficiency and adjusted operating expense reconciliation

(\$ Millions)	Quarter Ended					Change Y / Y
	1Q24	4Q23	3Q23	2Q23	1Q23	
Operating Efficiency	43.8 %	49.3 %	45.7 %	51.1 %	56.4 %	
Total Revenue	\$ 250.5	\$ 262.6	\$ 268.2	\$ 266.6	\$ 259.5	(3.5)%
Total operating expense	\$ 109.6	\$ 129.4	\$ 122.5	\$ 136.1	\$ 146.3	(25.1)%
Less:						
Stock-based compensation expense	(4.0)	(4.8)	(4.3)	(4.4)	(4.5)	11.5 %
Workforce optimization expenses	(0.8)	(6.8)	(0.5)	(8.4)	(6.8)	NM
Other non-recurring charges ⁽¹⁾	(3.1)	(10.5)	(1.3)	(0.3)	(2.3)	(37.4)%
Total Adjusted Operating Expense	\$ 101.7	\$ 107.3	\$ 116.4	\$ 123.0	\$ 132.7	(23.4)%
Adjusted Operating Efficiency⁽²⁾	40.6 %	40.9 %	43.4 %	46.1 %	51.1 %	(20.6)%
Average Managed Principal Balance	\$ 3,125.7	\$ 3,231.1	\$ 3,266.8	\$ 3,274.8	\$ 3,367.8	(7.2)%
Operating expense to Average Managed Principal Balance	14.0 %	16.0 %	15.0 %	16.6 %	17.4 %	(19.3)%
Adjusted Operating expense to Average Managed Principal Balance	13.0 %	13.3 %	14.3 %	15.0 %	15.8 %	(17.4)%
Adjusted Opex Ratio	13.0 %	13.3 %	14.3 %	15.0 %	15.8 %	(17.4)%

⁽¹⁾ Certain prior-period financial information has been reclassified to conform to current period presentation.

⁽²⁾ Our calculation of Adjusted Net Income (Loss) was updated in 1Q24 to more closely align with management's internal view of the performance of the business. We have removed the adjustment related to acquisition and integration related expenses from our calculation of Adjusted Operating Efficiency to maintain consistency with the revised Adjusted EBITDA and Adjusted Net Income (Loss) calculations. The 4Q23, 3Q23, 2Q23 and 1Q23 values for Adjusted Operating Efficiency shown in the table above have been revised and presented on a comparable basis. Prior to these revisions the values would have been 38.4%, 40.8%, 43.4% and 48.5%, respectively.

Basic and diluted earnings per share reconciliation

(\$ Millions, except per share data. Shares in Millions)	Quarter Ended					Change	
	1Q24	4Q23	3Q23	2Q23	1Q23	Y / Y	
Net income (loss)	\$ (26.4)	\$ (41.8)	\$ (21.1)	\$ (14.9)	\$ (102.1)	74.1 %	
Net income (loss) attributable to common stockholders	\$ (26.4)	\$ (41.8)	\$ (21.1)	\$ (14.9)	\$ (102.1)	\$ —	
Basic weighted-average common shares outstanding	38.9	38.5	38.3	36.7	34.0	14.5 %	
Weighted average effect of dilutive securities:							
Stock options	—	—	—	—	—	NM	
Restricted stock units	—	—	—	—	—	NM	
Diluted weighted-average common shares outstanding	38.9	38.5	38.3	36.7	34.0	14.5 %	
Earnings (loss) per share:							
Basic	\$ (0.68)	\$ (1.09)	\$ (0.55)	\$ (0.41)	\$ (3.00)	\$ —	
Diluted	\$ (0.68)	\$ (1.09)	\$ (0.55)	\$ (0.41)	\$ (3.00)	77.4 %	

Note: Numbers may not foot or cross-foot due to rounding.

Adjusted earnings per share reconciliation

(\$ Millions, except per share data. Shares in Millions)	Quarter Ended					Change
	1Q24	4Q23	3Q23	2Q23	1Q23	Y / Y
Diluted earnings (loss) per share	\$ (0.68)	\$ (1.09)	\$ (0.55)	\$ (0.41)	\$ (3.00)	77.3 %
Adjusted Net Income	\$ 3.6	\$ (8.2)	\$ (11.8)	\$ 6.2	\$ (57.7)	NM
Basic weighted-average common shares outstanding	38.9	38.5	38.3	36.7	34.0	14.5 %
Weighted average effect of dilutive securities:						
Stock options	—	—	—	—	—	NM
Restricted stock units	0.4	—	—	0.3	—	NM
Diluted adjusted weighted-average common shares outstanding	39.3	38.5	38.3	37.0	34.0	15.8 %
Adjusted EPS⁽¹⁾	\$ 0.09	\$ (0.21)	\$ (0.31)	\$ 0.17	\$ (1.70)	NM

⁽¹⁾ Our calculation of Adjusted Net Income (Loss) was updated in Q1 2024 to more closely align with management's internal view of the performance of the business. The 4Q23, 3Q23, 2Q23 and 1Q23 values for Adjusted EPS shown in the table above have been revised and presented on a comparable basis. Prior to these revisions the values would have been \$(0.54), \$(0.46), \$0.06 and \$(2.60), respectively.

Note: Numbers may not foot or cross-foot due to rounding.

Forward looking adjusted EBITDA reconciliation

	2Q 2024		FY 2024	
(\$ Millions)	Low	High	Low	High
Net (loss)*	\$ (13.6) *	\$ (11.3) *	\$ (36.6) *	\$ (28.2) *
Adjustments:				
Income tax expense (benefit)	(3.8)	(3.1)	(9.8)	(7.5)
Interest on corporate financing	13.5	13.5	51.4	51.4
Depreciation and amortization	13.1	13.1	50.9	50.9
Stock-based compensation expense	3.8	3.8	18.1	18.1
Workforce optimization expenses	—	—	0.8	0.8
Other non-recurring charges	1.0	1.0	5.2	4.5
Fair value mark-to-market adjustment*	*	*	*	*
Adjusted EBITDA	\$ 14.0	\$ 17.0	\$ 80.0	\$ 90.0

* Due to the uncertainty in macroeconomic conditions, we are unable to precisely forecast the fair value mark-to-market adjustments on our loan portfolio and asset-backed notes. As a result, while we fully expect there to be a fair value mark-to-market adjustment which could have an impact on GAAP net income (loss), the net income (loss) number shown above assumes no change in the fair value mark-to-market adjustment.

Net change in fair value

- Increase in FV of Loans will increase Net Revenue
- Increase in FV of Notes will decrease Net Revenue

\$ Millions	Quarter Ended				Change	
	1Q24	4Q23	1Q23	4Q22	Q / Q	Y / Y
Loan Portfolio Drivers						
Discount rate	9.1 %	10.1 %	11.1 %	11.5 %	(1.0)%	(2.0)%
Remaining cumulative charge-offs as a % of principal balance	11.9 %	12.1 %	11.7 %	10.4 %	(0.2)%	0.2 %
Average life in years	1.03	1.01	0.96	1.00	0.02	0.06
Loans Receivable at Fair Value ⁽¹⁾						
Fair value loan portfolio – principal balance	\$ 2,752.4	\$ 2,904.7	\$ 3,005.0	\$ 3,098.6	\$ (152.3)	\$ (252.6)
Interest and Fee Receivable, net	33.3	30.8	31.8	31.8	\$ 2.5	\$ 1.6
Cumulative fair value mark-to-market adjustment	55.8	26.9	7.7	45.0	28.9	48.1
Fair value loan portfolio - end of period	\$ 2,841.5	\$ 2,962.4	\$ 3,044.5	\$ 3,175.4	\$ (120.8)	\$ (203.0)
Price	103.2 %	102.0 %	101.3 %	102.5 %	1.3 %	1.9 %
Asset-Backed Notes at Fair Value						
Carrying value of asset-backed notes	\$ 1,769.1	\$ 1,874.4	\$ 2,445.7	\$ 2,582.0	\$ (105.3)	\$ (676.5)
Cumulative fair value mark-to-market adjustment	(67.3)	(94.4)	(145.5)	(194.4)	27.1	78.2
Fair value asset-backed notes – end of period	\$ 1,701.9	\$ 1,780.0	\$ 2,300.2	\$ 2,387.7	\$ (78.2)	\$ (598.3)
Price	96.2 %	95.0 %	94.1 %	92.5 %	1.2 %	2.1 %
Net Change in Fair Value Summary						
A Mark-to-market adjustment on loans	\$ 28.9	\$ 13.9	\$ (37.3)	\$ 23.4	\$ 15.0	\$ 66.3
B Mark-to-market adjustment on asset-backed notes	\$ (27.1)	\$ (23.6)	\$ (48.9)	\$ 21.0	\$ (3.5)	\$ 21.8
Mark-to-market adjustment on derivatives	\$ 1.2	\$ (6.7)	\$ 1.7	\$ 1.3	\$ 7.9	\$ (0.5)
Total fair value mark-to-market adjustment	\$ 3.0	\$ (16.4)	\$ (84.5)	\$ 45.6	\$ 19.4	\$ 87.5
Net charge-offs	\$ (85.3)	\$ (90.8)	\$ (91.6)	\$ (98.7)	\$ 5.5	\$ 6.3
Net settlements on derivative instruments	\$ (1.1)	\$ (0.6)	\$ (2.4)	\$ (3.1)	\$ (0.5)	\$ (0.6)
Fair value mark on loans sold ⁽²⁾	\$ (33.5)	\$ (30.8)	\$ (37.2)	\$ (26.7)	\$ (2.7)	\$ (30.8)
Total Net Change in Fair Value	\$ (116.9)	\$ (138.5)	\$ (215.7)	\$ (82.9)	\$ 21.7	\$ 98.9

(1) Refer to slide 32 for estimate methodology to calculate fair value premium on loans receivable by quarter.

(2) Cumulative fair value mark on sale of loans originated as held for investment.

Note: Numbers may not foot or cross-foot due to rounding.

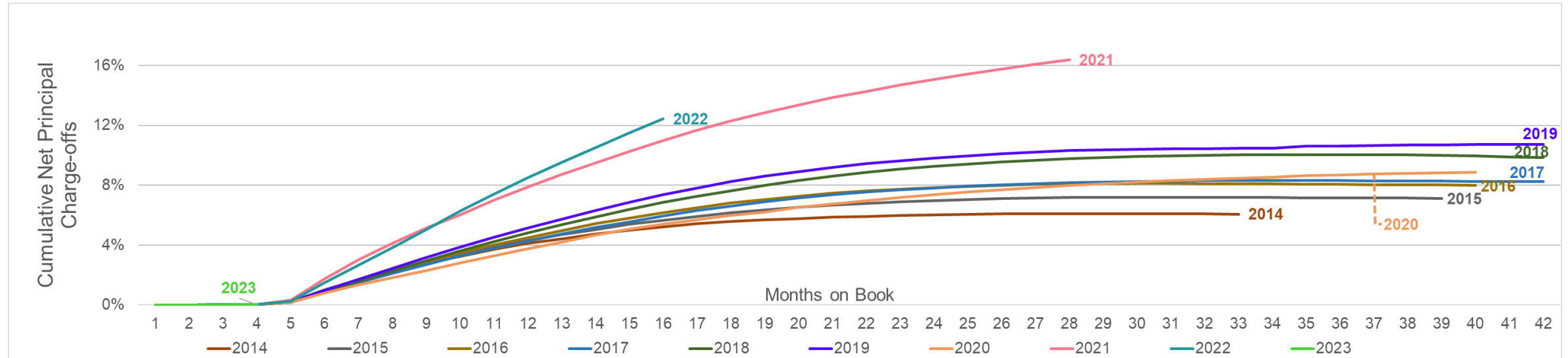
Fair value estimate methodology

Loans receivable at fair value now include accrued interest & fees receivable, so fair value price is now the gross fair value premium

	Quarter Ended							Change
	1Q24	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22	Y / Y
Weighted average portfolio yield over the remaining life of the loans	28.87 %	29.10 %	29.58 %	29.85 %	29.61 %	29.34 %	29.73 %	(0.74)%
Less: Servicing fee	(5.00)%	(5.00)%	(5.00)%	(5.00)%	(5.00)%	(5.00)%	(5.00)%	— %
Net portfolio yield	23.87 %	24.10 %	24.58 %	24.85 %	24.61 %	24.34 %	24.73 %	(0.74)%
Multiplied by: Weighted average life in years	1.027	1.007	0.995	0.955	0.963	1.000	0.924	0.064
Pre-loss cash flow	24.50 %	24.26 %	24.45 %	23.74 %	23.69 %	24.34 %	22.85 %	0.81 %
Less: Remaining cumulative charge-offs	(11.92)%	(12.10)%	(11.93)%	(11.35)%	(11.72)%	(10.38)%	(11.67)%	(0.20)%
Net cash flow	12.58 %	12.16 %	12.52 %	12.39 %	11.97 %	13.96 %	11.18 %	0.61 %
Less: Discount rate multiplied by average life	(9.34)%	(10.17)%	(11.09)%	(10.61)%	(10.66)%	(11.48)%	(9.42)%	1.32 %
Gross fair value premium as a percentage of loan principal balance	3.24 %	1.99 %	1.43 %	1.78 %	1.31 %	2.48 %	1.76 %	1.93 %
Discount rate	9.10 %	10.10 %	11.15 %	11.10 %	11.07 %	11.48 %	10.19 %	(1.97)%

Note: The data shown in the table above represents our secured and unsecured personal loan and credit card portfolio.

Net lifetime loan loss rates by vintage



Year of Origination	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Dollar Weighted Average Original Term for Vintage (Months)	19.1	22.3	24.2	26.3	29.0	30.0	32.0	33.3	37.8	39.2
Net Lifetime Loan Losses as % of Original Principal Balance	6.1%	7.1%	8.0%	8.2%	9.8%	10.8%	8.9%	16.4%	12.4%	—%
Outstanding Principal Balance as % of Original Amount Disbursed	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	1.3%	11.7%	47.6%	91.0%

* Vintage is not fully mature from a loss perspective.

Note: The chart above includes all personal loan originations by vintage, excluding loans originated from July 2017 to August 2020 under a loan program for customers who did not meet the qualifications for our core loan origination program. 100% of those loans were sold pursuant to a whole loan sale arrangement. The 2021 vintage is experiencing higher charge-offs than prior vintages primarily due to a higher percentage of loan disbursements to new members. We tightened credit and began reducing loan volumes to new and returning members in the third quarter of 2021 and reduced significantly in the second half of 2022.