

Risk Factors Comparison 2025-03-31 to 2024-02-28 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

A description of the material and other risks and uncertainties associated with our business and industry is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report, including our audited consolidated financial statements and notes thereto and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report before deciding whether to purchase shares of our common stock. If any of the following risks are realized, our business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the price of our common stock could decline, perhaps significantly. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operation.

Summary of Risk Factors

Risks Related to Our Business

- Our results of operations and continued growth depend on our ability to retain existing, and attract new, automotive lenders, and a significant percentage of our program fee revenue is concentrated with our top ten automotive lenders.
- Our revenue is impacted, to a significant extent, by the economic, political, and market conditions as well as the financial performance of automotive lenders.
- Our results depend, to a significant extent, on the active and effective adoption of LPP by automotive lenders.
- If we lose one or more of our insurance ~~carriers~~ **partners** and are unable to replace their commitments, it could have a material adverse effect on our business.
- **We use estimates in recognizing profit share revenue, and changes in these estimates have affected and may in the future adversely affect our revenues and future expected cash flows.**
- **We rely extensively on models in managing many aspects of our business. Any inaccuracies or errors in our models could have an adverse effect on our business.**
- **We have in the past recorded, and may in the future record, significant valuation allowances on our deferred tax assets, which may have a material impact on our results of operations and cause fluctuations in such results.**
- Changes in market interest rates have had and could continue to have an adverse effect on our business.
- Privacy concerns or security breaches relating to LPP could result in economic loss, damage our reputation, deter users from using our products and expose us to legal penalties and liability.
- We rely in part on third- party resellers to acquire and retain lender customers, and our failure to develop and manage these relationships effectively could adversely affect our business, results of operations, and relationships with our customers.
- Our vendor relationships subject us to a variety of risks, and the failure of third parties to comply with legal or regulatory requirements or to provide various services that are important to our operations could have an adverse effect on our business.
- Fraudulent activity could negatively impact our business and could cause automotive lenders to be less willing to originate loans or insurance ~~carriers~~ **partners** to be less willing to underwrite policies through the use of LPP.
- Cyber- attacks and other security breaches could have a material adverse effect on our business.
- Disruptions in the operation of our computer systems and third- party data centers could have an adverse effect on our business.
- If the underwriting models we use contain errors or are otherwise ineffective, our reputation and relationships with automotive lenders and insurance ~~carriers~~ **partners** could be harmed.
- We depend on the accuracy and completeness of information about consumers and any misrepresented information could adversely affect ~~our business.~~
- **We rely extensively on models in managing many aspects of our business. Any inaccuracies or errors in our models could have an adverse effect on**

our business.

- The consumer lending industry is highly competitive and is likely to become more competitive, and our inability to compete successfully or maintain or improve our market share and margins could adversely affect our business.
- We may in the future expand to new industry verticals outside of the automotive industry, and failure to comply with applicable regulations, or accurately predict demand or growth, in those new industries, could have an adverse effect on our business.
- The Credit Agreement (as defined hereinafter) that governs our Credit Facilities (as defined hereinafter) contains various covenants that could limit our ability to engage in activities that may be in our best long- term interests.
- We may be unable to sufficiently protect our proprietary rights and may encounter disputes from time to time relating to our use of the intellectual property of third parties.
- Our risk management processes and procedures may not be effective.
- Some aspects of our platform include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.
- **Our management has limited experience in operating a public company.**

Risks Related to Our Regulatory Environment

- We are subject to ~~some~~ **certain** federal and state consumer protection laws. The contours of the Dodd- Frank UDAAP standard remain uncertain and there is a risk that certain features of our business could be deemed to be a UDAAP.
- **Potential legal, regulatory, and policy changes by the new U. S. administration may directly affect financial institutions and the global economy.**

Our industry is highly regulated and is undergoing regulatory transformation, which results in inherent uncertainty.

- Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.

Risks Related to Ownership of Our Common Stock

- An active trading market for our common stock may not be sustained, which may make it difficult to sell the shares of our common stock purchased by our stockholders.
- The market price of our common stock has been and may continue to be volatile, which could cause the value of our stockholders' investment to decline.
- Because we have no current plans to pay cash dividends on our common stock, our stockholders may not receive any return on investment unless they sell our common stock for a price greater than the purchase price.
- Certain provisions of our certificate of incorporation and bylaws could hinder, delay or prevent a change in control, which could adversely affect the price of our common stock.

Our results of operations and continued growth depend on our ability to retain existing, and attract new, automotive lenders. If automotive lenders make fewer overall automotive loans or cease to use LPP to make such loans, we will fail to generate future revenues. To attract and retain automotive lenders, we market LPP to automotive lenders on the basis of a number of factors, including loan analytics, risk- based pricing, risk

modeling and automated decision- technology, as well as integration, customer service, brand and reputation. Automotive lenders are able to leverage the geographic diversity of the loans they can originate through LPP with the simplicity of our five-second, all- inclusive loan offer generation. Automotive lenders, however, have alternative sources for internal loan generation, and they could elect to originate loans through those alternatives rather than through LPP. There is significant competition for existing automotive lenders. If we fail to retain automotive lenders, and do not enroll new automotive lenders of similar size and profitability, it will have a material adverse effect on our business and future growth. There has been some turnover in automotive lenders, as well as varying activation rates and volatility in usage of our platform by automotive lenders, and this may continue or increase in the future. Agreements with automotive lenders are cancellable on thirty days' notice and do not require any minimum monthly level of application submissions. If a significant number of existing automotive lenders decide to stop using LPP or to use other competing platforms, thereby reducing their use of LPP, it would have a material adverse effect on our business and results of operations. Our revenue is impacted, to a significant extent, by the economic, political and market conditions as well as the financial performance of automotive lenders. Our business, the consumer financial services industry and automotive lenders' businesses, are sensitive to macroeconomic conditions. Economic factors such as interest rates, inflation, **tariffs, uncertainty or** changes in monetary and related policies, market volatility, consumer confidence and unemployment rates are among the most significant factors that impact consumer spending behavior. Weak economic conditions or a significant deterioration in economic conditions reduce the amount of disposable income consumers have, which in turn reduces consumer spending and the willingness of qualified borrowers to take out loans. Such conditions are also likely to affect the ability and willingness of borrowers to pay amounts owed to automotive lenders, each of which would have a material adverse effect on our business. General economic conditions and the willingness or ability of automotive lenders to deploy capital impact our performance. Recently, the credit markets have experienced instability, resulting in credit and liquidity concerns and increased loan default rates. Many lenders have subsequently reduced their willingness to make new loans and have tightened their credit requirements. Geopolitical conflicts, including Russia' s invasion of Ukraine and the conflict **between Israel and Hamas in the Middle East**, have resulted in supply chain disruption, increased costs for transportation and energy, increased inflationary pressures, higher interest rates and volatility in global markets, which may adversely affect our business and our results of operations. The generation of new loans through LPP, as well as the transaction fees and other fee income associated with such loans, is dependent upon sales of automobiles by dealers. Dealers' sales may decrease or fail to increase as a result of factors outside of their control, such as the macroeconomic and political conditions referenced above, or business conditions affecting a particular automobile dealer, industry vertical or region. Weak economic conditions also could extend the length of dealers' sales cycle and cause customers to delay making (or not make) purchases of automobiles. The decline of sales by dealers for any reason will generally result in lower credit sales and, therefore, lower loan volume and associated fee income for automotive lenders, and therefore, for us. This risk is particularly acute with respect to the largest automobile dealers associated with automotive lenders that account for a significant amount of our platform revenue. In addition, if an automobile dealer or automotive lender closes some or all of its locations or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that it may become subject to a bankruptcy proceeding), LPP borrowers may have less incentive to pay their outstanding balances to automotive lenders, which could result in higher charge-off rates than anticipated. Weakening economic conditions, in particular increases in unemployment, will lead to increased defaults and insurance claim payments, resulting in higher losses for **our** insurance ~~carriers-partners~~. Increased claim payments may affect the willingness of **our** insurance ~~carriers-partners~~ to provide default insurance. In the event insurer losses cause one of our insurance ~~carriers-partners~~ to cease providing insurance, it would have a material adverse effect on our operations and financial results. The severity of loss on consumer defaults impacts our profit share revenue. To the extent inflated used car values revert to normalized levels, future decreases in used car values could increase severity of loss, which could have a material adverse impact to our profit share revenue. A significant percentage of our program fee revenue is concentrated with our top ten automotive lenders, and the loss of one or more significant automotive lenders could have a negative impact on operating results. Our top ten automotive lenders (including certain groups of affiliated automotive lenders) accounted for a significant percentage of the total program fee revenue in **2023-2024**. We expect to have significant concentration in our largest automotive lender relationships for the foreseeable future. In the event that one or more of our significant automotive lenders, or groups of automotive lenders terminate their relationships with us, or if one or more of our significant automotive lenders generates significantly fewer certified loans, the number of loans originated through LPP would decline, which would materially and adversely affect our business and, in turn, our revenue. Our success depends on the active and effective adoption of LPP by automotive lenders in originating loans to near- prime and non- prime borrowers. We rely on automotive lenders to utilize LPP within their loan origination systems. Although automotive lenders generally are under no obligation to use LPP in generating their loans, the integrated loan and insurance offering by LPP encourages the use of LPP by automotive lenders. Any adverse accounting determinations concerning loans generated by automotive lenders using LPP could negatively affect further adoption of LPP. The failure by automotive lenders to effectively adopt LPP would have a material adverse effect on the rate at which they can lend to near- prime and non- prime borrowers and in turn, would have a material adverse effect on our business, revenues and financial condition. As of December 31, **2023-2024**, we relied on three **active** insurance ~~carriers-partners~~ to insure the loans generated by the automotive lenders using LPP. We have entered into separate producer and claims service agreements with each of these carriers. The producer and claims service agreements with these insurance ~~carriers-partners~~ generally contain customary termination provisions that allow them to terminate the agreement upon written notice after the occurrence of certain events including, among other things, breach of the producer agreement; changes in regulatory requirements making the agreement unenforceable; or for convenience once a specified term has come to an end. On **December 31-November 13, 2023-2024**, we mutually agreed **CNA' s producer and claims service agreements** with us expired **Arch to terminate our program management agreement with Arch, effective as of November 15, 2024**. **CNA-Arch** will no longer

provide auto loan default insurance policies for LPP certified loans. **However, Arch will continue to service and provide claim funding for any of its existing default insurance policies for the remaining life of the loans associated with such policies.** As of the date of this Annual Report, we partner with AmTrust North America, Inc., **American National Securian Specialty Lines Inc. and StarStone Specialty** Insurance Company, ~~Arch Insurance North America, and Core Specialty~~. If any of our ~~other~~ insurance carriers ~~partners~~ were to terminate their agreements with us and we are unable to replace their commitments through new or existing insurance ~~carriers~~ ~~partners~~, it could have a material adverse effect on our business, operations and financial condition. In assisting automotive lenders with the design of the products that are offered on LPP, we make assumptions about various matters, including repayment timing and default rates, and then utilize proprietary underwriting modeling to analyze and forecast the performance and profitability of the loans. Our assumptions may be inaccurate and models may not be as predictive as expected for many reasons, including that they often involve matters that are inherently difficult to predict and beyond our control (e.g., macroeconomic conditions) and that they often involve complex interactions between a number of dependent and independent variables and factors. Any significant inaccuracies or errors in assumptions could impact the profitability of the products to automotive lenders, as well as the profitability of our business, and could result in our underestimating potential losses and overstating potential automotive lender returns. The fixed interest rates charged on the loans that automotive lenders originate are calculated based upon market benchmarks at the time of origination. Market benchmarks typically rise when the U. S. Federal Reserve raises the federal funds rate, and the U. S. Federal Reserve **raised continued raising** the federal funds rate in **2022 and** 2023 to combat inflation. These increases in the market benchmark resulted in increases in the interest rates on new loans. Increased interest rates have impacted and may continue to adversely impact the spending levels of consumers and their ability and willingness to borrow money. Higher interest rates have led to higher rates charged to the consumer, which have negatively impacted the ability of automotive lenders to generate volume and in turn, our ability to generate revenues on loans originated using LPP. Higher interest rates have also increased the payment obligations of consumers, which has reduced and may continue to reduce the ability of consumers to remain current on their obligations to automotive lenders and, therefore, has led and may continue to lead to increased delinquencies, defaults, consumer bankruptcies and charge-offs, and decreasing recoveries, all of which could have an adverse effect on our business. ~~Our~~ **We have pursued and may in the future continue to pursue** growth ~~opportunities, which may result in~~ **opportunities, which may result in** be difficult to manage and may place significant demands on operational, administrative and financial resources. ~~Our~~ **We have pursued and may in the future continue to pursue** growth ~~has caused~~ **opportunities, which may result in** significant demands on operations, marketing, compliance and accounting infrastructure, and has resulted in increased expenses, which we expect to continue as we grow. In addition, we are required to continuously develop and adapt systems and infrastructure in response to the increasing sophistication of the consumer finance market and regulatory developments relating to existing and projected business activities and those of automotive lenders. Our future growth will depend, among other things, on our ability to maintain an operating platform and management system sufficient to address growth and will require us to incur significant additional expenses and to commit additional senior management and operational resources. As a result of our growth, we may face significant challenges in: • securing commitments from existing and new automotive lenders to provide loans to consumers; • maintaining existing and developing new relationships with additional automotive lenders; • maintaining existing and developing new relationships with additional insurance ~~carriers~~ ~~partners~~; • maintaining adequate financial, business and risk controls; • implementing and maintaining internal controls and the accuracy and timeliness of our financial reporting; • training, managing and appropriately sizing workforce and other components of business on a timely and cost-effective basis; • navigating complex and evolving regulatory and competitive environments; • increasing the number of borrowers in, and the volume of loans facilitated through, LPP; • entering into new markets and introducing new solutions; • continuing to revise proprietary credit decisioning and scoring models; • continuing to develop, maintain and scale our platform; • effectively using limited personnel and technology resources; • maintaining the security of our platform and the confidentiality of the information (including personally identifiable information) provided and utilized across our platform; and • attracting, integrating and retaining an appropriate number of qualified employees. We may not be able to manage expanding operations effectively, and any failure to do so could adversely affect the ability to generate revenue and control expenses. ~~If we experience negative publicity, we may lose the confidence of automotive lenders and insurance carriers who use or partner with LPP and our business may suffer.~~ Reputational risk, or the risk of negative publicity or to public opinion, is inherent to our business. Recently, consumer financial services companies have experienced increased reputational harm as consumers and regulators take issue with certain practices and judgments, including, for example, fair lending, credit reporting accuracy, lending to members of the military, state licensing (for automotive lenders, servicers and money transmitters) and debt collection. Given that our primary customers are automotive lenders in the customer financial services space, any reputational risk associated with our customers is in turn attributable to us. Maintaining a positive reputation is critical to our ability to attract and retain existing and new automotive lenders, insurance carriers, investors and employees. Negative public opinion can arise from many sources, including actual or alleged misconduct, errors or improper business practices by employees, automotive lenders, insurance carriers, automobile dealers, outsourced service providers or other counterparties; litigation or regulatory actions; failure by us, automotive lenders, or automobile dealers to meet minimum standards of service and quality; inadequate protection of consumer information; failure of automotive lenders to adhere to the terms of their LPP agreements or other contractual arrangements or standards; failure of insurance carriers and our subsidiary, IAS, to satisfactorily administer claims; compliance failures; and media coverage, whether accurate or not. Negative public opinion can diminish the value of our brand and adversely affect our ability to attract and retain automotive lenders and insurance carriers as a result of which our operations may be materially harmed and we could be exposed to litigation and regulatory action. Privacy concerns or security breaches relating to LPP could result in economic loss, damage our reputation, deter users from using our products, and expose us to legal penalties and liability. Through the use of LPP, we gather and store personally identifiable information on consumers such as social security numbers, names and addresses. A cybersecurity breach

where this information is stolen or made public would result in negative publicity and additional costs to mitigate the damage to customers. Techniques used to gain unauthorized access to data and systems, disable or degrade service, or sabotage systems, are constantly evolving, and we may be unable to anticipate such techniques or implement adequate preventative measures to avoid unauthorized access or other adverse impacts to such data or our systems. LPP is vulnerable to software bugs, computer viruses, internet worms, break-ins, phishing attacks, attempts to overload servers with denial-of-service, or other attacks or similar disruptions, any of which could lead to system interruptions, delays, or shutdowns, causing loss of critical data or the unauthorized access of data. Computer malware, viruses, and computer hacking and phishing attacks have become more prevalent in our industry. Functions that facilitate interactivity with other internet platforms could increase the scope of access of hackers to user accounts. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security and availability of our products to the satisfaction of our customers and their consumers may harm our reputation and our ability to retain existing customers. **Although we have, we cannot assure that the** systems and processes that are designed to protect data, prevent data loss, disable undesirable accounts and activities and prevent or detect security breaches, ~~we cannot assure that such measures~~ will provide absolute security. If an actual or perceived breach of security occurs to our systems or a third party's systems, we could also be required to expend significant resources to mitigate the breach of security and to address matters related to any such breach, including notifying users or regulators. ~~Our projections~~ **If we experience negative publicity, we may lose the confidence of automotive lenders and our insurance partners who use or partner with LPP and our business may suffer. Reputational risk, or the risk of negative publicity or to public opinion, is inherent to our business. Consumer financial services companies have experienced increased reputational harm as consumers and regulators take issue with certain practices and judgments, including guidance, for example, fair lending, credit reporting accuracy, lending to members of the military, state licensing (for automotive lenders, servicers and money transmitters) and debt collection. Given that our primary customers are subject to significant automotive lenders in the customer financial services space, any reputational risks-risk associated with**, assumptions, estimates and uncertainties. As a result, our projected revenues, market share, expenses **customers is in turn attributable to us. Maintaining a positive reputation is critical to our ability to attract and profitability may differ materially retain existing and new automotive lenders, insurance partners, investors and employees. Negative public opinion can arise from many sources, including actual our- or alleged misconduct** expectations. We operate in a rapidly changing and competitive industry, and ~~errors our- or improper business practices~~ **employees, automotive lenders, insurance partners, automobile dealers, outsourced service providers our- or industry. Operating results are difficult other counterparties; litigation or regulatory actions; failure by us, automotive lenders, or automobile dealers to forecast because meet minimum standards of service and quality; inadequate protection of consumer information; failure of automotive lenders to adhere to they- the terms generally depend on a number of factors, including the their competition we face LPP agreements or other contractual arrangements or standards; failure of our insurance partners and our subsidiary, IAS, to satisfactorily administer claims; compliance failures; and media coverage, whether accurate or not. Negative public opinion can diminish the value of our brand and adversely affect** our ability to attract and retain automotive lenders, ~~the active and insurance partners~~ **effective adoption of LPP by automotive lenders in originating loans to near-prime and non-prime borrowers, our profit share assumptions and general industry trends. Additionally, as described herein, our revenue is impacted, to a result significant extent, by the general economy and the financial performance of which our operations** automotive lenders. Our business may be **materially harmed** affected by reductions in consumer spending from time to time as a result of a number of factors which may be difficult to predict. This may result in decreased revenue levels, and we may be unable to adopt measures in a timely manner to compensate for any unexpected shortfall in income. This inability could cause our operating results in a given quarter to be higher or lower than expected. If actual results differ from our estimates, analysts may negatively react, and our stock price could be **materially exposed to litigation** and **adversely impacted regulatory action**. We rely in part on third-party resellers to assist us in acquiring and retaining lender customers. Identifying partners, negotiating and documenting relationships with them, and maintaining our relationships with them require significant time and resources from us. In addition, our agreements with our resellers are typically non-exclusive and do not prohibit them from working with our competitors or from offering competing products or services. We have limited control, if any, as to whether these strategic partners devote adequate resources to promoting, selling, and implementing our products as compared to our competitor's products. If we do not effectively identify, develop and manage our relationships with third-party resellers, or if they fail to perform services in the manner or time required, our financial results and relationships with our lender customers could be adversely affected. We may also be held responsible or liable for the actions or omissions of these third parties. Actions, omissions or violations of law by our third-party resellers could have a material adverse effect on our business. We have significant vendors that, among other things, provide us with financial, technology, insurance and other services to support our loan protection services, including access to credit reports and information. Under various legal theories and contractual requirements, companies may be held responsible for the actions of their subcontractors. Accordingly, we could be adversely impacted to the extent that our vendors fail to comply with the legal requirements applicable to the particular products or services being offered. In some cases, third-party vendors, including resellers and aggregators, are the sole source, or one of a limited number of sources, of the services they provide to us. Certain of our vendor agreements are terminable on little or no notice, and if current vendors were to stop providing services to us on acceptable terms, we may be unable to procure alternatives from other vendors in a timely and efficient manner and on acceptable terms (or at all). If any third-party vendor fails to provide the services we require, fails to meet contractual requirements (including compliance with applicable laws and regulations), fails to maintain adequate data privacy and electronic security systems, or suffers a cyber-attack or other security breach, we could be subject to regulatory enforcement actions and suffer economic and reputational harm that could have a

material adverse effect on our business. Further, we may incur significant costs to resolve any such disruptions in service, which could adversely affect our business. Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses. Our business is subject to increased risks of litigation and regulatory actions as a result of a number of factors and from various sources, including as a result of the highly regulated nature of the financial services industry, insurance carriers and the focus of state and federal enforcement agencies on the financial services industry and insurance carriers. From time to time, we are also involved in, or the subject of, reviews, requests for information, investigations and proceedings (both formal and informal) by state and federal governmental agencies, including insurance regulators and the Department of Insurance of many states, regarding our business activities and our qualifications to conduct business in certain jurisdictions, which could subject us to significant fines, penalties, obligations to change business practices and other requirements resulting in increased expenses and diminished earnings. Our involvement in any such matter could also cause significant harm to our reputation and divert management attention from business operations, even if the matters are ultimately determined in our favor. Moreover, any settlement, or any consent order or adverse judgment in connection with any formal or informal proceeding or investigation by a government agency, may prompt litigation or additional investigations or proceedings as other litigants or other government agencies begin independent reviews of the same activities. In addition, a number of participants in the consumer finance industry have been the subject of punitive class action lawsuits; state attorney general actions and other state regulatory actions; federal regulatory enforcement actions, including actions relating to alleged unfair, deceptive or abusive acts or practices; violations of state licensing and lending laws, including state usury laws; actions alleging discrimination on the basis of race, ethnicity, gender or other prohibited bases; and allegations of noncompliance with various state and federal laws and regulations relating to originating and servicing consumer finance loans. **Companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business. Such securities litigation could also give rise to perceived uncertainties as to our future, adversely affect our relationships with our partners and make it more difficult to attract and retain qualified personnel. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties related to any securities litigation.** The current regulatory environment, increased regulatory compliance efforts and enhanced regulatory enforcement have resulted in significant operational and compliance costs and may prevent us from providing certain products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct business and, in turn, have a material adverse effect on our business. In particular, legal proceedings brought under state consumer protection statutes or under several of the various federal consumer financial services statutes may result in a separate fine for each violation of the statute, which, particularly in the case of class action lawsuits, could result in damages substantially in excess of the amounts we earned from the underlying activities. Similar risks exist for insurance producing and claims administration services, which are highly regulated. In addition, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issue, result in financial remediation to impacted customers. These self-identified issues and voluntary remediation payments could be significant, depending on the issue and the number of customers impacted, and also could generate litigation or regulatory investigations that subject us to additional risk. Fraud is prevalent in the financial services industry and is likely to increase as perpetrators become more sophisticated. We are subject to the risk of fraudulent activity with respect to the underwriting policies of insurance carriers, automotive lenders, their customers and third parties handling customer information. Our resources, technologies and fraud prevention tools may be insufficient to accurately detect and prevent fraud. The level of our fraud charge-offs could increase and results of operations could be materially and adversely affected if fraudulent activity were to significantly increase. High profile fraudulent activity could also negatively impact our brand and reputation, which could negatively impact the use of our services and products. In addition, significant increases in fraudulent activity could also lead to regulatory intervention, which could increase our costs and also negatively impact our business. In the normal course of our business, we collect, process and retain sensitive and confidential information regarding automotive lenders, insurance carriers-partners and consumers. We also have arrangements with certain third-party service providers that require us to share consumer information. Our facilities and systems, and those of automotive lenders, insurance carriers-partners and third-party service providers, are vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, and other similar events. We, automotive lenders, insurance carriers and third-party service providers have experienced all of these events to varying degrees in the past and expect to continue to experience them in the future. We also face security threats from malicious third parties that could obtain unauthorized access to our systems and networks, and we anticipate these threats will continue to grow in scope and complexity over time. These events could interrupt our business or operations, result in significant legal and financial exposure, supervisory liability, damage to our reputation and a loss of confidence in the security, confidentiality and integrity of our systems, products and services. Although the impact to date from these events has not had a material adverse effect on us, no assurance is given that this will be the case in the future. Information security risks in the financial services industry have increased recently, in part because of evolving technologies, the use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions and the increased sophistication and activities of organized criminals, perpetrators of fraud, hackers, terrorists and others. In addition to cyber-attacks and other security breaches involving the theft of sensitive and confidential information, hackers recently have engaged in attacks that are designed to disrupt key business services, such as consumer-facing websites. We and automotive lenders may not be able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. ~~We employ prevention~~ **Prevention**, detection and response

mechanisms designed to prevent, detect, contain and mitigate security incidents. Nonetheless, prevention and early detection efforts may be thwarted by sophisticated attacks and malware designed to avoid prevention and detection. We also may fail to detect the existence of a successful security breach related to the information of automotive lenders, insurance carriers and consumers that we retain as part of our business and may be unable to prevent unauthorized access to that information. We also face risks related to cyber- attacks and other security breaches that typically involve the transmission of sensitive information regarding borrowers through various third parties, including automotive lenders, insurance carriers and data processors. Some of these parties have in the past been the target of security breaches and cyber- attacks. Because we do not control these third parties or directly oversee or manage the security of their systems, future security breaches or cyber- attacks affecting any of these third parties could impact us through no fault of our own, and in some cases, we may have exposure and suffer losses for breaches or attacks relating to them. ~~No~~ We regularly conduct security assessments of significant third- party service providers, but no assurance is given that our third- party information security protocols are sufficient to withstand a cyber- attack or other security breach. The access by unauthorized persons to, or the improper disclosure by us of, confidential information regarding consumers, LPP customers or our proprietary information, software, methodologies and business secrets could interrupt our business or operations, result in significant legal and financial exposure, supervisory liability, damage to our reputation or a loss of confidence in the security, confidentiality and integrity of our systems, products and services, all of which could have a material adverse impact on our business, financial condition, and results of operations. In addition, there have been a number of well- publicized attacks or breaches affecting companies in the financial services industry that have heightened concern by consumers, which could also intensify regulatory focus, cause users to lose trust in the security of the industry in general and result in reduced use of our services and increased costs, all of which could also have a material adverse effect on our business. Our ability to deliver products and services to automotive lenders, service loans made by automotive lenders and otherwise operate our business and comply with applicable laws depends on the efficient and uninterrupted operation and availability of our computer systems and third- party data centers, as well as those of automotive lenders and third- party service providers. These computer systems and third- party data centers may encounter service interruptions at any time due to system or software failure, natural disasters, severe weather conditions, pandemics, terrorist attacks, cyber- attacks or other events. Any such catastrophes could have a negative effect on our business and technology infrastructure (including our computer network systems), on automotive lenders and insurance carriers ~~partners~~ and on consumers. These events also could impair the ability of third parties to provide critical services to us. All of these adverse effects of catastrophic events could result in a decrease in the use of our solution and payments to us, which could have a material adverse effect on our business. In addition, the implementation of technology changes and upgrades to maintain current and integrate new systems may cause service interruptions, transaction processing errors or system conversion delays and may cause us to fail to comply with applicable laws, all of which could have a material adverse effect on our business. We expect that new technologies and business processes applicable to the consumer financial services industry will continue to emerge and that these new technologies and business processes may be more advanced than those we currently use. There is no assurance that we will be able to successfully adopt new technology as critical systems and applications become obsolete and more advanced ones become available. A failure to maintain and / or improve current technology and business processes could cause disruptions in our operations or cause our solution to be less competitive, all of which could have a material adverse effect on our business. Our ability to attract automotive lenders to LPP is significantly dependent on our ability to effectively evaluate a consumer' s credit profile and likelihood of default and potential loss in accordance with automotive lenders' and insurance carriers ~~partners~~ ' underwriting policies. Our business depends significantly on the accuracy and success of our underwriting model. To conduct this evaluation, we use proprietary credit decisioning and scoring models. If any of the credit decisioning and scoring models we use contain programming or other errors, is ineffective or the data provided by consumers or third parties is incorrect or stale, or if we are unable to obtain accurate data from consumers or third parties (such as credit reporting agencies), our loan pricing and approval process could be negatively affected, resulting in mispriced or misclassified loans, incorrect approvals or denials of loans. This could damage our reputation and relationships with automotive lenders and insurance carriers ~~partners~~, which could have a material adverse effect on our business. We depend on the accuracy and completeness of information about consumers, and any misrepresented information could adversely affect our business. In evaluating loan applicants, we rely on information furnished to us by or on behalf of consumers, including credit, identification, employment and other relevant information. Some of the information regarding consumers provided to us is used in our proprietary credit decisioning and scoring models, which we use to determine whether an application meets the applicable underwriting criteria. We rely on the accuracy and completeness of that information. Not all consumer information is independently verified. As a result, we rely on the accuracy and completeness of the information provided by consumers or indirectly by automotive lenders. If any of the information that is considered in the loan review process is inaccurate, whether intentional or not, and such inaccuracy is not detected prior to loan funding, the loan may have a greater risk of default than expected. Additionally, there is a risk that, following the date of the credit report that we obtain and review, a consumer may have defaulted on, or become delinquent in the payment of, a pre- existing debt obligation, taken on additional debt, lost his or her job or other sources of income, or experienced other adverse financial events. Any significant increase in inaccuracies resulting in losses could adversely affect our business. ~~In assisting automotive lenders with the..... losses and overstating potential automotive lender returns.~~ Our success depends on our ability to generate usage of LPP. The consumer lending industry is highly competitive and increasingly dynamic as emerging technologies continue to enter the marketplace. Technological advances and heightened e- commerce activities have increased consumers' accessibility to products and services, which has intensified the desirability of offering loans to consumers through digital- based solutions. We face competition in areas such as compliance capabilities, financing terms, promotional offerings, fees, approval rates, speed and simplicity of loan origination, ease- of- use, marketing expertise, service levels, products and services, technological capabilities and integration, customer service, brand and reputation. Our existing and potential competitors may decide to modify their

pricing and business models to compete more directly with our model. Any reduction in usage of LPP, or a reduction in the lifetime profitability of loans under LPP in an effort to attract or retain business, could reduce our revenues and earnings. If we are unable to compete effectively for customer usage, our business could be materially and adversely affected. Because our business is heavily concentrated on consumer lending in the U. S. automobile industry, our results are more susceptible to fluctuations in that market than the results of a more diversified company would be. Our business currently is concentrated on supporting consumer lending in the U. S. automobile industry. As a result, we are more susceptible to fluctuations and risks particular to U. S. consumer credit than a more diversified company would be as well as to factors that may drive the demand for automobiles, such as sales levels of new automobiles and the aging of existing inventory. We are also more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted at consumer credit and the specific consumer credit products that automotive lenders offer (including promotional financing) in the U. S. automobile industry. Our business concentration in the U. S. could have a material, adverse effect on our business. We may in the future expand to new industry verticals outside of the automotive industry, and failure to comply with applicable regulations, or accurately predict demand or growth, in those new industries could have an adverse effect on our business. We may in the future further expand into other industry verticals. There is no assurance that we will be able to successfully develop consumer financing products and services for these new industries. Our investment of resources to develop consumer financing products and services for the new industries we enter may either be insufficient or result in expenses that are excessive in light of loans actually originated by lenders in those industries. Additionally, our over 20 years of experience is in the automotive lending industry and therefore, industry participants in new industry verticals may not be receptive to our financing solutions and we may face competitors with more experience and resources. The borrower profile of consumers in new verticals may not be as attractive, in terms of average FICO scores or other attributes, as in current verticals, which may lead to higher levels of delinquencies or defaults than we have historically experienced. Industries change rapidly, and we make no assurance that we will be able to accurately forecast demand (or the lack thereof) for a solution or that those industries will be receptive to our product offerings. Failure to predict demand or growth accurately in new industries could have a material adverse impact on our business. Our business would suffer if we failed to attract and retain highly skilled employees. Our future success will depend on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization, particularly information technology and sales. Trained and experienced personnel are in high demand and are in short supply. Many of the companies with which we compete for experienced employees have greater resources than us and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training employees, which increases their value to competitors that may seek to recruit them. We may not be able to attract, develop and maintain the skilled workforce necessary to operate our business, and labor expenses may increase as a result of a shortage in the supply of qualified personnel, which will negatively impact our business. The Credit Agreement that governs our Credit Facilities contains various covenants that could limit our ability to engage in activities that may be in our best long- term interests. The Credit Agreement, dated as of March 19, 2021, by and among the Company, Wells Fargo **Bank**, N. A., as administrative agent, and the financial institutions party thereto as lenders, as amended by the First Amendment to Credit Agreement, dated as of September 9, 2022 (collectively, the “ Credit Agreement ”), provides for credit facilities consisting of a senior secured term loan facility of up to \$ 150 million (the “ Term Loan due 2027 ”) along with a senior secured revolving loan facility of up to \$ 150 million at any time outstanding (the “ revolving **Revolving** Credit Facility ” and, together with the Term Loan due 2027, the “ Credit Facilities ”). Borrowings under the Credit Facilities bear interest at a variable rate based on the net secured leverage ratio. Our obligations under the Credit Agreement are guaranteed by all of our subsidiaries and secured by substantially all of our assets and substantially all of our subsidiaries’ assets, in each case, subject to certain customary exceptions. The Credit Facilities mature on September 9, 2027. The Credit Agreement contains affirmative and negative covenants customarily applicable to senior secured credit facilities, including covenants that, among other things, will limit or restrict the ability of the loan parties, subject to negotiated exceptions, to incur additional indebtedness and additional liens on their assets, engage in mergers or acquisitions or dispose of assets, pay dividends or make other distributions, voluntarily prepay other indebtedness, enter into transactions with affiliated persons, make investments, and change the nature of their businesses. The Credit Agreement also contains customary events of default (subject to thresholds and grace periods), including payment default, covenant default, cross default to other material indebtedness, and judgment defaults. Our ability to comply with these covenants may be affected by events beyond our control, such as market fluctuations impacting net income. Breaches of these covenants will result in a default under the Credit Agreement, subject to any applicable cure rights, in which case the administrative agent may accelerate the outstanding term loan. If such acceleration under the Credit Agreement occurs, our ability to fund operations could be **seriously harmed** **adversely affected**. We rely on a combination of trademarks, service marks, copyrights, trade secrets, domain names and agreements with employees and third parties to protect our proprietary rights. We have service mark registrations in the U. S. We also own the domain name rights for Openlending. com, Openlending. net, Openlending. us, Dev- openlending. com, Lendersprotection. org, Lendersprotection. us, Lend- pro. **org.com**, Lend- pro. **us.org**, Lend- pro. **net**, Lendpro. **net**, Lendpro. **org**, Lendpro. **us**, Lend- pro. **com.net**, Lendpro. **net**, Lendpro. **io**, Lendpro. **info**, Lendpro. **org**, Lendpro. **us**, Lendersprotection. com, Sayyestomoreloans. com, Sayyestomoreloans. net, as well as other words and phrases important to our business. Nonetheless, third parties may challenge, invalidate or circumvent our intellectual property, and our intellectual property may not be sufficient to provide us with a competitive advantage. Despite our efforts to protect these rights, unauthorized third parties may attempt to duplicate or copy the proprietary aspects of our technology and processes. Our competitors and other third parties independently may design around or develop similar technology or otherwise duplicate our services or products such that we could not assert our intellectual property rights against them. In addition, our contractual arrangements may not effectively prevent disclosure of our intellectual property and confidential and proprietary information or provide an adequate remedy in the event of an unauthorized disclosure. These measures may not prevent misappropriation or

infringement of our intellectual property or proprietary information and the resulting loss of competitive advantage, and we may be required to litigate to protect our intellectual property and proprietary information from misappropriation or infringement by others, which is expensive and could cause a diversion of resources and may not be successful. We also may encounter disputes from time to time concerning intellectual property rights of others, and we may not prevail in these disputes. Third parties may raise claims against us alleging that we, our consultants or other third parties retained or indemnified by us, infringed on their intellectual property rights. Some third- party intellectual property rights may be extremely broad, and it may not be possible for us to conduct operations in such a way as to avoid all alleged violations of such intellectual property rights. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property- related litigation, an assertion of an infringement claim against us may cause us to spend significant amounts to defend the claim (even if we ultimately prevail), pay significant monetary damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property (temporarily or permanently), cease offering certain products or services, or incur significant license, royalty or technology development expenses. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies such as ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such indemnifying party may refuse or be unable to uphold our contractual obligations. In other cases, insurance may not cover potential claims of this type adequately or at all, and we may be required to pay monetary damages, which may be significant. Our risk management processes and procedures seek to appropriately balance risk and return and mitigate risks. We have established processes and procedures intended to identify, measure, monitor and control the types of risk to which we and automotive lenders are subject, including credit risk, market risk, liquidity risk, strategic risk and operational risk. Credit risk is the risk of loss that arises when an obligor fails to meet the terms of an obligation. Market risk is the risk of loss due to changes in external market factors such as interest rates. Liquidity risk is the risk that financial conditions or overall safety and soundness are adversely affected by an inability, or perceived inability, to meet obligations and support business growth. Strategic risk is the risk from changes in the business environment, improper implementation of decisions or inadequate responsiveness to changes in the business environment. Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (e. g., natural disasters), compliance, reputational or legal matters and includes those risks as they relate directly to us as well as to third parties with whom we contract or otherwise do business. Management of our risks depends, in part, upon the use of analytical and forecasting models. If these models are ineffective at predicting future losses or are otherwise inadequate, we may incur unexpected losses or otherwise be adversely affected. In addition, the information we use in managing credit and other risks may be inaccurate or incomplete as a result of error or fraud, both of which may be difficult to detect and avoid. There also may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated, including when processes are changed or new products and services are introduced. If our risk management framework does not effectively identify and control risks, we could suffer unexpected losses or be adversely affected, which could have a material adverse effect on our business. Aspects of our platform include software covered by open source licenses. The terms of various open source licenses have not been interpreted by U. S. courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our platform. If portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, re- engineer all or a portion of our technologies or otherwise be limited in the licensing of technologies, each of which could reduce or eliminate the value of our technologies and loan products. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third- party commercial software because open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated and could adversely affect our business. To the extent that we seek to grow through future acquisitions, or other strategic **initiatives**, investments or alliances, we may not be able to do so effectively. We may in the future seek to grow our business by exploring potential acquisitions or other strategic **initiatives**, investments or alliances. We may not be successful in identifying businesses or opportunities that meet our acquisition **or**, expansion **or investment** criteria. In addition, even if a potential acquisition target or other strategic investment is identified, we may not be successful in completing such acquisition, **launching and implementing such initiative** or integrating such new business or other investment. We may face significant competition for acquisition and other strategic investment opportunities from other well- capitalized companies, many of which have greater financial resources and greater access to debt and equity capital to secure and complete acquisitions or other strategic investments, than us. As a result of such competition, we may be unable to acquire certain assets or businesses, or take advantage of other strategic investment opportunities that we deem attractive; the purchase price for a given strategic opportunity may be significantly elevated; or certain other terms or circumstances may be substantially more onerous. Any delay or failure on our part to identify, negotiate, finance on favorable terms, consummate and integrate any such acquisition, or other strategic investment opportunity could impede our growth. **In addition, potential acquisitions or other strategic initiatives, investments or alliances may distract management, slow improvements in our existing products and services or result in unexpected significant costs and expenses. We may not succeed in generating new revenues, in an amount to achieve profitability, if at all.** There is no assurance that we will be able to manage expanding operations, including from acquisitions, **initiatives**, investments or alliances, effectively or that we will be able to continue to grow, and any failure to do so could adversely affect our ability to generate revenue and control our expenses. Furthermore, we may be responsible for any legacy liabilities of businesses we acquire or be subject to additional liability in connection with other strategic **initiatives or** investments. The existence or amount

of these liabilities may not be known at the time of acquisition, or other strategic investment, and may have a material adverse effect on our **business. Our executive officers have limited experience in the management of a publicly traded company. Our management team may not successfully or effectively manage public company requirements, and the Company is and will continue to be subject to significant regulatory oversight and reporting obligations under federal securities laws. Our management's limited experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage in that it is likely that an increasing amount of their time may be devoted to these activities which will result in less time being devoted to the management and growth of the** business. We are subject to federal and state consumer protection laws. In connection with administration of LPP, we must comply with various regulatory regimes, including those applicable to consumer credit transactions, various aspects of which are untested as applied to our business model. Insurance producing and claims administration services subject us to state regulation on a 50- state basis. The complex regulatory environment of the credit and insurance industries are subject to constant change and modification. While changes to statutes and promulgating new regulations may take a substantial amount of time, issuing regulatory guidance with the force of law in the form of opinions, bulletins, and notices can occur quickly. Also, consumer credit and insurance regulators often initiate inquiries into market participants, which can lead to investigations and, ultimately, enforcement actions. As a result, we are subject to a constantly evolving regulatory environment that is difficult to predict, which may affect our business. See " Part I, Item 1 — Business — Government Regulation " in this Annual Report for a further discussion of the laws and regulations to which we are subject. No assurance is given that our compliance policies and procedures designed to assist in compliance with these laws and regulations will be effective. Failure to comply with these laws and with regulatory requirements applicable to our business could subject us to damages, revocation of licenses, class action lawsuits, administrative enforcement actions, and civil and criminal liability, which may harm our business. **The new U. S. administration and Congress may result in changes to regulatory oversight and / or uncertainty. Changes in federal policy by the executive branch and regulatory agencies may occur over time through the new presidential administration's and / or Congress's policy and personnel changes, which could lead to changes involving the level of oversight and focus on the financial services industry; however, the nature, timing, and economic and political effects of such potential changes remain uncertain. At this time, it is unclear which laws, regulations, and policies may change and whether future changes or uncertainty surrounding future changes will adversely affect our business, financial condition and results of operations.** Our industry is highly regulated and is undergoing regulatory transformation, which results in inherent uncertainty. Changing federal, state, and local laws, as well as changing regulatory enforcement policies and priorities, may negatively impact our business. In connection with our administration of LPP, we are subject to extensive regulation, supervision and examination under U. S. federal and state laws and regulations. We are required to comply with numerous federal, state, and local laws and regulations that regulate, among other things, the manner in which we administer LPP, the terms of the loans that automotive lenders originate, the products of insurance ~~carriers~~ **partners**, production of those products, insurance claims administration, and the fees that we may charge. Any failure to comply with any of these laws or regulations could subject us to lawsuits or governmental actions and / or damage our reputation, which could materially and adversely affect our business. Regulators have broad discretion with respect to the interpretation, implementation, and enforcement of these laws and regulations, including through enforcement actions that could subject us to civil money penalties, customer remediation, increased compliance costs, and limits or prohibitions on our ability to offer certain products or services or to engage in certain activities. In addition, to the extent that we undertake actions requiring regulatory approval or non- objection, regulators may make their approval or non-objection subject to conditions or restrictions that could have a material adverse effect on our business. Moreover, any competitors subject to different, or in some cases less restrictive, legislative or regulatory regimes may have or obtain a competitive advantage over us. Additionally, federal, state, and local governments and regulatory agencies have proposed or enacted numerous new laws, regulations, and rules related to loans. Federal and state consumer credit and insurance regulators are also enforcing existing laws, regulations, and rules more aggressively and enhancing their supervisory expectations regarding the management of legal and regulatory compliance risks. Consumer finance and insurance regulation is constantly changing, and new laws or regulations, or new interpretations of existing laws or regulations, could have a material adverse impact on our ability to operate as currently intended. These regulatory changes and uncertainties make our business planning more difficult and could result in changes to our business model and potentially adversely impact results of operations. New laws or regulations also require us to incur significant expenses to ensure compliance. As compared to our competitors, we could be subject to more stringent state or local regulations or could incur marginally greater compliance costs as a result of regulatory changes. In addition, our failure to comply (or to ensure that our agents and third- party service providers comply) with these laws or regulations may result in costly litigation or enforcement actions, the penalties for which could include: revocation of licenses; fines and other monetary penalties; civil and criminal liability; substantially reduced payments by borrowers; modification of the original terms of loans, permanent forgiveness of debt, or inability to, directly or indirectly, collect all or a part of the principal of or interest on loans; and increased purchases of receivables underlying loans originated by automotive lenders and indemnification claims. Proposals to change the statutes affecting financial services companies are frequently introduced in Congress and state legislatures that, if enacted, may affect our operating environment in substantial and unpredictable ways. In addition, numerous federal and state regulators have the authority to promulgate or change regulations that could have a similar effect on our operating environment. We cannot determine with any degree of certainty whether any such legislative or regulatory proposals will be enacted and, if enacted, the ultimate impact that any such potential legislation or implementing regulations, or any such potential regulatory actions by federal or state regulators, would have upon our business. If we are found to have failed to comply with applicable laws, including state insurance, insurance brokering, and insurance agency regulations, third- party administration company statutes and similar statutes in all U. S. jurisdictions, and with licensing and other requirements that we believe may be applicable to us, we could lose one or more licenses or authorizations or face

other sanctions or penalties or be required to obtain a license in one or more such jurisdictions, which may have an adverse effect on our ability to make LPP available to borrowers in particular states and, thus, adversely impact our business. We are also subject to potential enforcement and other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. Any such actions could subject us to civil money penalties and fines, customer remediation, and increased compliance costs, damage our reputation and brand and limit or prohibit our ability to offer certain products and services or engage in certain business practices. New laws, regulations, policy or changes in enforcement of existing laws or regulations applicable to our business, or reexamination of current practices, could adversely impact our profitability, limit our ability to continue existing or pursue new business activities, require us to change certain of our business practices or alter our relationships with LPP customers, affect retention of key personnel, or expose us to additional costs (including increased compliance costs and / or customer remediation). These changes also may require us to invest significant resources, and devote significant management attention, to make any necessary changes and could adversely affect our business. The highly regulated environment in which automotive lenders and insurance carriers operate could have an adverse effect on our business. Automotive lenders and insurance carriers are subject to federal and / or state supervision and regulation. Federal regulation of the banking or insurance industries, along with tax and accounting laws, regulations, rules, and standards, may limit their operations significantly and control the methods by which they conduct business. In addition, compliance with laws and regulations can be difficult and costly, and changes to laws and regulations can impose additional compliance requirements. For example, the Dodd- Frank Act imposes significant regulatory and compliance obligations on financial institutions. Regulatory requirements affect automotive lenders' lending and investment practices and insurance carriers' offerings, among other aspects of their businesses, and restrict transactions between us and automotive lenders and insurance carriers. These requirements may constrain the operations of automotive lenders and insurance carriers, and the adoption of new laws and changes to, or repeal of, existing laws may have a further impact on our business. In choosing whether and how to conduct business with us, current and prospective automotive lenders and insurance carriers can be expected to take into account the legal, regulatory, and supervisory regimes that apply to them, including potential changes in the application or interpretation of regulatory standards, licensing requirements, or supervisory expectations. Regulators may elect to alter standards or the interpretation of the standards used to measure regulatory compliance or to determine the adequacy of liquidity, certain risk management or other operational practices for financial services companies in a manner that impacts automotive lenders or insurance carriers. Furthermore, the regulatory agencies have extremely broad discretion in their interpretation of the regulations and laws and their interpretation of the quality of automotive lenders' loan portfolios and other assets. If any regulatory agency's assessment of the quality of automotive lenders' assets, operations, lending practices, investment practices or other aspects of their business changes, or those with respect to **our insurance carriers-partners**, it may materially reduce automotive lenders' or insurance **carriers-partners**' earnings, capital ratios and share price in such a way that affects our business. Bank holding companies, credit unions, financial institutions, automobile lenders, and insurance carriers and producers are extensively regulated and currently face an uncertain regulatory environment. Applicable state and federal laws, regulations and interpretations, including licensing laws and regulations, and enforcement policies and accounting principles have been subject to significant changes in recent years, and may be subject to significant future changes. We cannot predict with any degree of certainty the substance or effect of pending or future legislation or regulation or the application of laws and regulations to automotive lenders and insurance carriers. Future changes may have a material adverse effect on automotive lenders or insurance carriers and, therefore, on us. If we were found to be operating without having obtained necessary state or local licenses, it could adversely affect our business. Certain states have adopted laws regulating and requiring licensing by parties that engage in certain activity regarding consumer finance and insurance transactions, including facilitating and assisting such transactions in certain circumstances. Furthermore, certain states and localities have also adopted laws requiring licensing for consumer debt collection or servicing. While we believe we have obtained all necessary licenses, the application of some consumer finance or insurance producer and claims administration licensing laws to LPP is unclear. If we were found to be in violation of applicable state licensing requirements by a court or a state, federal, or local enforcement agency, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas), criminal penalties and other penalties or consequences, and the loans originated through LPP could be rendered void or unenforceable in whole or in part, any of which could have a material adverse effect on our business. We are subject to regulatory examinations and investigations and may incur fines, penalties and increased costs that could negatively impact our business. Federal and state agencies have broad enforcement powers over us, including powers to investigate our business practices and broad discretion to deem particular practices unfair, deceptive, abusive or otherwise not in accordance with the law. The continued focus of regulators on the consumer financial services industry has resulted, and could continue to result, in new enforcement actions that could, directly or indirectly, affect the manner in which we conduct our business and increase the costs of defending and settling any such matters, which could negatively impact our business. In some cases, regardless of fault, it may be less time- consuming or costly to settle these matters, which may require us to implement certain changes to our business practices, provide remediation to certain individuals or make a settlement payment to a given party or regulatory body. There is no assurance that any future settlements will not have a material adverse effect on our business. In addition, the laws and regulations applicable to us are subject to administrative or judicial interpretation. Some of these laws and regulations have been enacted only recently and may not yet have been interpreted or may be interpreted infrequently. As a result of infrequent or sparse interpretations, ambiguities in these laws and regulations may create uncertainty with respect to what type of conduct is permitted or restricted under such laws and regulations. Any ambiguity under a law or regulation to which we are subject may lead to regulatory investigations, governmental enforcement actions and private causes of action, such as class action lawsuits, with respect to our compliance with such laws or regulations. The contours of the Dodd- Frank UDAAP standard remain uncertain, and there is a risk that certain features of our business could be deemed to be a UDAAP. The Dodd- Frank Act

prohibits UDAAP and authorizes the Consumer Financial Protection Bureau (“CFPB”) to enforce that prohibition. The CFPB has filed a large number of UDAAP enforcement actions against consumer lenders for practices that do not appear to violate other consumer finance statutes. There is a risk that the CFPB could determine that certain features of automotive lender loans are unfair, deceptive or abusive, which could have a material adverse effect on our business. Regulations relating to privacy, information security, and data protection could increase our costs, affect or limit how we collect and use personal information, and adversely affect our business opportunities. We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and our business could be negatively impacted by them. For example, in connection with our administration of LPP, we are subject to the GLBA and implementing regulations and guidance. Among other things, the GLBA (i) imposes certain limitations on the ability to share consumers’ nonpublic personal information with non-affiliated third parties and (ii) requires certain disclosures to consumers about their information collection, sharing and security practices and their right to “opt out” of the institution’s disclosure of their personal financial information to non-affiliated third parties (with certain exceptions). Furthermore, legislators and / or regulators are increasingly adopting or revising privacy, information security and data protection laws that could have a significant impact on our current and planned privacy, data protection and information security-related practices; our collection, use, sharing, retention and safeguarding of consumer and / or employee information; and some of our current or planned business activities. This also could increase our costs of compliance and business operations and could reduce income from certain business initiatives. Compliance with current or future privacy, information security and data protection laws (including those regarding security breach notification) affecting customer and / or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services (such as products or services that involve sharing information with third parties or storing sensitive credit card information), which could materially and adversely affect our profitability. Additionally, regulators could attempt to assert authority over our business in the area of privacy, information security and data protection. If our vendors also become subject to laws and regulations in the more stringent and expansive jurisdictions, this could result in increasing costs on our business. Privacy requirements, including notice and opt-out requirements, under the GLBA and FCRA are enforced by the Federal Trade Commission and by the CFPB through UDAAP and are a standard component of CFPB examinations. State entities also may initiate actions for alleged violations of privacy or security requirements under state law. Our failure to comply with privacy, information security and data protection laws could result in potentially significant regulatory investigations and government actions, litigation, fines or sanctions; consumer, automotive lender or merchant actions; and damage to our reputation and brand, all of which could have a material adverse effect on our business. We may in the future be subject to federal or state regulatory inquiries regarding our business. From time to time, in the normal course of our business, we may receive or be subject to, inquiries or investigations by state and federal regulatory agencies and bodies, such as the CFPB, state Attorneys General, state financial regulatory agencies, and other state or federal agencies or bodies regarding LPP, including the origination and servicing of consumer loans, practices by merchants or other third parties, production of insurance policies, administration of insurance claims and licensing, and registration requirements. For example, in the future, we may enter into regulatory agreements with state agencies regarding issues including automotive lender conduct and oversight and loan pricing. We also may receive inquiries from state regulatory agencies regarding requirements to obtain licenses from or register with those states, including in states where we have determined that we are not required to obtain such a license or be registered with the state. Any such inquiries or investigations could involve substantial time and expense to analyze and respond to, could divert management’s attention and other resources from running our business, and could lead to public enforcement actions or lawsuits and fines, penalties, injunctive relief, and the need to obtain additional licenses that we do not currently possess. Our involvement in any such matters, whether tangential or otherwise, even if the matters are ultimately determined in our favor, could also cause significant harm to our reputation, lead to additional investigations and enforcement actions from other agencies or litigants, and further divert management attention and resources from the operation of our business. As a result, the outcome of legal and regulatory actions arising out of any state or federal inquiries we receive could be material to our business, results of operations, financial condition and cash flows and could have a material adverse effect on our business, financial condition or results of operations. There can be no assurance that we will be able to maintain an active trading market for our common stock on the Nasdaq or any other exchange in the future. If an active market for our common stock is not sustained, it may be difficult for stockholders to sell their shares of our common stock at an attractive price (or at all). The market price of our common stock may decline below our stockholders’ purchase price. An inactive trading market may also impair our ability to raise capital by selling shares of capital stock, attract and motivate employees through equity incentive awards, and acquire other companies, products, or technologies by using shares of capital stock as consideration. There can be no assurance that we will be able to comply with the continued listing standards of the Nasdaq. If the Nasdaq delists our shares of common stock from trading on its exchange for failure to meet the Nasdaq’s listing standards, we and our stockholders could face significant material adverse consequences including the following: • a limited availability of market quotations for our securities; • reduced liquidity for our securities; • a determination that our common stock is a “penny stock” which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities; • a limited amount of news and analyst coverage; and • a decreased ability to issue additional securities or obtain additional financing in the future. The market price of our common stock has been volatile and could be subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market and political conditions, could reduce the market price of shares of our common stock despite our operating performance. In addition, our results of operations could be below the expectations of public market analysts and investors due to a number of potential factors, including the following: • variations in our quarterly or annual results of operations; • additions or departures of key

management personnel; • the loss of key automotive lenders or a reduction in the amount of certified loans generated by such lenders; • changes in our earnings estimates (if provided) or failure to meet analysts' earnings estimates; • publication of research reports about our industry, litigation and government investigations; • changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business; • adverse market reaction to any indebtedness we may incur or securities we may issue in the future; • changes in market valuations of similar companies or speculation in the press or the investment community with respect to us or our industry; • adverse announcements by us or others and developments affecting us; • announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments; • actions by institutional stockholders; and • increases in market interest rates that may lead investors in our shares to demand a higher yield, and in response the market price of shares of our common stock could decrease significantly. These broad market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. The stock market in general has, from time to time, experienced extreme price and volume fluctuations. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources. Our issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans or otherwise will dilute all other stockholders. We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, and consultants under our stock incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in complementary companies, products, or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline. Sales of a substantial amount of our common stock could cause the price of our securities to fall. As of December 31, 2023-2024, a significant portion of the outstanding shares of our common stock is held by entities affiliated with us and our executive officers and, directors, and founders. Sales of substantial amounts of our common stock in the public market, or the perception that such sales will occur, could adversely affect the market price of our common stock and make it difficult for us to raise funds through securities offerings in the future. The exercise of registration rights may adversely affect the market price of our common stock. In connection with the consummation of the Business Combination, Open Lending, LLC, Open Lending Corporation, Nebula, certain persons and entities holding membership units of Open Lending and certain persons and entities holding Founder Shares (collectively, the "Holders") entered into the Investor Rights Agreement. Pursuant to the terms of the Investor Rights Agreement, we are obligated to file a registration statement to register the resale of certain of our securities held by the Holders. In addition, pursuant to the terms of the Investor Rights Agreement and subject to certain requirements and customary conditions, including with regard to the number of demand rights that may be exercised, the Holders may demand at any time or from time to time that we file a registration statement on Form S-1, or any similar long-form registration statement, or if available, on Form S-3 to register the shares of our common stock held by the Holders. The Investor Rights Agreement also provides the Holders with "piggy-back" registration rights, subject to certain requirements and customary conditions. The registration and availability of such a significant number of securities for trading in the public market may have an adverse effect on the market price of our common stock. Our executive officers, directors and principal stockholders control us, and their interests may conflict with the interests of our other stockholders in the future. Our executive officers and directors and certain affiliated stockholders own a significant portion of the outstanding voting stock of the Company as of the date of this Annual Report. Each share of our common stock initially entitles stockholders to one vote on all matters presented to stockholders generally. Accordingly, those owners, if voting in the same manner, could materially influence the election and removal of our directors and thereby determine corporate and management policies, including potential mergers or acquisitions, payment of dividends, asset sales, amendments of the certificate of incorporation and bylaws and other significant corporate transactions for so long as they retain significant ownership. This concentration of ownership may delay or deter possible changes in control of Open Lending, which may reduce the value of an investment in our common stock. So long as they continue to own a significant amount of the combined voting power, even if such amount is less than 50%, they will continue to be able to strongly influence decisions of the Company. Because we have no current plans to pay cash dividends on our common stock, our stockholders may not receive any return on investment unless our common stock can be sold for a price greater than the purchase price. We have no current plans to pay cash dividends on our common stock. The declaration, amount and payment of any future dividends will be at the sole discretion of our Board of Directors. Our Board of Directors may take into account general and economic conditions, our financial condition and operating results, our available cash, current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiary to us and such other factors as our Board of Directors may deem relevant. In addition, the terms of our existing financing arrangements restrict or limit our ability to pay cash dividends. Accordingly, we may not pay any dividends on our common stock in the foreseeable future. Future offerings of debt or equity securities by us may adversely affect the market price of our common stock. In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional shares of our common stock or offering debt or other equity securities, including commercial paper, medium-term notes, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. Future acquisitions could require substantial additional capital in excess of cash from operations. We would expect to obtain the capital required for acquisitions through a combination of additional issuances of equity, corporate indebtedness and / or cash from operations. Issuing additional shares of our common stock or other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders or reduce the market price of our common stock or both. Upon liquidation, holders of such debt securities and preferred shares, if issued, and lenders with respect to other borrowings would

receive a distribution of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred shares, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing and nature of our future offerings. Certain provisions of our certificate of incorporation and bylaws could make it more difficult for a third party to acquire us without the consent of our Board of Directors. Among other things, these provisions: • authorize the issuance of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of our common stock; • prohibit stockholder action by written consent, requiring all stockholder actions be taken at a meeting of our stockholders; • provide that the Board of Directors is expressly authorized to make, alter or repeal our bylaws; • establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and • establish a classified Board of Directors, as a result of which our Board of Directors will be divided into three classes, with each class serving for staggered three- year terms, which prevents stockholders from electing an entirely new Board of Directors at an annual meeting. In addition, these provisions may make it difficult and expensive for a third party to pursue a tender offer, change in control or takeover attempt that is opposed by our management or our Board of Directors. Stockholders who might desire to participate in these types of transactions may not have an opportunity to do so, even if the transaction is favorable to them. These anti- takeover provisions could substantially impede stockholders' ability to benefit from a change in control or change our management and board of directors and, as a result, may adversely affect the market price of our common stock and stockholders' ability to realize any potential change of control premium. Our amended and restated bylaws designate specific courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. Pursuant to our amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for any state law claim for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of or based on a breach of a fiduciary duty owed by any director, officer or other employee of ours to us or our stockholders; (iii) any action asserting a claim pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or (iv) any action asserting a claim governed by the internal affairs doctrine, or the Delaware Forum Provision. The Delaware Forum Provision will not apply to any causes of action arising under the Securities Act or the Exchange Act. Our amended and restated bylaws further provide that unless we consent in writing to the selection of an alternative forum, the U. S. District Court for the Western District of Texas shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, or the Federal Forum Provision. In addition, our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder. We recognize that the Delaware Forum Provision and the Federal Forum Provision in our amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims, particularly if the stockholders do not reside in or near the State of Delaware or the State of Texas. Additionally, the forum selection clauses in our amended and restated bylaws may limit our stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers and employees, even though an action, if successful, might benefit our stockholders. In addition, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court were "facially valid" under Delaware law, there is uncertainty as to whether other courts will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable, we may incur additional costs associated with resolving such matters. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the U. S. District Court for the Western District of Texas may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders. If securities and industry analysts publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline. The trading market for our common stock will depend, in part, on the research and reports that securities and industry analysts publish about us and our business. If one or more of the securities or industry analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.