Risk Factors Comparison 2024-03-27 to 2023-03-29 Form: 10-K

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Investing in our securities involves risks. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report, including the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " and the financial statements and notes to the financial statements included herein, before deciding whether to purchase our securities. If any of these risks actually occur, our business, results of operations, financial condition, and prospects could be materially and adversely affected. Unless otherwise indicated, references in these risk factors to our business being harmed will include harm to our business, reputation, brand, financial condition, results of operations, and prospects. In such event, the market price of our securities could decline, and you could lose all or part of your investment. We may face additional risks and uncertainties that are not presently known to us, or that we currently deem immaterial, which may also impair our business or financial condition. Summary of Risk Factors Related to Our Business The following is a summary of the risk factors our business faces. The list below is not exhaustive, and investors should read this " Risk Factors " section in full. Some of the risks we face include: • we are a rapidly growing company with a relatively limited operating history, which may result in increased risks, uncertainties, expenses and difficulties, and makes it difficult to evaluate our future prospects; • our revenue growth rate and financial performance in recent periods may not be indicative of future performance and such growth may slow over time ~~; • the COVID- 19 pandemic has harmed our growth rate and could continue to harm our growth rate and our business, financial condition and results of operations, including the credit risk of our customers~~ ; • if we fail to effectively manage our growth, our business, financial condition and results of operations could be adversely affected; • we may not be able to maintain or increase our profitability in the future; • we may experience fluctuations in our quarterly operating results; • if we are unable to continue to improve our machine learning ~~- based risk~~ models or if these models contain errors or are otherwise ineffective, our growth prospects, business, financial condition and results of operations could be adversely affected; • if ~~FinWise, FEB or~~ **our** ~~CCB~~ **bank partners** were to cease or limit operations with us or if we are unable to attract and onboard new bank partners, our business, financial condition and results of operations could be adversely affected; • our sales and onboarding process of new bank partners could take longer than expected, leading to fluctuations or variability in expected revenues and results of operations; • our business may be adversely affected by economic conditions and other factors that we cannot control; • decreased demand for loans as a result of increased savings or income ~~or government stimulus~~ could result in a loss of revenues or decline in profitability if we are unable to successfully adapt to such changes; • our ~~machine learning~~ models have not yet been extensively tested during down- cycle economic conditions. If our ~~machine learning~~ models do not accurately reflect a borrower' s credit risk in such economic conditions, the performance of loans facilitated on our platform may be worse than anticipated; • our business is subject to a wide range of laws and regulations, many of which are evolving, and changes in such laws and regulations or the enforcement of such laws and regulations, and / or failure or perceived failure to comply with such laws and regulations, could harm our business, financial condition and results of operations; • substantially all of our revenue is derived from a single loan product, and it is thus particularly susceptible to fluctuations in the unsecured personal loan market. We also do not currently offer a broad suite of products that bank partners may find desirable ~~. If~~ **; • if** we are unable to manage the risks related to new products **and service offerings** that we offer, our business, financial condition and results of operations could be adversely affected; • if we are unable to maintain diverse and robust sources of capital to fund loans originated by us on our platform in certain states or fund our purchase of participation rights in the economic interests of loans originated by our bank partners on our platform, then our growth prospects, business, financial condition and results of operations could be adversely affected; • **we rely on borrowings under our corporate and warehouse credit facilities to fund certain aspects of our operations, and any inability to meet our obligations as they come due or to comply with various covenants could harm our business; •** if we fail to establish and maintain proper and effective internal controls over financial reporting, as a public company, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in financial reporting and the trading price of our securities may decline; • it may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection; • if loans originated by us or loans originated by our bank partners and facilitated by our platform are found to violate the laws of one or more states, whether at origination or after sale by the originating bank partner, such loans may be unenforceable or otherwise impaired, and we or other program participants may be subject to, among other things, fines, judgments and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business, financial condition and results of operations; • if we are unsuccessful in preventing the California Department of Financial Protection and Innovation (" DFPI ") from enforcing the interest rate caps set forth in the California Financing Law, as amended by the Fair Access to Credit Act, a / k / a AB 539 (" CFL "), against loans that are originated by our bank partners on our platform and serviced through our technology and service platform, our bank partners' ability to originate loans on our platform in California could suffer, which could have a material adverse effect on our business, results of operations and financial condition; • if loans facilitated through our platform for one or more bank partners are subject to successful challenge that the bank partner was not the " true lender, " such loans may be unenforceable, subject to rescission, or otherwise impaired, we or other program participants may be subject to fines, judgments and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business, financial condition and results of operations; • litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses; • as a holding company, our only asset is our interest in OppFi- LLC, and we depend on OppFi- LLC to pay our expenses, and based on our tax structure, we may be required to satisfy our liabilities under the Tax Receivable Agreement, which could be substantial; and • a minority share position may reduce the influence that our non- affiliate stockholders have on our management. Risks Related to Our Business and Industry We are a rapidly growing company with a relatively limited operating history, which may result in increased risks, uncertainties, expenses and difficulties, and makes it difficult to evaluate our future prospects. We were founded in 2012 and have experienced rapid growth in recent years. Our limited operating history may make it difficult to make accurate predictions about our future performance. Assessing our business and future prospects may also be difficult because of the risks and difficulties we face. These risks and difficulties include our ability to: • improve the effectiveness and predictiveness of our machine learning models; • maintain and increase the volume of loans facilitated by our ~~lending~~ **specialty finance** platform; • enter into new and maintain existing bank partnerships; • successfully maintain diverse and robust sources of capital to fund loans originated by us on our platform in certain states or fund our purchase of participation rights in the economic interests of loans originated by our bank partners on our platform; • successfully fund a sufficient quantity of our borrower loan demand with low cost bank funding to help keep interest rates offered to borrowers competitive; • successfully build our brand and protect our reputation from negative publicity; • increase the effectiveness of our marketing strategies, including our direct consumer marketing initiatives; • continue to expand the number of potential borrowers; • successfully adjust our proprietary machine learning models, products and services in a timely manner in response to changing macroeconomic conditions and fluctuations in the credit market; • respond to general economic conditions, including economic slowdowns, inflation, interest rate changes, recessions and tightening of credit markets; • comply with and successfully adapt to complex and evolving regulatory environments; • protect against increasingly sophisticated fraudulent borrowing and online theft; • successfully compete with companies that are currently in, or may in the future enter, the business of providing online lending services to financial institutions or consumer financial services to borrowers; • enter into new markets and introduce new products and services; • effectively secure and maintain the confidentiality of the information received, accessed, stored, provided and used across our systems; • successfully obtain and maintain funding and liquidity to support continued growth and general corporate purposes; • attract, integrate and retain qualified employees; and • effectively manage and expand the capabilities of our operations teams, outsourcing relationships and other business operations. If we are not able to timely and effectively address these risks and difficulties as well as those described elsewhere in this " Risk Factors " section, our business and results of operations may be harmed. Our revenue growth rate and financial performance in recent periods may not be indicative of future performance and such growth may slow over time. We have grown rapidly over the last several years, and our recent revenue growth rate and financial performance may not be indicative of our future performance. For the years ended December 31, ~~2020,~~ 2021 ~~and~~ **,** 2022 **and 2023** , our revenue was approximately $ ~~291~~ **350. 6** million, $ ~~351~~ **452. 9** million and $ ~~453~~ **508. 9** million, respectively, representing year- over- year revenue growth of approximately ~~20 % from 2020 to 2021 and~~ 29 % from 2021 to 2022 **and 12 % from 2022 to 2023** . You should not rely on our revenue for any previous quarterly or annual period as any indication of our revenue or revenue growth in future periods. As we grow our business, our revenue growth rates may slow, or our revenue may decline, in future periods for a number of reasons, which may include slowing demand for our platform offerings and services, increasing competition, a decrease in the growth of the overall credit market, changes in the regulatory environment, which could lead to increasing regulatory costs and challenges, and our failure to capitalize on growth opportunities. Further, we believe our growth over the last several years has been driven in large part by our machine learning models and our continued improvements to our machine learning models. Future incremental improvements to our machine learning models may not lead to the same level of growth as in past periods. In addition, we believe our growth over the last several years has been driven in part by our ability to rapidly streamline and automate the loan application and origination process on our platform. ~~The~~ **For the years ended December 31, 2021, 2022 and 2023, our** ~~Auto~~ **auto** - ~~Approval~~ **approval** ~~Rate~~ **rate** ~~on our platform~~ was ~~25~~ **approximately 51** . ~~7~~ **6** % **, 65** ~~in 2020 and increased to 60~~ . ~~0~~ **3** % ~~in~~ **and 71. 9 %, respectively, representing a year- over- year increase of approximately 26. 6 % from** 2021 **to 2022** and ~~67~~ **10** . ~~8~~ **1** % ~~in~~ **from** 2022 **to 2023** . See the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " for more information on how we define ~~Auto~~ **auto** - ~~Approval~~ **approval** ~~Rate~~ **rate** . We expect the ~~Auto~~ **auto** - ~~Approval~~ **approval** ~~Rate~~ **rate** on our platform to level off and remain relatively constant in the long term, and to the extent we expand our loan offerings beyond unsecured personal loans, we expect that such percentage may decrease in the short term. As a result of these factors, our revenue growth rates may slow, and our financial performance may be adversely affected. ~~The COVID- 19 pandemic has harmed our growth rate and could continue to harm our growth rate and our business, financial condition and results of operations, including the credit risk of our customers. The COVID- 19 pandemic has caused extreme societal, economic and financial market volatility, resulting in business shutdowns, an unprecedented reduction in economic activity and significant dislocation to businesses, the capital markets and the broader economy. In particular, the impact of the COVID- 19 pandemic on the finances of borrowers on our platform has been profound, as many have been, and will likely continue to be, impacted by unemployment, reduced earnings and / or elevated economic disruption and insecurity. We have taken precautionary measures intended to reduce the risk of the virus spreading to our employees, vendors and the communities in which we operate, including temporarily closing our physical office and virtualizing, postponing, or canceling bank partner, employee, or industry events, and if we have to take such measures again in connection with the COVID- 19 pandemic or any future pandemics or epidemics, it may negatively impact our business. We have adopted a hybrid remote working model as the uncertainty of the COVID- 19 pandemic continues to impact our ability to return to the office full- time. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. Further, in response to the market conditions caused by the COVID- 19 pandemic, we made certain operational changes, including reductions in our sales and marketing activities and certain operational expenses. We continue to evaluate market and other conditions and may make additional changes or implement additional operational changes, in the future. The extent to which the COVID- 19~~

~~pandemic continues to impact our business and results of operations will also depend on future developments that are highly uncertain and cannot be predicted, including new information which may emerge concerning the spread of variants, the scope of travel restrictions imposed in geographic areas in which we operate, mandatory or voluntary business closures, the impact on businesses and financial and capital markets, and the extent and effectiveness of actions taken throughout the world to contain the virus or treat its impact, including the effectiveness and availability of approved vaccine boosters. An extended period of economic disruption as a result of the COVID- 19 pandemic or any future pandemics or epidemics could have a material negative impact on our business, results of operations and financial condition, though the full extent and duration is uncertain. To the extent the COVID- 19 pandemic continues to adversely affect our business and financial results, it is likely to also have the effect of heightening many of the other risks described in this " Risk Factors " section.~~ If we fail to effectively manage our growth, our business, financial condition and results of operations could be adversely affected. Over the last several years, we have experienced rapid growth and fluctuations in our business and the ~~Total~~ **total** ~~Net~~ **net** ~~Originations~~ **originations** on our platform, and we expect to continue to experience growth and fluctuations in the future. **For the years ended December 31, 2021, 2022 and 2023,** ~~Total~~ **total** ~~Net~~ **net** ~~Originations~~ **originations** on our platform were approximately $ ~~483. 4 million in 2020, and $~~ 595. 1 million **,** ~~in 2021 and~~ $ ~~758~~ **752** . ~~2~~ **9** million ~~in 2022~~ **, $ 747. 8 million, respectively** , representing a ~~growth rate~~ **year- over- year increase** of approximately ~~23~~ **26** . **5** ~~1 % from 2020 to 2021 and a growth rate of approximately 27. 4~~ % from 2021 to 2022 **and a year- over- year decrease of approximately 0. 7 % from 2022 to 2023** . See the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " for more information on how we define ~~Total~~ **total** ~~Net~~ **net** ~~Originations~~ **originations** . This rapid growth has placed, and may continue to place, significant demands on our management, processes and operational, technological and financial resources. Our ability to manage our growth effectively and to integrate new employees and technologies into our existing business will require us to continue to retain, attract, train, motivate and manage employees and expand our operational, technological and financial infrastructure. Continued growth could strain our ability to develop and improve our operational, technological, financial and management controls, enhance our reporting systems and procedures, recruit, train and retain highly skilled personnel and maintain user satisfaction. Any of the foregoing factors could negatively affect our business, financial condition and results of operations. We may not be able to maintain or increase our profitability in the future. For the years ended December 31, ~~2020,~~ 2021 ~~and~~ **,** 2022 **and 2023** , we experienced net income of approximately ~~,~~ $ ~~77~~ **89. 8 million, $ 3. 3 million and $ 39** . 5 million, ~~$ 89. 8 million and $ 3. 3 million,~~ respectively, representing **a** ~~an increase of approximately 16 % from the~~ year **- over-** ~~ended December 31, 2020 to the~~ year ~~ended December 31, 2021, and a~~ decrease of approximately 96 % from ~~the~~ **2021 to 2022 and a** year **- over-** ~~ended December 31, 2021 to the~~ year ~~ended December 31~~ **increase of approximately 1** , **082 % from** 2022 **to 2023** . We intend to continue to expend significant funds to continue to develop and improve our proprietary machine learning models, improve our marketing efforts to increase the number of borrowers on our platform, enhance the features and overall user experience of our platform, expand the types of loan offerings on our platform and otherwise continue to grow our business, and we may not be able to increase our revenue enough to offset these significant expenditures. We may incur significant losses in the future for a number of reasons, including the other risks described in this section, and unforeseen expenses, difficulties, complications and delays, macroeconomic conditions, including economic slowdowns, interest rate changes, recessions, inflation and tightening of credit markets, poor performance of loan vintages, and other unknown events. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from maintaining or improving profitability on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, financial condition and results of operations could be adversely affected. We may experience fluctuations in our quarterly operating results. Our quarterly results of operations, including the levels of our revenue, net income and other key metrics, are likely to vary significantly in the future, and period- to- period comparisons of our results of operations may not be meaningful. Accordingly, the results for any one quarter are not necessarily an accurate indication of future performance. Our quarterly financial results may fluctuate due to a variety of factors, many of which are outside of our control. Factors that may cause fluctuations in our quarterly financial results include: • our ability to improve the effectiveness and predictiveness of our machine learning models; • our ability to maintain relationships with existing bank partners and our ability to attract new bank partners; • our ability to maintain or increase loan volumes, and improve loan mix and the channels through which the loans, bank partners and loan funding are sourced; • general economic conditions, including economic slowdowns, recessions and tightening of credit markets, including due the failures of banks or other financial institutions, the economic impact of the COVID- 19 pandemic and any governmental response to the impact of the COVID- 19 pandemic; • improvements to our machine learning models that negatively impact transaction volume, such as lower approval rates; • the timing and success of new products and services; • the effectiveness of our direct marketing and other marketing channels; • the amount and timing of operating expenses related to maintaining and expanding our business, operations and infrastructure, including acquiring new and maintaining existing bank partners and investors and attracting borrowers to our platform; • our cost of borrowing money and access to loan and participation right funding sources; • the number and extent of loans facilitated on our platform that are subject to loan modifications and / or temporary assistance due to disasters or emergencies; • the number and extent of prepayments of loans facilitated on our platform; • changes in the fair value of assets and liabilities on our balance sheet; • network outages or actual or perceived security breaches; • our involvement in litigation or regulatory enforcement efforts (or the threat thereof) or those that impact our industry generally; • the length of the onboarding process related to acquisitions of new bank partners; • changes in laws and regulations that impact our business; and • changes in the competitive dynamics of our industry, including consolidation among competitors or the development of competitive products by larger well- funded incumbents. In addition, we experience significant seasonality in the demand for loans on our platform, which is generally lower in the first quarter. This seasonal slowdown is primarily attributable to high loan demand around the holidays in the fourth quarter and the general increase in borrowers' available cash flows in the first quarter, including cash received from tax refunds, which temporarily reduces borrowing needs. While our growth has obscured this seasonality in our overall financial results, we expect our results of operations to continue to be affected by such seasonality in the future. In light of these factors, results for any period should not be relied upon as being indicative of performance in future periods. If we are unable to continue to improve our machine learning models or if our machine learning models contain errors or are otherwise ineffective, our growth prospects, business, financial condition and results of operations would be adversely affected. Our ability to attract customers to our platform and increase the number of loans facilitated on our platform will depend in large part on our ability to effectively evaluate a borrower' s creditworthiness and likelihood of default and, based on that evaluation, offer competitively priced loans and higher approval rates. Further, our overall operating efficiency and margins will depend in large part on our ability to maintain a high degree of automation in the loan application process and achieve incremental improvements in the degree of automation. If our models fail to adequately predict the creditworthiness of borrowers due to the design of our models or programming or other errors, and our models do not detect and account for such errors, or any of the other components of our credit decision process fails, we and our bank partners may experience higher than forecasted loan losses. Any of the foregoing could result in sub- optimally priced loans, incorrect approvals or denials of loans, or higher than expected loan losses, which in turn could adversely affect our ability to attract new borrowers and bank partners to our platform, increase the number of loans facilitated on our platform or maintain or increase the average size of loans facilitated on our platform. Our models also target and optimize other aspects of the lending process, such as borrower acquisition, fraud detection, default timing, loan stacking, prepayment timing and fee optimization, and our continued improvements to such models have allowed us to facilitate loans inexpensively and virtually instantly, with a high degree of consumer satisfaction and with an insignificant impact on loan performance. However, such applications of our models may prove to be less predictive than we expect, or than they have been in the past, for a variety of reasons, including inaccurate assumptions or other errors made in constructing such models, incorrect interpretations of the results of such models and failure to timely update model assumptions and parameters. Additionally, such models may not be able to effectively account for matters that are inherently difficult to predict and beyond our control, such as macroeconomic conditions, credit market volatility and interest rate fluctuations, which often involve complex interactions between a number of dependent and independent variables and factors. Material errors or inaccuracies in such models could lead us to make inaccurate or sub- optimal operational or strategic decisions, which could adversely affect our business, financial condition and results of operations. Additionally, errors or inaccuracies in our models could result in any person exposed to the credit risk of loans facilitated on our platform, whether it be us, our bank partners or our sources of capital, experiencing higher than expected losses or lower than desired returns, which could impair our ability to retain existing or attract new bank partners and sources of capital, reduce the number, or limit the types, of loans bank partners and sources of capital are willing to fund, and limit our ability to increase commitments under our credit facilities. Any of these circumstances could reduce the number of loans facilitated on our platform and harm our ability to maintain diverse and robust sources of capital and could adversely affect our business, financial condition and results of operations. Continuing to improve the accuracy of our models is central to our business strategy. While we believe that continuing to improve the accuracy of our models is key to our long- term success, those improvements could, from time to time, lead us to reevaluate the risks associated with certain borrowers, which could in turn cause us to lower approval rates or increase interest rates for any borrowers identified as a higher risk, either of which could negatively impact our growth and results of operations in the short term. If our existing bank partners were to cease or limit operations with us or if we are unable to attract and onboard new bank partners, our business, financial condition and results of operations could be adversely affected. Approximately ~~91~~ **95** % and ~~95~~ **98** % of our net originations were generated from loans originated by our bank partners and facilitated by our platform in the years ended December 31, ~~2021~~ **2022** and December 31, ~~2022~~ **2023** , respectively. Our **primary** bank partners FinWise, First Electronic Bank (" FEB ") and Capital Community Bank (" CCB ") began originating loans on the OppFi platform in January 2018, May 2020 and October 2020, respectively. ~~If any~~ **FinWise accounted for approximately 36. 2 % and 34. 2 %** of **the net originations facilitated by** our **platform during the years ended December 31, 2022 and 2023, respectively, and similar percentages of our net revenues. FEB accounted for approximately 43. 2 % and 45. 2 % of the net originations facilitated by our platform during the years ended December 31, 2022 and 2023, respectively, and similar percentages of our net revenues. CCB accounted for approximately 15. 6 % and 18. 3 % of the net originations facilitated by our platform during the years ended December 31, 2022 and 2023, respectively, and similar percentages of our net revenues. Our** bank partners ~~were to suspend, limit, or cease~~ **retain a certain portion of the economic interests in these originated loans on** their ~~operations or otherwise terminate~~ **own balance sheets and sell participation rights in** ~~their~~ -- **the** ~~relationships with~~ **remainder of the economic interests in these originated loans to** us, **which** ~~the number of loans facilitated through our platform could decrease and our revenue and revenue growth rates could be adversely affected. Our sales and onboarding process with new bank partners can be long and unpredictable. If~~ we ~~are unable~~ **in turn sell** to ~~timely onboard our bank partners, or~~ **our special purpose finance entities** ~~if our bank partners are not willing to work with us to complete a timely onboarding process, our results of operations could be adversely affected~~ . We have entered into separate agreements with each of our three **primary** bank partners. Our agreements with our bank partners are nonexclusive, generally have 60- month terms and certain agreements automatically renew, subject to certain early termination provisions and minimum fee amounts, and do not include any minimum origination obligations or origination limits. ~~Our program arrangement with FinWise began on October 31, 2017.~~ The current term **of our agreements with FinWise, FEB and CCB** ~~expires~~ - **expire** on February 1, 2026 **, November 1, 2024, and April 17, 2025, respectively,** unless renewed ~~. At the end of the existing term, the agreement may be automatically extended for a renewal period of three years. Either party may choose to not renew by providing the other party 180 days' notice prior to the end of the initial term or any renewal term~~ . Our bank partners could decide to stop working with us **, terminate our agreements with them early upon the occurrence of certain events** , ask to modify their agreement terms in a cost prohibitive manner when their agreement is up for renewal or enter into exclusive or more favorable relationships with our competitors **. Further, even during the term of our arrangements, our**

bank partners could choose to reduce the volume of loans facilitated on our platform that they choose to originate . In addition, regulators may require that they terminate or otherwise limit their business with us; impose regulatory pressure limiting their ability to do business with us; or directly examine and assess our records, risk controls and compliance programs as they relate to our interactions with bank partners (and thereafter limit or prohibit future business between that bank partner and us). For example, in spite of federal law permitting state- chartered banks to enter into loans with interest rates allowed in their chartering states, the DFPI has sought to limit the interest rates of loans made by our bank partners on our platform in the State of California, which could have an impact on our bank partners' ability to originate loans on our platform in California. ~~If the bank partners listed above or any of our future bank partners were to stop working with us, suspend, limit, or cease their operations, or otherwise terminate their relationship with us, the number of loans facilitated through our platform could decrease and our revenue and revenue growth rates could be adversely affected.~~ We could in the future have disagreements or disputes with any of our bank partners, which could negatively impact or threaten our relationship with them. In our agreements with bank partners, we make certain representations and warranties and covenants concerning our compliance with specific policies of a bank partner, our compliance with certain procedures and guidelines related to laws and regulations applicable to our bank partners, as well as the services to be provided by us. If those representations and warranties were not accurate when made or if we fail to perform a covenant, we may be liable for any resulting damages, including potentially any losses associated with impacted loans, and our reputation and ability to continue to attract new bank partners would be adversely affected. Additionally, our bank partners may engage in mergers, acquisitions or consolidations with each other, our competitors or with third parties, any of which could be disruptive to our existing and prospective relationships with our bank partners. ~~Our bank partner FinWise accounts for a substantial portion of the total number of loans facilitated by our platform and our revenue, and if it was to cease or limit operations with us, our business, financial condition and results of operations could be adversely affected. FinWise, a Utah- chartered bank, originates a substantial portion of the loans facilitated by our platform. Loans originated by our bank partner FinWise accounted for approximately 60. 8 % and 36. 2 % of the net originations facilitated by our platform during the years ended December 31, 2021 and 2022, respectively, and similar percentages of our net revenues. FinWise retains a certain portion of the economic interests in these originated loans on its own balance sheet and sells participation rights in the remainder of the economic interests in these originated loans to us, which we in turn sell to our special purpose finance entities. Our program arrangement with FinWise began on October 31, 2017. The current term expires on February 1, 2026 unless renewed. At the end of the existing term, the agreement may be automatically extended for a renewal period of three years. Either party may choose to not renew by providing the other party 180 days' notice prior to the end of the initial term or any renewal term. In addition, even during the term of our arrangement, FinWise could choose to reduce the volume of loans facilitated on our platform that it chooses to originate. We or FinWise may terminate our arrangement immediately upon a material breach and failure to cure such breach within a cure period, if any representations or warranties are found to be false and such error is not cured within a cure period, bankruptcy or insolvency of either party, receipt of an order or judgement by a governmental entity, a material adverse effect, or in certain change of control situations.~~ If ~~we are unable to continue to increase the number of other~~ -- **the** bank partners ~~on~~ **listed above** ~~our~~ - **or** ~~platform~~ **any of** ~~or~~ **our future** ~~if FinWise or one of our other~~ bank partners were to **stop working with us,** suspend, limit **,** or cease their operations **,** or otherwise terminate their relationship with us, **the number of loans facilitated through our platform could decrease and our revenue and revenue growth rates could be adversely affected. We also may be unable to reach agreements with** ~~our~~ - **or** ~~business~~ **timely onboard any new bank partners** , ~~financial condition~~ and **our** results of operations ~~would~~ **could** be adversely affected. The sales and onboarding process of new bank partners could take longer than expected, leading to fluctuations or variability in expected revenues and results of operations. Our sales and onboarding process with new bank partners can be long and typically takes between three to six months. As a result, our revenues and results of operations may vary significantly from period to period. Prospective bank partners are often cautious in making decisions to implement our platform and related services because of the risk management alignment and regulatory uncertainties related to their use of our machine learning models, including their oversight, model governance and fair lending compliance obligations associated with using such models. In addition, prospective banks undertake an extensive diligence review of our platform, compliance and servicing activities before choosing to partner with us. Further, the implementation of our machine learning underwriting model often involves adjustments to the bank partner' s software and / or hardware platform or changes in their operational procedures, which may involve significant time and expense to implement. Delays in onboarding new bank partners can also arise while prospective bank partners complete their internal procedures to approve expenditures and test and accept our applications. Consequently, we face difficulty predicting the quarter in which new bank partners will begin using our platform and the volume of fees we will receive, which can lead to fluctuations in our revenues and results of operations. Our business has been, and may continue to be, adversely affected by economic conditions and other factors that we cannot control. Uncertainty and negative trends in general economic conditions, including significant tightening of credit markets, historically have created a difficult operating environment for our industry. Many factors, including factors that are beyond our control, may impact our results of operations or financial condition and our overall success by affecting a borrower' s willingness to incur loan obligations or willingness or capacity to make payments on their loans. These factors include interest rates, levels of inflation, unemployment levels, conditions in the housing market, immigration policies, gas prices, energy costs, government shutdowns, trade wars and delays in tax refunds, as well as events such as natural disasters, acts of war, terrorism, catastrophes and pandemics. Many new consumers on our platform have limited or no credit history. Accordingly, such borrowers have historically been, and may in the future become, disproportionately affected by adverse macroeconomic conditions, such as economic slowdowns, inflation, interest rate changes, recessions and the disruption and uncertainty caused by the COVID- 19 pandemic. In addition, major medical expenses, divorce, death or other issues that affect borrowers could affect a borrower' s willingness or ability to make payments on their loans. Increasing inflation and interest rates may also cause borrowers to allocate more of their income to necessities, thereby potentially increasing their risk of default by reducing their ability to make loan payments. If borrowers default on loans facilitated on our platform, the cost to service these loans may also increase without a corresponding increase in our servicing fees or other related fees and the value of the loans held on our balance sheet could decline. Higher default rates by these borrowers may lead to lower demand by our bank partners and institutional investors to fund loans facilitated by our platform, which would adversely affect our business, financial condition and results of operations. During periods of economic slowdown or recession, our sources of capital may reduce the level of participation rights in loans originated by our bank partners on our platform that they will fund our purchase of, or the amounts of loans originated by us that they will fund, or demand terms that are less favorable to us to compensate for any increased risks. A reduction in the volume of the loans that can be facilitated by our platform due to our sources of capital would adversely affect our business, financial condition and results of operations. For example, the COVID- 19 pandemic and other related adverse economic events led to a significant increase in unemployment, comparable, and at times surpassing, the unemployment rates during the peak of the financial crisis in 2008. The increase in the unemployment rate could increase the delinquency rate of loans facilitated on our platform or increase the rate of borrowers declaring bankruptcy. If we are unable to improve our machine learning platform to account for events like the COVID- 19 pandemic and the resulting rise in unemployment, or if our machine learning platform is unable to more successfully predict the creditworthiness of potential borrowers compared to other lenders, then our business, financial condition and results of operations could be adversely affected. In addition, personal loans are dischargeable in a bankruptcy proceeding involving a borrower without the need for the borrower to file an adversary claim. The discharge of a significant amount of personal loans facilitated by our platform could adversely affect our business, financial condition and results of operations, including by causing our bank partners to stop working with us, suspend, limit, or cease their operations, or otherwise terminate their relationship with us. **The COVID- 19 pandemic harmed our growth rate and any future outbreaks or pandemics could also harm our growth rate and our business, financial condition and results of operations, including the credit risk of our customers. The COVID- 19 pandemic caused extreme societal, economic and financial market volatility, resulting in business shutdowns, an unprecedented reduction in economic activity and significant dislocation to businesses, the capital markets and the broader economy. In particular, the impact of the COVID- 19 pandemic on the finances of borrowers on our platform has been profound, as many have been, and will likely continue to be, impacted by unemployment, reduced earnings and / or elevated economic disruption and insecurity. The extent to which the COVID- 19 pandemic continues to impact our business and results of operations will depend on future developments that are highly uncertain and cannot be predicted. An extended period of economic disruption as a result of the COVID- 19 pandemic or any future pandemics or epidemics could have a material negative impact on our business, results of operations and financial condition, though the full extent and duration is uncertain. To the extent the COVID- 19 pandemic or any future outbreak or pandemic adversely affects our business and financial results, it is likely to also have the effect of heightening many of the other risks described in this " Risk Factors " section.** Decreased demand for loans as a result of increased savings or income could result in a loss of revenues or decline in profitability if we are unable to successfully adapt to such changes. The demand for the loan products facilitated on our platform in the markets we serve could decline due to a variety of factors, such as regulatory restrictions that reduce borrower access to particular products, the availability of competing or alternative products, or changes in borrowers' financial conditions, particularly increases in income or savings, such as recent government stimulus programs. For instance, an increase in state or federal minimum wage requirements, a decrease in individual income tax rates or an increase in tax credits, could decrease demand for our loans. Additionally, a change in focus from borrowing to saving would reduce demand. Should we fail to adapt to a significant change in borrowers' demand for, or access to, the loan products facilitated on our platform, our revenues could decrease significantly. Even if we make adaptations or introduce new products to fulfill borrower demand, borrowers may resist or may reject products whose adaptations make them less attractive or less available. Such decreased demand could have a material adverse effect on our business, prospects, results of operations, financial condition or cash flows. Our models have not yet been extensively tested during down- cycle economic conditions. If our models do not accurately reflect a borrower' s credit risk in such economic conditions, the performance of loans facilitated on our platform may be worse than anticipated. The performance of loans facilitated by our platform is significantly dependent on the effectiveness of our proprietary models used to evaluate a borrower' s credit profile and likelihood of default. While our models have been refined and updated to account for the COVID- 19 pandemic, the bulk of the data gathered and the development of our models have largely occurred during a period of sustained economic growth, and our models have not been extensively tested during a down- cycle economy or recession and have not been tested at all during a down- cycle economy or recession without significant levels of government assistance. For example, during the year ended December 31, 2021, despite the outbreak and effects of the COVID- 19 pandemic, our models indicated that the credit risk of our loan applicants remained flat during this period and government stimulus programs had positive effects on the credit performance of loans facilitated on our platform during this period. This positive performance continued through the middle of 2021. As the effects of stimulus wore off in the second half of 2021, it took time for the models to recognize the shift in loan performance. There is no assurance that our models can continue to accurately predict loan performance under adverse economic conditions, or that our models will be able to recognize future changes in credit performance before the effects or any such changes have an impact on the fair value of the finance receivables on our balance sheet. If our models are unable to accurately reflect the credit risk of loans under such economic conditions, we may experience greater than expected losses on such loans, which would harm our reputation and erode the trust we have built with our bank partners and capital sources. In addition, the fair value of the loans on our balance sheet may decline. Any of these factors could adversely affect our business, financial condition and results of operations. Substantially all of our revenue is derived from a single loan product, and we are thus particularly susceptible to fluctuations in the unsecured personal loan market. We also do not currently offer a broad suite of products that bank partners may find desirable. While we previously expanded the type of loan products offered on our platform to include SalaryTap, our payroll deduction secured installment loan product, and our OppFi Card credit card product, we are not currently accepting applications for new SalaryTap loans or OppFi Card accounts on our platform. All loan originations facilitated through our platform are currently unsecured personal installment loans. The market for unsecured personal loans has grown rapidly in recent years, and it is unclear to what extent such market will continue to grow, if at all. A wide variety of factors could impact the market for unsecured personal loans, including macroeconomic conditions, competition, regulatory developments and other developments in the credit market. For example, FICO has ~~recently~~ changed its methodology in calculating credit scores in a manner that potentially penalizes borrowers who take out personal loans to pay off or consolidate credit card debt. This change could negatively affect the overall demand for personal loans. Our success will depend in part on the continued growth of the unsecured personal loan market, and if such market does not further grow or grows more slowly than we expect, our business, financial condition and results of operations could be adversely affected. In addition, bank partners may in the future seek partnerships with competitors that are able to offer them a broader array of credit products. Over time, in order to preserve and expand our relationships with our existing bank partners, and enter into new bank partnerships, it may become increasingly important for us to be able to offer a wider variety of products than we currently provide. We are also susceptible to competitors that may intentionally underprice their loan products, even if such pricing practices lead to losses. Such practices by competitors would negatively affect the overall demand for personal loans facilitated on our platform. Further, because such personal loans are unsecured, there is a risk that borrowers will not prioritize repayment of such loans, particularly in any economic downcycle. To the extent borrowers have or incur other indebtedness that is secured, such as a mortgage, a home equity line of credit or an auto loan, borrowers may choose to repay obligations under such secured indebtedness before repaying their loans facilitated on our platform. In addition, borrowers may not view loans facilitated on our platform, which were originated through an online platform, as having the same significance as other credit obligations arising under more traditional circumstances, such as loans originated by banks or other commercial financial institutions on other platforms. Any of the forgoing could lead to higher default rates and decreased demand by our bank partners and capital sources to fund loans facilitated by our platform, which would adversely affect our business, financial condition and results of operations. For the years ended December 31, ~~2020,~~ 2021 ~~and~~ **,** 2022 **and 2023** , we experienced ~~annualized~~ losses, which we refer to as net charge- offs **,** as a percentage of average receivables ~~35. 6 %,~~ **on the installment loans portfolio of** 37. 5 % ~~and~~ **,** 61. ~~7~~ **9 % and 55. 4** %, respectively. See the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations " for more information on net charge- offs as a percentage of average receivables. When a loan facilitated on our platform is charged off, the cost to service these loans may increase without a corresponding increase in our servicing fees or other related fees and the value of the loans held on our balance sheet may decline. Higher default rates may also lead to lower demand by our bank partners and ~~capital sources to fund loans facilitated by our platform, which would adversely affect our business, financial condition and results of operations.~~ We are also more susceptible to the risks of changing and increased regulations and other legal and regulatory actions targeted towards the unsecured personal loan market. It is possible that regulators may view unsecured personal loans as high risk for a variety of reasons, including that borrowers will not prioritize repayment of such loans due to the unsecured nature of such loans or because existing laws and regulations may not sufficiently address the benefits and corresponding risks related to **nonbank** financial ~~technology as applied to consumer lending~~ **institutions and their digital specialty finance platforms** . Further, courts and / or regulators could change their interpretation or application of state and federal consumer financial protection laws for the unsecured personal loan product class given hardships borrowers experience or actual or perceived lack of borrower disclosure or understanding of loan terms. If we are unable to manage the risks associated with the unsecured personal loan market, our business, financial condition and results of operations could be adversely affected. We have developed and may develop in the future new loan products and services offerings, and if we are unable to manage the related risks, our growth prospects, business, financial condition and results of operations could be adversely affected. We may develop new loan products in the future. New initiatives are inherently risky, as each involves unproven business strategies, new regulatory requirements and new financial products and services with which we, and in some cases our bank partners, have limited or no prior development or operating experience. Launching new products can be capital intensive, and it can take time to determine both an appropriate market fit and profitable unit. New products, once launched, may never achieve scale in a target market or achieve significant profitability ~~. For example~~ , **such as** ~~we are conducting a strategic review of~~ our SalaryTap ~~and~~ **loans or** OppFi Card products ~~and~~ **for which we** are not currently accepting **new** applications ~~for new SalaryTap loans or OppFi Card accounts on our platform~~ . We cannot be sure that we will be able to develop, commercially market and achieve market acceptance of any new products and services that we may offer. In addition, our investment of resources to develop new products and services may either be insufficient or result in expenses that are excessive in light of revenue actually derived from these new products and services. If the profile or behavior of loan applicants using any new products and services is different from that of those currently served by our existing loan products, our machine learning models may not be able to accurately evaluate the credit risk of such borrowers, and our bank partners and capital sources may in turn experience higher levels of delinquencies or defaults. Failure to accurately predict demand or growth with respect to our new products and services could have an adverse impact on our reputation and business, and there is always risk that new products and services will be unprofitable, will increase our costs, decrease operating margins or take longer than anticipated to achieve target margins. In addition, any new products or services may raise new and potentially complex regulatory compliance obligations, which would increase our costs and may cause us to change our business in unexpected ways. Further, our development efforts with respect to these initiatives could distract management from current operations and will divert capital and other resources from our existing business. We may also have difficulty with securing adequate funding for any such new loan products and services, and if we are unable to do so, our ability to develop and grow these new offerings and services will be impaired. If we are unable to effectively manage the foregoing risks, our growth prospects, business, financial condition and results of operations could be adversely affected. Our reputation and brand are important to our success, and if we are unable to continue developing our reputation and brand, our ability to retain existing and attract new bank partners, our ability to attract borrowers to our platform and our ability to maintain and improve our relationship with regulators of our industry could be adversely affected. We believe maintaining a strong brand and trustworthy reputation is critical to our success and our ability to attract borrowers to our platform, attract new bank partners and maintain good relations with regulators and existing bank partners. Factors that affect our brand and reputation include: perceptions of machine learning, our industry and our company, including the quality and reliability of our machine learning enabled underwriting platform; the accuracy of our machine learning models; perceptions regarding the application of machine learning to consumer lending specifically; our loan funding programs; changes to our platform; our ability to effectively manage and resolve borrower complaints; collection practices; privacy and security practices; litigation; regulatory activity; and the overall user experience of our platform. Negative publicity or negative public perception of these factors, even if inaccurate, could adversely affect our brand and reputation. For example, consumer advocacy groups, politicians and certain government and media reports have, in the past, advocated governmental action to prohibit or severely restrict consumer loan arrangements where banks contract with a third- ~~party~~ - **arty** platform such as ours to provide origination assistance services to bank customers. Such criticism has frequently been levied in the context of payday loan marketers, though other entities operating programs through which loans similar to loans facilitated on our platform are originated have also faced criticism. The perceived improper use of a bank charter by these entities has been challenged by both governmental authorities and private litigants, in part because of the higher rates and fees a bank is permitted to charge consumers in certain payday and small- dollar ~~lending~~ **specialty finance** programs relative to non- bank lenders. State regulators have made statements in the past threatening regulatory action against us related to loans originated on our platform by state chartered- banks, and such statements and the perception of possible regulatory action could adversely affect our reputation and the willingness of bank partners to originate loans on our platform. Bank regulators have also required banks to exit third- party programs that the regulators determined involved unsafe and unsound practices or present other risks to the bank. We believe the payday or " small- dollar " loans that have been subject to more frequent criticism and challenge are fundamentally different from loans facilitated on our platform in many ways, including that loans facilitated on our platform typically have lower interest rates, longer terms and amortize over their life. If we are nevertheless associated with such payday or small- dollar consumer loans, or if we are associated with increased criticism of non- payday loan programs involving relationships between bank originators and **specialty finance** ~~non- bank lending~~ platforms and program managers, demand for loans facilitated on our platform could significantly decrease, which could cause our bank partners to reduce their origination volumes or terminate their arrangements with us, impede our ability to attract new bank partners or delay the onboarding of bank partners, impede our ability to attract capital sources or reduce the number of potential borrowers who use our platform. In addition, the increased focus on environmental, social and governance (" ESG ") issues could damage our reputation or prospects if customers, prospective customers, investors or third parties assigning ESG ratings to us are of the opinion that our practices, including without limitation our lending practices, are not sufficiently robust from an ESG perspective. Any of the foregoing could adversely affect our results of operations and financial condition. Any negative publicity or public perception of loans facilitated on our platform or other similar consumer loans or the consumer lending service we provide may also result in us being subject to more restrictive interpretation or application of laws and regulations and potential investigations and enforcement actions. We may also become subject to additional lawsuits, including class action lawsuits, or other challenges such as government enforcement or arbitration, against our bank partners or us for loans originated by our bank partners on our platform or loans we service or have serviced, which we have been subject to in the past. See the section titled " Risk Factors — We have been in the past and may in the future be subject to federal and state regulatory inquiries regarding our business " for more information. If there are changes in the laws or in the interpretation or enforcement of existing laws affecting consumer loans similar to those offered on our platform, or our marketing and servicing of such loans, or if we become subject to such lawsuits, our business, financial condition and results of operations would be adversely affected. Machine learning and related technologies are subject to public debate and heightened regulatory scrutiny **, particularly when used in connection with obtaining financial services** . Any negative publicity or negative public perception of machine learning could negatively impact demand for our platform, hinder our ability to attract new bank partners. From time to time, certain advocacy groups have made claims that unlawful or unethical discriminatory effects may result from the use of machine learning technology by various companies. Such claims, whether or not accurate, and whether or not concerning us or our machine learning enabled underwriting platform, may harm our ability to attract prospective borrowers to our platform, retain existing and attract new bank partners and achieve regulatory acceptance of our business. Harm to our reputation can also arise from many other sources, including employee or former employee misconduct, misconduct by outsourced service providers or other counterparties, failure by us or our bank partners to meet minimum standards of service and quality, and inadequate protection of borrower information and compliance failures and claims. If we are unable to protect our reputation, our business, financial condition and results of operations would be adversely affected. If we do not compete effectively in our target markets, our business, results of operations and financial condition could be harmed. The ~~consumer lending market~~ **specialty finance industry** is highly competitive and increasingly dynamic as new entrants and emerging technologies continue to enter into the marketplace. With the introduction of new technologies and the influx of new entrants, competition may persist and intensify in the future, which could have an adverse effect on our operations or business. Our inability to compete effectively could result in reduced loan volumes, reduced average size of loans facilitated on our platform, reduced fees, increased marketing and borrower acquisition costs or the failure of our platform to achieve or maintain more widespread market acceptance, any of which could have an adverse effect on our business and results of operations. ~~Consumer lending~~ **Specialty finance** is a broad and competitive market, and we compete to varying degrees with other sources of unsecured consumer credit. This can include banks ~~,~~ **and** non- bank ~~lenders including retail- based lenders and other~~ financial ~~technology lending~~ **institutions, such as online** platforms. Because personal loans often serve as a replacement for credit cards, we also compete with the convenience and ubiquity that credit cards represent. Many of our competitors operate with different business models, such as lending- as- a- service or point- of- sale lending, have different cost structures or regulatory obligations, or participate selectively in different market segments. They may ultimately prove more successful or more adaptable to new regulatory, economic, technological and other developments, including utilizing new data sources or credit models. We may also face competition from banks or companies that have not previously competed in the consumer lending market, including companies with access to vast amounts of consumer- related information that could be used in the development of their own credit risk models. Our current or potential competitors may be better at developing new products due to their large and experienced data science and engineering teams, who are able to respond more quickly to new technologies. Many of our current or potential competitors have significantly more resources, such as financial, technical and marketing resources, than we do and may be able to devote greater resources to the development, promotion, sale and support of their platforms and distribution channels. We face competition in areas such as compliance capabilities, commercial financing terms and costs of capital, interest rates and fees (and other financing terms) available to consumers from our bank partners, approval rates, model efficiency, speed and simplicity of loan origination, ease- of- use, marketing expertise, service levels, products and services, technological capabilities and integration, borrower experience, brand and reputation. Our competitors may also have longer operating histories, lower costs of capital, more extensive borrower bases, more diversified products and borrower bases, operational efficiencies, more versatile or extensive technology platforms, greater brand recognition and brand loyalty, broader borrower and partner relationships, more extensive and / or more diversified source of capital than we have, and more extensive product and service offerings than we have. Furthermore, our existing and potential competitors may decide to modify their pricing and business models to compete more directly with us. Our ability to compete will also be affected by our ability to provide our bank partners with a commensurate or more extensive suite of loan products than those offered by our competitors. In addition, current or potential competitors, including **digital specialty** ~~financial~~ **finance** ~~technology lending~~ platforms and existing or potential bank partners, may also acquire or form strategic alliances with one another, which could result in our competitors being able to offer more competitive loan terms due to their access to lower- cost capital. Such acquisitions or strategic alliances among our competitors or potential competitors could also make our competitors more adaptable to a rapidly evolving regulatory environment. To stay competitive, we may need to increase our regulatory compliance expenditures or our ability to compete may be adversely affected. Our industry is driven by constant innovation. We utilize machine learning, which is characterized by extensive research efforts and rapid technological progress. If we fail to anticipate or respond adequately to technological developments, our ability to operate profitably could suffer. There can be no assurance that research, data accumulation and development by other companies will not ~~result in AI models that are superior to our AI models or~~ result in products superior to those we develop or that any technologies, products or services we develop will be preferred to any existing or newly- developed technologies, products or services. If we are unable to compete with such companies or fail to meet the need for innovation in our industry, the use of our platform could stagnate or substantially decline, or our loan products could fail to maintain or achieve more widespread market acceptance, which could harm our business, results of operations and financial condition. If we are unable to manage the risks associated with fraudulent activity, our brand and reputation, business, financial condition and results of operations could be adversely affected. Fraud is prevalent in the financial services industry and is likely to increase as perpetrators become more sophisticated. Although we have not experienced any material business or reputational harm as a result of fraudulent activity in the past, we are subject to the risk of fraudulent activity associated with borrowers and third parties handling borrower information. In the event of losses arising out of fraudulent loan applications, we may also be contractually obligated to indemnify our bank partners or capital sources for such losses. Fraud rates could also increase in a downcycle economy. We use several identity and fraud detection tools, including tools provided by third- party vendors and our proprietary machine learning models, to predict and otherwise validate or authenticate applicant- reported data and data derived from third- party sources. We have historically had very low levels of fraud rates; however, the possibility of fraudulent or other malicious activities and human error or malfeasance cannot be eliminated entirely and will evolve as new and emerging technology is deployed, including the increasing use of personal mobile and computing devices that are outside of our network and control environments. Moreover, if our efforts are insufficient to accurately detect and prevent fraud, the level of fraud- related losses of loans facilitated on our platform could increase, which would decrease confidence in our platform. In addition, our bank partners, our sources of capital or we may not be able to recover amounts disbursed on loans made in connection with inaccurate statements, omissions of fact or fraud, which could erode the trust in our brand and negatively impact our ability to attract new bank partners and our sources of capital. High profile fraudulent activity also could negatively impact our brand and reputation. In addition, significant increases in fraudulent activity could lead to regulatory intervention, which could increase our costs and also negatively impact our brand and reputation. Further, if there is any increase in fraudulent activity that increases the need for human intervention in screening loan application data, the level of automation on our platform could decline and negatively affect our unit economics. If we are unable to manage these risks, our business, financial condition and results of operations could be adversely affected. We depend on our key personnel and other highly skilled personnel, and if we fail to attract, retain and motivate our personnel, our business, financial condition and results of operations could be adversely affected. Our success significantly depends on the continued service of our senior management team, including Todd Schwartz, our Chief Executive Officer, Pamela Johnson, our Chief Financial Officer, and other highly skilled personnel. Our success also depends on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization. Competition for highly skilled personnel, including engineering and data analytics personnel, is extremely intense, including in Chicago where our headquarters is located. We have experienced, and expect to continue to face, difficulty identifying and hiring qualified personnel in many areas, especially as we pursue our growth strategy, and we may be required to pay increasingly higher wages to hire and retain adequate personnel. Further, as a result of the COVID- 19 pandemic, a large and increasing number of companies have adopted permanent work- from- home policies, which further increases the challenges associated with hiring and retaining qualified personnel. We may not be able to hire or retain such personnel at compensation or flexibility levels consistent with our existing compensation and salary structure and policies. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. In particular, candidates making employment decisions, specifically in high- technology industries, often consider the value of any equity they may receive in connection with their employment. Any significant volatility in the price of our securities may adversely affect our ability to attract or retain highly skilled technical, financial and marketing personnel. In addition, we invest significant time and expense in training our employees, which increases their value to competitors who may seek to recruit them. If we fail to retain our employees, we could incur significant expenses in hiring and training their replacements. While we are in the process of training their replacements, the quality of our services and our ability to serve our bank partners, investors and borrowers whose loans we service may suffer, resulting in an adverse effect on our business. Security breaches of borrowers' confidential information that we store may harm our reputation, adversely affect our results of operations and expose us to liability. We are increasingly dependent on information technology systems and infrastructure to operate our business. In the ordinary course of our business, we collect, process, transmit and store large amounts of sensitive information, including personal information, credit information and other sensitive data of borrowers and potential borrowers. It is critical that we do so in a manner designed to maintain the confidentiality, integrity and availability of such sensitive information. We have made commitments to our bank partners as it relates to data security and information technology. We also have arrangements in place with certain of our third- party vendors that require us to share consumer information. We have outsourced elements of our operations (including elements of our information technology infrastructure) to third parties, and as a result, we manage a number of third- party vendors who may have access to our computer networks and sensitive or confidential information. In addition, many of those third parties may in turn subcontract or outsource some of their responsibilities to other third parties. As a result, our information technology systems, including the functions of third parties that are involved or have access to those systems, is large and complex, with many points of entry and access. While all information technology operations are inherently vulnerable to inadvertent or intentional security breaches, incidents, attacks and exposures, the size, complexity, accessibility and distributed nature of our information technology systems, and the large amounts of sensitive information stored on those systems, make such systems potentially vulnerable to unintentional or malicious, internal and external attacks. Any vulnerabilities can be exploited from inadvertent or intentional actions of our employees, third- party vendors, bank partners, loan investors or by malicious third parties. Attacks of this nature are increasing in their frequency, levels of persistence, sophistication and intensity, and are being conducted by sophisticated and organized groups and individuals with a wide range of motives (including, but not limited to, industrial espionage) and expertise, including organized criminal groups, " hacktivists, " nation states and others. In addition to the extraction of sensitive information, such attacks could include the deployment of harmful malware, ransomware, denial- of- service attacks, social engineering and other means to affect service reliability and threaten the confidentiality, integrity and availability of information and systems. In addition, the prevalent use of mobile devices increases the risk of data security incidents. Further, our shift to a **more flexible** remote working environment ~~due to the COVID- 19 pandemic~~ could increase the risk of a security breach. Significant disruptions of our, our bank partners' and third- party vendors' and / or other business partners' information technology systems or other similar data security incidents could adversely affect our business operations and result in the loss, misappropriation, or unauthorized access, use or disclosure of, or the prevention of access to, sensitive information, which could result in financial, legal, regulatory, business and reputational harm to us. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we and our vendors may be unable to anticipate these techniques or to implement adequate preventative measures. In addition, many governments have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity following a breach, which may cause borrowers and potential borrowers to lose confidence in the effectiveness of our data security measures on our platform. Any security breach, whether actual or perceived, would harm our reputation and ability to attract new borrowers to our platform. We also face indirect technology, cybersecurity and operational risks relating to our borrowers, bank partners, investors, vendors and other third parties with whom we do business or upon whom we rely to facilitate or enable our business activities, including vendors, payment processors, and other parties who have access to confidential information due to our agreements with them. In addition, any security compromise in our industry, whether actual or perceived, or information technology system disruptions, whether from attacks on our technology environment or from computer malware, natural disasters, terrorism, war and telecommunication and electrical failures, could interrupt our business or operations, harm our reputation, erode borrower confidence, negatively affect our ability to attract new borrowers, or subject us to third- party lawsuits, regulatory fines or other action or liability, which could adversely affect our business and results of operations. Like other financial services firms, we have been and continue to be the subject of actual or attempted unauthorized access, mishandling or misuse of information, computer viruses or malware, and cyber- attacks that could obtain confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage, distributed denial of service attacks, data breaches and other infiltration, exfiltration or other similar events. While we regularly monitor data flow inside and outside the company, attackers have become very sophisticated in the way they conceal access to systems, and we may not be aware that we have been attacked. Any event that leads to unauthorized access, use or disclosure of personal information or other sensitive information that we or our vendors maintain, including our own proprietary business information and sensitive information such as personal information regarding borrowers, loan applicants or employees, could disrupt our business, harm our reputation, compel us to comply with applicable federal and / or state breach notification laws and foreign law equivalents, subject us to time consuming, distracting and expensive litigation, regulatory investigation and oversight, mandatory corrective action, require us to verify the correctness of database contents, or otherwise subject us to liability under laws, regulations and contractual obligations, including those that protect the privacy and security of personal information. This could result in increased costs to us and result in significant legal and financial exposure and / or reputational harm. In addition, any failure or perceived failure by us or our vendors to comply with our privacy, confidentiality or data security- related legal or other obligations to our bank partners or other third parties, actual or perceived security breaches, or any security incidents or other events that result in the unauthorized access, release or transfer of sensitive information, which could include personally identifiable information, may result in governmental investigations, enforcement actions, regulatory fines, litigation, or public statements against us by advocacy groups or others, and could cause our bank partners and other third parties to lose trust in us or we could be subject to claims by our bank partners and other third parties that we have breached our privacy- or confidentiality- related obligations, which could harm our business and prospects. Moreover, data security incidents and other inappropriate access can be difficult to detect, and any delay in identifying them may lead to increased harm of the type described above. There can be no assurance that our security measures intended to protect our information technology systems and infrastructure will successfully prevent service interruptions or security incidents. For example, in December 2018, we were made aware of a software error by a vendor that displayed mismatched consumer data on a prepopulated form, which affected fewer than 100 participants on our platform. The vendor system was patched and we made changes to our systems designed to prevent similar issues in the future. However, we cannot provide any assurance that similar vulnerabilities will not arise in the future as we continue to expand the features and functionalities of our platform and introduce new loan products on our platform, and we expect to continue investing substantially to protect against security vulnerabilities and incidents. We maintain errors, omissions, and cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will continue to be available on economically reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that an insurer will not deny coverage as to any future claim, or that any insurer will be adequately covered by reinsurance or other risk mitigants or that any insurer will offer to renew policies at an affordable rate or offer such coverage at all in the future. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co- insurance requirements, could have an adverse effect on our business, financial condition and results of operations. If we are unable to manage the risks related to our loan servicing and collections obligations, our business, financial condition and results of operations could be adversely affected. Loans facilitated on our platform are not secured by any collateral, guaranteed or insured by any third party or backed by any governmental authority. As a result, we are limited in our ability to collect on such loans on behalf of ourselves and our bank partners if a borrower is unwilling or unable to repay them. We handle in- house substantially all of the servicing activities for loans facilitated on our platform, including collection activities, which requires that we hire and train significant numbers of servicing personnel. For more information about our collections procedures and experience handling collections, see the section titled " Business — Customer Advocates and Collections Arrangements. " Our need for servicing personnel may vary over time and there is no assurance that we will be able to hire and train appropriate servicing personnel when necessary. For example, during periods of increased delinquencies caused by economic downturns or otherwise, it is important that our servicing personnel are proactive and consistent in contacting a borrower to bring a delinquent balance current and ultimately avoid the related loan becoming charged off, which in turn makes it extremely important that the servicing personnel are properly staffed and trained to take prompt and appropriate action. If the servicing personnel are unable to maintain a high quality of service, or fulfill their servicing obligations at all due to resource constraints resulting from the increased delinquencies, it could result in increased delinquencies and charge- offs on the loans, which could decrease fees payable to us, cause our bank partners to decrease the volume of loans facilitated on our platform and erode trust in our platform. In addition, loan servicing is a highly regulated activity. Errors in our servicing activities or failures to comply with our servicing obligations could affect our internal and external reporting of the loans that we service, adversely affect our business and reputation and expose us to liability to borrowers, bank partners or capital sources. In addition, the laws and regulations governing these activities are subject to change. For example, during the COVID- 19 pandemic certain states prohibited or restricted collection activities. If we are unable to comply with such laws and regulations, we could lose one or more of our licenses or authorizations, become subject to greater scrutiny by regulatory agencies, or become subject to sanctions or litigation, which may have an adverse effect on our ability to perform our servicing obligations or make our platform available to borrowers in particular states. Any of the foregoing could adversely affect our business, financial condition and results of operations. In addition, we charge our bank partners and capital sources a fixed percentage servicing fee based on the outstanding balance of loans serviced. If we fail to efficiently service such loans and the costs incurred exceed the servicing fee charged, our results of operations would be adversely affected. The soundness of other financial institutions or the financial services industry generally, such as actual concerns or events involving liquidity, defaults or non- performance, may adversely affect us. Actual events involving limited liquidity, defaults, non- performance or other adverse developments that affect financial institutions for the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market- wide liquidity problems. For example, on March 10, 2023, the FDIC took control and was appointed receiver of Silicon Valley Bank (" SVB "), and on March 12, 2023, the FDIC took control and was appointed receiver of Signature Bank, in each case due primarily to liquidity concerns related to those institutions. We did not have any direct exposure to SVB or Signature Bank at such time. However, if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, including cash held at financial institutions in excess of the FDIC insured limit, cash equivalents and investments and conduct our business operations may be threatened. In addition, investor concerns regarding the U. S. or international financial systems could result in less demand for our services and less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all or be able to provide loans to our customers. Any decline in available funding or access to our cash and liquidity resources could, among other risks, adversely impact our ability to meet our operating expenses, financial obligations or fulfill our other obligations, or result in breaches of our financial and / or contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on our liquidity and our current and / or projected business operations and financial condition and results of operations. Borrowers may prepay a loan at any time without penalty, which could reduce our servicing fees and deter our bank partners and investors from investing in loans facilitated by our platform. Borrowers may decide to prepay all or a portion of the remaining principal amount on loans facilitated by our platform at any time without penalty. If the entire or a significant portion of the remaining unpaid principal amount of a loan is prepaid, we would not receive a servicing fee or we would receive a significantly lower servicing fee associated with such prepaid loan. Prepayments may occur for a variety of reasons. If prepayments increase, the amount of our servicing fees would decline, which could harm our business and results of operations. If a significant volume of prepayments occur that our ~~AI~~ models do not accurately predict, returns targeted by us, our bank partners and our capital sources would be adversely affected and our ability to attract new bank partners and capital sources would be negatively affected. Our marketing efforts and brand promotion activities may not be effective, which could adversely affect our ability to grow our business. Promoting awareness of our platform is important to our ability to grow our business, attract new bank partners and increase the number of potential borrowers on our platform. We believe that the importance of brand recognition will increase as competition in the consumer lending industry expands. Successful promotion of our brand will depend largely on the effectiveness of marketing efforts and the overall user experience of our bank partners and potential borrowers on our platform, which factors are outside our control. The marketing channels that we employ may also become more crowded and saturated by other ~~lending~~ **specialty finance** platforms, which may decrease the effectiveness of our marketing campaigns and increase borrower acquisition costs. Also, the methodologies, policies and regulations applicable to marketing channels may change. For example, internet search engines could revise their methodologies, which could adversely affect borrower volume from organic ranking and paid search. Search engines may also implement policies that restrict the ability of companies such as us to advertise their services and products, which could prevent us from appearing in a favorable location or any location in the organic rankings or paid search results when certain search terms are used by the consumer. Our brand promotion activities may not yield increased revenues. If we fail to successfully build trust in our platform and the performance and predictability of loans facilitated on our platform, we may lose existing bank partners to our competitors or be unable to attract new bank partners and capital sources, which in turn would harm our business, results of operations and financial condition. Even if our marketing efforts result in increased revenue, we may be unable to recover our marketing costs through increases in loan volume, which could result in a higher borrower acquisition cost per account. Any incremental increases in loan servicing costs, such as increases due to greater marketing expenditures, could have an adverse effect on our business, financial condition and results of operations. Unfavorable outcomes in legal proceedings may harm our business and results of operations. We are, and may in the future become, subject to litigation, claims, examinations, investigations, legal and administrative cases and proceedings, whether civil or criminal, or lawsuits by governmental agencies or private parties, which may affect our results of operations. These claims, lawsuits, and proceedings could involve labor and employment, discrimination and harassment, commercial disputes, intellectual property rights (including patent, trademark, copyright, trade secret, and other proprietary rights), class actions, general contract, tort, defamation, data privacy rights, antitrust, common law fraud, government regulation, or compliance, alleged securities and law violations or other investor claims, and other matters. Due to the consumer- oriented nature of our business and the application of certain laws and regulations, participants in our industry are regularly named as defendants in litigation alleging violations of federal and state laws and regulations and liability for common law torts, including fraud. Many of these legal proceedings involve alleged violations of consumer protection laws. In addition, we are, and may in the future become, subject to litigation, claims, examinations, investigations, legal and administrative cases and proceedings related to the loans facilitated on our platform. In particular, ~~lending~~ **specialty finance** programs that involve originations by a bank in reliance on origination- related services being provided by **specialty finance** ~~non- bank lending~~ platforms and / or program managers are subject to potential litigation and government enforcement claims based on " rent- a- charter " or " true lender " theories, particularly where such programs involve the subsequent sale of such loans or interests therein to the platform. See the section titled " Risk Factors — If loans facilitated through our platform for one or more bank partners were subject to successful challenge that the bank partner was not the " true lender, " such loans may be unenforceable, subject to rescission or otherwise impaired, we or other program participants may be subject to fines, judgments and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business and results of operations " below. In addition, loans originated by banks (which are exempt from certain state requirements), followed by the sale, assignment, or other transfer to non- banks of such loans or interests therein are subject to potential litigation and government enforcement claims based on the theory that transfers of loans from banks to non- banks do not transfer the ability to enforce contractual terms such as interest rates and fees which banks may charge, but non- banks may not. See " — If loans originated by us or loans originated by our bank partners were found to violate the laws of one or more states, whether at origination or after sale by the originating bank partner, loans facilitated through our platform may be unenforceable or otherwise impaired, we or other program participants may be subject to, among other things, fines, judgments and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business and results of operations " below. If we were subject to such litigation or enforcement, then any unfavorable results of pending or future legal proceedings may result in contractual damages, usury related claims, fines, penalties, injunctions, the unenforceability, rescission or other impairment of loans originated on our platform or other censure that could have an adverse effect on our business, results of operations and financial condition. Even if we adequately address the issues raised by an investigation or proceeding or successfully defend a third- party lawsuit or counterclaim, we may have to devote significant financial and management resources to address these issues, which could harm our business, financial condition, reputation and results of operations.

Recent financial, political and other events may increase the level of regulatory scrutiny on **nonbank** financial **institutions** ~~technology companies~~. Regulatory bodies may enact new laws or promulgate new regulations or view matters or interpret laws and regulations differently than they have in the past, or commence investigations or inquiries into our business practices. Any such investigations or inquiries, whether or not accurate or warranted, or whether concerning us or one of our competitors, could negatively affect our brand and reputation and the overall market acceptance of and trust in our platform. Any of the foregoing could harm our business, financial condition and results of operations. We may evaluate and potentially consummate acquisitions, which could require significant management attention, consume our financial resources, disrupt our business and adversely affect our financial results. Our success will depend, in part, on our ability to grow our business. In some circumstances, we may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time- consuming, and costly, and we may not be able to successfully complete identified acquisitions. In the future, we may acquire, assets or businesses. The risks we face in connection with acquisitions include: • diversion of management time and focus from operating our business to addressing acquisition integration challenges; • utilization of our financial resources for acquisitions or investments that may fail to realize the anticipated benefits; • inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits; • coordination of technology, product development and sales and marketing functions and integration of administrative systems; • transition of the acquired company' s borrowers to our systems; • retention of employees from the acquired company; • regulatory risks, including maintaining good standing with existing regulatory bodies or receiving any necessary approvals, as well as being subject to new regulators with oversight over an acquired business; • attracting financing; • cultural challenges associated with integrating employees from the acquired company into our organization; • the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies; • potential write- offs of loans or intangibles or other assets acquired in such transactions that may have an adverse effect on our results of operations in a given period; • liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; • assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property or increase our risk for liability; and • litigation, regulatory criticisms, customer claims or other liabilities in connection with the acquired company. Our failure to address these risks or other problems encountered in connection with any future acquisitions and investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities and harm our business generally. Future acquisitions could also result in dilutive issuances of the combined company' s equity securities, the incurring of debt, contingent liabilities, amortization expenses or the write- off of goodwill, any of which could harm our financial condition. Our business is subject to the risks of natural disasters and other catastrophic events, and to interruption by man- made problems, any of which could have an adverse effect on our business, results of operations and financial condition. Significant natural disasters or other catastrophic events, such as earthquakes, fires, hurricanes, blizzards, or floods (many of which are becoming more acute and frequent as a result of climate change), or interruptions by strikes, crime, terrorism, epidemics, pandemics, cyber- attacks, computer viruses, internal or external system failures, telecommunications failures, power outages or increased risk of cybersecurity breaches due to a swift transition to remote work brought about by a catastrophic event, could have an adverse effect on our business, results of operations and financial condition. For example, the COVID- 19 pandemic ~~has~~ had a significant impact on the global economy and consumer confidence ~~. If the outbreak persists or worsens, it could continue to adversely impact the economy and consumer confidence, and could negatively impact our operations and our platform, each of which could seriously harm our business~~. In addition, it is possible that continued widespread remote work arrangements may have a negative impact on our operations, the execution of our business plans, the productivity and availability of key personnel and other employees necessary to conduct our business, or otherwise cause operational failures ~~due to changes in our normal business practices necessitated by the outbreak and related governmental actions~~. There is no guarantee that we will be as effective while working remotely because our team is dispersed ~~,~~ **and** employees may have less capacity to work due to increased personal obligations (such as childcare, eldercare, or caring for family members who become sick) ~~, may become sick themselves and be unable to work, or may be otherwise negatively affected, mentally or physically, by the COVID- 19 pandemic and prolonged social distancing~~. Additionally, remote work arrangements may make it more difficult to scale our operations efficiently, as the recruitment, onboarding and training of new employees may be prolonged or delayed. We ~~have adopted~~ **continue to operate using** a hybrid remote working model ~~as the uncertainty of the COVID- 19 pandemic continues to impact our ability to return to the office full- time~~. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in privacy, data protection, data security, and fraud risks. In addition, acts of war and other armed conflicts, disruptions in global trade, travel restrictions and quarantines, terrorism and other civil, political and geo- political unrest could cause disruptions in our business and lead to interruptions, delays or loss of critical data. Any of the foregoing risks may be further increased if our business continuity plans prove to be inadequate and there can be no assurance that both personnel and non- mission critical applications can be fully operational after a declared disaster within a defined recovery time. If our personnel, systems or data centers are impacted, we may suffer interruptions and delays in our business operations. In addition, to the extent these events impact the ability of borrowers to timely repay their loans, our business could be negatively affected. We may not maintain sufficient business interruption or property insurance to compensate us for potentially significant losses, including potential harm to our business that may result from interruptions in our ability to provide our financial products and services. Risks Related to Our Financial Reporting and Risk Management If our estimates or judgments relating to our critical accounting policies prove to be incorrect or financial reporting standards or interpretations change, our results of operations could be adversely affected. The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires our management to make estimates and assumptions that affect the amounts reported and disclosed in our consolidated financial statements and accompanying notes. We base our estimates and assumptions on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those related to fair value determinations, stock- based compensation and consolidation of variable interest entities, as well as tax matters. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of industry or financial analysts and investors, resulting in a decline in the trading price of the our securities. Additionally, we regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, or changes to existing standards, and changes in their interpretation, we might be required to change our accounting policies, alter our operational policies and implement new or enhance existing systems so that they reflect new or amended financial reporting standards, or we may be required to restate our published financial statements. Such changes to existing standards or changes in their interpretation may have an adverse effect on our reputation, business, financial condition, and profit and loss, or cause an adverse deviation from our revenue and operating profit and loss target, which may negatively impact our results of operations. The determination of the fair values of our finance receivables portfolio involves unobservable inputs that can be highly subjective and may prove to be materially different than the actual economic outcome. We began utilizing the fair value option for our finance receivables (other than SalaryTap and OppFi Card finance receivables, which are carried at amortized cost) effective January 1, 2021. The fair values of our finance receivables are determined using discounted cash flow analyses that factor in estimated losses and prepayments over the estimated duration of the underlying assets. Loss and prepayment assumptions are determined using historical loss data and include appropriate consideration of recent trends and anticipated future performance. Valuations are highly dependent upon the reasonableness of our assumptions and estimates and the predictability of the relationships that drive the results of our valuation methodologies. A variety of factors including, but not limited to, estimated customer default rates, the timing of expected payments, utilization rates on our line of credit accounts, estimated costs to service the finance receivables, prepayment rates, discount rates, and valuations of comparable portfolios may ultimately affect the fair values of our loans and finance receivables. Modifications to our assumptions due to the passage of time and more information becoming available could result in material changes to our fair value calculations. These changes to fair value could adversely affect our results of operations. Additionally, under the fair value option, these changes are generally recorded directly to the income statement, which may make our financial statements less comparable to others in the industry that do not record their loan balances under the fair value option. We have identified a material weakness in our internal control over financial reporting and determined that our disclosure controls and procedures were ineffective as of December 31, ~~2022~~ **2023** . If we are unable to remediate these material weaknesses, or if we identify additional material weaknesses in the future or otherwise fail to establish and maintain proper and effective internal control over financial reporting as a public company, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in our financial reporting and the trading price of our securities may decline. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the SEC' s rules and forms, and that the information required to be disclosed by us in such reports is accumulated and communicated to our management, including our principal executive officer and principal financial officer or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. We have identified a material weakness in our internal control over financial reporting relating to information technology general controls (" ITGCs ") associated with our financially relevant information systems. We determined that the Company' s user access controls designed to ensure appropriate segregation of duties, adequate restriction of users and privileged access to our financially relevant information systems were not operating effectively **and that the Company' s user access control designed to ensure appropriate segregation of duties was also not designed effectively** . Due to the material weaknesses in our internal control over financial reporting, we have also concluded our disclosure controls and procedures were not effective as of December 31, ~~2022~~ **2023** . As further described in " Item 9A. Controls and Procedures, " we are taking the necessary steps to remediate the material weakness and believe that compensating controls are in place and operating effectively to mitigate the risks associated with the identified material weakness as it is being remediated. However, as the reliability of the internal control process requires repeatable execution, the successful on- going remediation of this material weakness will require on- going review and evidence of effectiveness prior to concluding that the controls are effective. We cannot guarantee that these initiatives will ultimately have the intended effects. While we have implemented a variety of steps to remediate this material weakness, this material weakness will not be considered remediated until our remediation plan has been fully implemented, the applicable controls operate for a sufficient period of time, and we have concluded, through testing, that the newly implemented and enhanced controls are operating effectively. Further, **other** weaknesses in our disclosure controls and procedures and internal control over financial reporting have been discovered in the past and may be discovered in the future. On December 6, 2022, the Audit Committee (the " Audit Committee ") of our Board of Directors concluded that certain of our prior financial statements should no longer be relied upon due to a misapplication of accounting guidance in connection with the Company' s calculations of diluted earnings per share for such periods. In connection with such misapplication, management subsequently identified a deficiency in controls related to the design of its control to contemplate all the relevant authoritative accounting guidance when considering securities of a subsidiary that are convertible into its parent entity' s common stock in the calculation of earnings per share and further concluded such deficiency represented a material weakness. Our remediation plan included steps to design and implement new controls as well as expand training related to the accounting considerations for complex financing transactions, and we have since concluded that this material weakness has been remediated. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act of 2002 (" the Sarbanes- Oxley Act "), and the rules and regulations of the applicable listing standards of the New York Stock Exchange (" NYSE "). We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time- consuming, and costly, and place significant strain on our personnel, systems, and resources. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. However, as an emerging growth company, an attestation of an independent registered public accounting firm will initially not be required. We are continuing to develop and refine our disclosure controls and other procedures. We are also continuing to improve our internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting- related costs, and significant management oversight. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. We may need to upgrade our legacy information technology systems; implement additional financial and management controls, reporting systems and procedures; and hire additional accounting and finance staff. If we are unable to hire the additional accounting and finance staff necessary to comply with these requirements, we may need to retain additional outside consultants. If we or, if required, our independent registered public accounting firm, are unable to conclude that our internal control over financial reporting is effective, investors may lose confidence in our financial reporting, which could negatively impact the price of our securities. Our management and other personnel will need to devote a substantial amount of time to compliance initiatives applicable to public companies, including compliance with Section 404 and the evaluation of the effectiveness of our internal controls over financial reporting within the prescribed timeframe, as well as the remediation of the material weakness that we have identified. We cannot assure you that there will not be additional material weaknesses in our internal control over financial reporting now or in the future and we may discover additional deficiencies in existing systems and controls that we may not be able to remediate in an efficient or timely manner. In the event that we are not able to remediate our existing material weakness, or if we identify additional deficiencies, we may be required to further restate our financial statements and our results of operations and financial condition could be negatively affected. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines that we have a material weakness in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our securities could decline, and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets. We may face litigation and other risks as a result of the material weakness in our internal control over financial reporting. As a result of the material weakness identified in our financial reporting, the restatement of certain of our financial statements, the change in accounting for our diluted earnings per share, and other matters, we face potential for litigation or other disputes which may include, among others, claims invoking the federal and state securities laws, contractual claims or other claims arising from the restatement of our financial statements, material weaknesses in our internal control over financial reporting, and the preparation of our financial statements. We have no knowledge of any such litigation or dispute resulting from the material weakness in our internal control over financial reporting. However, we can provide no assurance that litigation or disputes will not arise in the future. Any such litigation or dispute, whether successful or not, could have a material adverse effect on our business, results of operations and financial condition. If our risk management framework does not effectively identify and control our risks, we could suffer unexpected losses or be adversely affected, which could have a material adverse effect on our business. 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 are subject, including credit risk, market risk, liquidity risk, strategic risk, operational risk, cybersecurity risk and reputational risk. Credit risk is the risk of loss that arises when a loan obligor fails to meet the terms of a loan repayment obligation, the loan enters default, and if uncured results in financial loss of remaining principal and interest to the investor. Our exposure to credit risk mainly arises from our lending activities. Market risk is the risk of loss due to changes in external market factors, such as interest rates, asset prices, and foreign exchange rates. Liquidity risk is the risk that financial condition or overall safety and soundness are adversely affected by an inability, or perceived inability, to meet obligations (e. g., current and future cash flow needs) and support business growth. We actively monitor our liquidity position. Strategic risk is the risk from changes in the business environment, ineffective business strategies, improper implementation of decisions or inadequate responsiveness to changes in the business and competitive environment. Our management is responsible for defining the priorities, initiatives, and resources necessary to execute our strategic plan, the success of which is regularly evaluated by our Board. Operational risk is the risk of loss arising from inadequate or failed internal processes, controls, people (e. g., human error or misconduct) or systems (e. g., technology problems), business continuity or external events (e. g., natural disasters), compliance, reputational, regulatory, or legal matters and includes those risks as they relate directly to us, fraud losses attributed to applications and any associated fines and monetary penalties as a result, transaction processing, or employees, as well as to third parties with whom we contract or otherwise do business. Operational risk is one of the most prevalent forms of risk in our risk profile. We strive to manage operational risk by establishing policies and procedures to accomplish timely and efficient processing, obtaining periodic internal control attestations from management, conducting internal process risk control self- assessments and audit reviews to evaluate the effectiveness of internal controls. In order to be effective, among other things, our enterprise risk management capabilities must adapt and align to support any new product or loan features, capability, strategic development, or external change. Cybersecurity risk is the risk of a malicious technological attack intended to impact the confidentiality, availability, or integrity of our systems and data, including, but not limited to, sensitive client data. Our technology and information security teams rely on a layered system of preventive and detective technologies, practices, and policies to detect, mitigate, and neutralize cybersecurity threats. In addition, our information security team and third- party consultants regularly assesses our cybersecurity risks and mitigation efforts. Cyberattacks can also result in financial and reputational risk. Reputational risk is the risk arising from possible negative perceptions of us, whether true or not, among our current and prospective members, counterparties, employees, and regulators. The potential for either enhancing or damaging our reputation is inherent in almost all aspects of business activity. We manage this risk through our commitment to a set of core values that emphasize and reward high standards of ethical behavior, maintaining a culture of compliance, and by being responsive to member and regulatory requirements. Risk is inherent in our business, and therefore, despite our efforts to manage risk, there can be no assurance that we will not sustain unexpected losses. We could incur substantial losses and our business operations could be disrupted to the extent our business model, operational processes, control functions, technological capabilities, risk analyses, and business / product knowledge do not adequately identify and manage potential risks associated with our strategic initiatives. 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 our risks, we could suffer unexpected losses or be adversely affected, which could have a material adverse effect on our business. Our projections are subject to significant risks, assumptions, estimates and uncertainties. As a result, our projected revenues, market share, expenses and profitability may differ materially from our expectations. We operate in a rapidly changing and competitive industry and our projections will be subject to the risks and assumptions made by management with respect to our industry. Operating results are difficult to forecast because they generally depend on a number of factors, including the competition we face and our ability to attract and retain bank partners. Additionally, our business may be affected by reductions in consumer borrowing, spending and investing 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. These factors make creating accurate forecasts and budgets challenging and, as a result, we may fall materially short of our forecasts and expectations, which could cause the price of our securities to decline and investors to lose confidence in us. Risks Related to Our Intellectual Property and Platform Development It may be difficult and costly to protect our intellectual property rights, and we may not be able to ensure their protection. Our ability to operate our platform depends, in part, upon our proprietary technology. We may be unable to protect our proprietary technology effectively, which would allow competitors to duplicate our machine learning models or machine learning enabled underwriting platform and adversely affect our ability to compete with them. We rely on a combination of copyright, trade secret, trademark laws and other rights, as well as confidentiality procedures, contractual provisions and our information security infrastructure to protect our proprietary technology, processes and other intellectual property. We do not currently have patent protection on our intellectual property. The steps we take to protect our intellectual property rights may be inadequate. For example, a third party may attempt to reverse engineer or otherwise obtain and use our proprietary technology without our consent. The pursuit of a claim against a third party for infringement of our intellectual property could be costly, and there can be no guarantee that any such efforts would be successful. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely impact our business. Our proprietary technology, including our machine learning models, may actually or may be alleged to infringe upon third- party intellectual property, and we may face intellectual property challenges from such other parties. We may not be successful in defending against any such challenges or in obtaining licenses to avoid or resolve any intellectual property disputes. If we are unsuccessful, such claim or litigation could result in a requirement that we pay significant damages or licensing fees, or we could in some circumstances be required to make changes to our business to avoid such infringement, which would negatively impact our financial performance. We may also be obligated to indemnify parties or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations. 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 its contractual obligations. In other cases, our 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. Furthermore, our technology may become obsolete or inadequate, and there is no guarantee that we will be able to successfully develop, obtain or use new technologies to adapt our models and systems to compete with other technologies as they develop. If we cannot protect our proprietary technology from intellectual property challenges, or if our technology becomes obsolete or inadequate, our ability to maintain our model and systems, facilitate loans or perform our servicing obligations on the loans could be adversely affected. Any significant disruption in our platform could prevent us from processing loan applicants and servicing loans, reduce the effectiveness of our machine learning models and result in a loss of bank partners or borrowers. In the event of a system outage or other event resulting in data loss or corruption, our ability to process loan applications, service loans or otherwise facilitate loans on our platform would be adversely affected. We also rely on facilities, components, and services supplied by third parties, including data center facilities and cloud storage services. We ~~host our platform using~~ **currently rely on multiple providers of cloud infrastructure services, including Salesforce and** Amazon Web Services ~~(" AWS ")~~, **for our platform** ~~a provider of cloud infrastructure services~~. In the event that our ~~AWS~~ service agreement **with one or more third party providers** is terminated, or there is a lapse of service, interruption of internet service provider connectivity or damage to ~~AWS~~ **the third party** data centers, we could experience interruptions in access to our platform as well as delays and additional expense in the event we must secure alternative cloud infrastructure services. Any interference or disruption of our technology and underlying infrastructure or our use of third- party services could adversely affect our relationships with our bank partners and the overall user experience of our platform. Also, as our business grows, we may be required to expand and improve the capacity, capability and reliability of our infrastructure. If we are not able to effectively address capacity constraints, upgrade our systems as needed and continually develop our technology and infrastructure to reliably support our business, our business, financial condition and results of operations could be adversely affected. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses incurred. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage or other event resulting in data loss or corruption. These factors could prevent us from processing or posting payments on the loans, damage our brand and reputation, divert our employees' attention, subject us to liability and cause borrowers to abandon our business, any of which could adversely affect our business, results of operations and financial condition. Our platform and internal systems rely on software that is highly technical, and if our software contains undetected errors, our business could be adversely affected. Our platform and internal systems rely on software that is highly technical and complex. In addition, our platform and internal systems depend on the ability of such software to store, retrieve, process and manage high volumes of data. The software on which we rely has contained, and may now or in the future contain, undetected errors or bugs. Some errors may only be discovered after the code has been released for external or internal use. Errors or other design defects within the software on which we rely may result in failure to accurately predict a loan applicant' s creditworthiness, failure to comply with applicable laws and regulations, approval of sub- optimally priced loans, incorrectly displayed interest rates to applicants or borrowers, or incorrectly charged interest to borrowers or fees to bank partners or capital sources, failure to detect fraudulent activity on our platform, a negative experience for consumers or bank partners, delayed introductions of new features or enhancements, or failure to protect borrower data or our intellectual property. Any errors, bugs or defects discovered in the software on which we rely could result in harm to our reputation, loss of consumers or bank partners, increased regulatory scrutiny, fines or penalties, loss of revenue or liability for damages, any of which could adversely affect our business, financial condition and results of operations. Some aspects of our business processes 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. We incorporate open source software into processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License. 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 limits our use of the software, inhibits certain aspects of our systems and negatively affects our business operations. Some open source licenses contain requirements that we make source code available at no cost for modifications or derivative works we create based upon the type of open source software we use. We may face claims from third parties claiming ownership of, or demanding the release or license of, such modifications or derivative works (which could include our proprietary source code ~~or AI models~~) or otherwise seeking to enforce the terms of the applicable open source license. If portions of our proprietary ~~AI~~ models are determined to be subject to an open source license, or if the license terms for the open source software that we incorporate change, we could be required to publicly release the affected portions of our source code, re- engineer all or a portion of our model or change our business activities, any of which could negatively affect our business operations and potentially our intellectual property rights. If we were required to publicly disclose any portion of our proprietary models, it is possible we could lose the benefit of trade secret protection for our models. In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third- party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Use of open source software may also present additional security risks because the public availability of such software may make it easier for hackers and other third parties to determine how to breach our website and systems that rely on open source software. Many of the risks associated with the use of open source software cannot be eliminated and could adversely affect our business. Risks Related to Our Dependence on Third Parties We rely on strategic relationships with loan aggregators to attract applicants to our platform, and if we cannot maintain effective relationships with loan aggregators or successfully replace their services, or if loan aggregators begin offering competing products, our business could be adversely affected. A significant number of consumers that apply for a loan on Opploans. com learn about and access Opploans. com through the website of a loan aggregator, typically with a hyperlink from such loan aggregator' s website to a landing page on our website. For example, in ~~2020,~~ 2021 ~~and~~ **,** 2022 **and 2023**, approximately ~~13~~ **18**. 5 %, ~~18~~ **22**. ~~5~~ **8** % ~~%~~ and ~~22~~ **21**. ~~8~~ **3** %, respectively, of our net loan issuances were derived from traffic from our top three loan aggregators. Our agreements with these loan aggregators generally provide that either party may terminate the agreement immediately upon a material breach of any provision of the agreement or at any time, with or without cause, by providing advance written notice. Even during the term of the agreements, loan aggregators may not be required to display offers from Opploans. com or prohibited from working with our competitors or from offering competing services. There is also no assurance that our top loan aggregators will continue to contract with us on commercially reasonable terms or at all. While we are planning to move towards more direct acquisition channels, we anticipate that we will continue to depend in significant part on relationships with loan aggregators to maintain and grow our business. Our current agreements with these loan aggregators do not require them to display offers from lenders on Opploans. com nor prohibit them from working with our competitors or from offering competing services. Further, there is no assurance that a loan aggregator will renew its contract with us on commercially reasonable terms or at all. Our competitors may be effective in providing incentives to loan aggregators to favor their products or services or in reducing the volume of loans facilitated through our platform. Loan aggregators may not perform as expected under our agreements with them, and we may have disagreements or disputes with them, which could adversely affect our brand and reputation. If we cannot successfully enter into and maintain effective strategic relationships with loan aggregators, our business could be adversely affected. In addition, the limited information such loan aggregators collect from applicants does not always allow us to offer rates to applicants that we would otherwise be able to through direct applicant traffic to Opploans. com. Typically, the rates offered to borrowers who come to Opploans. com directly are lower and more competitive than those rates offered through aggregators. In the event we do not successfully optimize direct traffic, our ability to attract borrowers would be adversely affected. Such loan aggregators also face litigation and regulatory scrutiny for their part in the consumer lending ecosystem, and as a result, their business models may require fundamental change or may not be sustainable in the future. For example, loan aggregators are increasingly required to be licensed as loan brokers or lead generators in many states, subjecting them to increased regulatory supervision and more stringent business requirements. While we require loan aggregators to make certain disclosures in connection with our bank partners’ offers and restrict how loan aggregators may display such loan offers, loan aggregators may nevertheless alter or even remove these required disclosures without notifying us, which may result in liability to us. Further, we do not have control over any content on loan aggregator websites, and it is possible that our brand and reputation may be adversely affected by being associated with such content. An unsatisfied borrower could also seek to bring claims against us based on the content presented on a loan aggregator’ s website. Such claims could be costly and time consuming to defend and could distract management’ s attention from the operation of the business. Our proprietary machine learning models rely in part on the use of loan applicant and borrower data and other third- party data, and if we lose the ability to use such data, or if such data contain inaccuracies, our business could be adversely affected. We rely on our proprietary models, which are statistical models built using a variety of data- sets. Our models rely on a wide variety of data sources, including data collected from applicants and borrowers, credit bureau data and our credit experience gained through monitoring the payment performance of borrowers over time. Under our agreements with our bank partners, we receive licenses to use data collected from loan applicants and borrowers. If we are unable to access and use data collected from applicants and borrowers, data received from credit bureaus, repayment data collected as part of our loan servicing activities, or other third- party data used in our models, or our access to such data is limited, our ability to accurately evaluate potential borrowers, detect fraud and verify applicant data would be compromised. Any of the foregoing could negatively impact the accuracy of our pricing decisions, the degree of automation in our loan application process and the volume of loans facilitated on our platform. Third- party data sources on which we rely include the consumer reporting agencies regulated by the CFPB and other alternative data sources. Such data is electronically obtained from third parties and used in our models to price applicants and in our fraud model to verify the accuracy of applicant- reported information. Data from national credit bureaus and other consumer reporting agencies and other information that we receive from third parties about an applicant or borrower may be inaccurate or may not accurately reflect the applicant or borrower’ s creditworthiness for a variety of reasons, including inaccurate reporting by creditors to the credit bureaus, errors, staleness or incompleteness. For example, loan applicants’ credit scores may not reflect such applicants’ actual creditworthiness because the credit scores may be based on outdated, incomplete, or inaccurate consumer reporting data, including, as a consequence of us utilizing credit reports for a specific period of time after issuance before such reports are deemed to be outdated. Similarly, the data taken from an applicant’ s credit report may also be based on outdated, incomplete or inaccurate consumer reporting data. Although we use numerous third- party data sources and multiple credit factors within our proprietary models, which helps mitigate this risk, it does not eliminate the risk of an inaccurate individual report. Further, although we attempt to verify the income, employment and education information provided by certain selected applicants, we cannot guarantee the accuracy of applicant information. Our fraud model relies in part on data we receive from a number of third- party verification vendors, data collected from applicants, and our experience gained through monitoring the performance of borrowers over time. Information provided by borrowers may be incomplete, inaccurate or intentionally false. Applicants may also misrepresent their intentions for the use of loan proceeds. We do not verify or confirm any statements by applicants as to how loan proceeds are to be used after loan funding. If an applicant supplied false, misleading or inaccurate information and our fraud detection processes do not flag the application, repayments on the corresponding loan may be lower, in some cases significantly lower, than expected, leading to losses for the bank partner or investor. In addition, if third party data used to train and improve our models is inaccurate, or access to such third- party data is limited or becomes unavailable to us, our ability to continue to improve our models would be adversely affected. Any of the foregoing could result in sub- optimally and inefficiently priced loans, incorrect approvals or denials of loans, or higher than expected loan losses, which could adversely affect our business, financial condition and results of operations. We rely on third- party vendors and if such third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business, financial condition and results of operations could be adversely affected. Our success depends in part on our relationships with third- party vendors. In some cases, third- party vendors are one of a limited number of sources. For example, we rely on national consumer reporting agencies, such as Clarity Services, Inc., a part of Experian, for a large portion of the data used in our ~~AI~~ models. In addition, we rely on third- party verification technologies and services that are critical to our ability to maintain a high level of automation on our platform. In addition, because we are not a bank, we cannot belong to or directly access the Automated Clearing House (“ ACH ”) payment network. As a result, we rely on one or more banks with access to the ACH payment network to process collections on loans facilitated on our platform. See the section titled “ Risk Factors — Regulators and payment processors are scrutinizing certain online lenders’ access to the ACH system to disburse and collect loan proceeds and repayments, and any interruption or limitation on our ability to access this critical system would materially adversely affect our business. " Most of our vendor agreements are terminable by either party without penalty and with little notice. If any of our third- party vendors terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we would need to find an alternate provider, and may not be able to secure similar terms or replace such providers in an acceptable timeframe. We also rely on other software and services supplied by vendors, such as communications, analytics and internal software, and our business may be adversely affected to the extent such software and services do not meet our expectations, contain errors or vulnerabilities, are compromised or experience outages. Any of these risks could increase our costs and adversely affect our business, financial condition and results of operations. Further, any negative publicity related to any of our third- party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. We incorporate technology from third parties into our platform. We cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology in all jurisdictions in which we may operate. Some of our license agreements may be terminated by our licensors for convenience. If we are unable to obtain or maintain rights to any of this technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our ability to develop our platform containing that technology could be severely limited and our business could be harmed. Additionally, if we are unable to obtain necessary technology from third parties, we may be forced to acquire or develop alternate technology, which may require significant time and effort and may be of lower quality or performance standards. This would limit and delay our ability to provide new or competitive loan products or service offerings and increase our costs. If alternate technology cannot be obtained or developed, we may not be able to offer certain functionality as part of our platform and service offerings, which could adversely affect our business, financial condition and results of operations. Failure by our third- party vendors or our failure to comply with legal or regulatory requirements or other contractual requirements could have an adverse effect on our business. We have significant vendors that provide us with a number of services to support our platform. If any third- party vendors fail to comply with applicable laws and regulations ~~or~~ **, fail to** comply with their contractual requirements, including failure to maintain adequate systems addressing privacy and data protection and security, **or suffer disruptions in, or otherwise fail to provide, contracted services,** we could be subject to regulatory enforcement actions **or litigation** and suffer economic and reputational harm that could harm our business. Further, we may incur significant costs to resolve any such **failures to comply with applicable laws and regulations or contractual requirements or to resolve any** disruptions in service or failure to provide contracted services, which could adversely affect our business. The CFPB and each of the prudential bank regulators that supervise our bank partners have issued guidance stating that institutions under their supervision may be held responsible for the actions of the companies with which they contract. As a service provider to those supervised entities, we must ensure we **perform our obligations in accordance with applicable laws and contractual requirements and** have implemented an adequate vendor management program **for our own vendors** . We or our bank partners could be adversely impacted to the extent we or our vendors fail to comply with the legal requirements applicable to the particular products or services being offered. Our use of third- party vendors is subject to increasing regulatory attention. The CFPB and ~~other~~ -- **the prudential bank** regulators have also issued regulatory guidance that has focused on the need for financial institutions to perform increased due diligence and ongoing monitoring of third- party vendor relationships, thus increasing the scope of management involvement in connection with using third- party vendors. Moreover, if regulators conclude that we or our bank partners have not met the ~~heightened~~ standards for oversight of our **third- party vendors or their** third- party vendors, our bank partners could terminate their relationship with us or we or our bank partners could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or other remedial actions, which could have an adverse effect on our business, financial condition and results of operations. **In addition, as a service provider to banks, we are subject to examination and enforcement authority of the prudential bank regulators that supervise our bank partners under the Bank Service Company Act. If we fail to comply with requirements applicable to us by applicable law or contract, our bank partners could terminate their relationship with us or we or our bank partners could be subject to enforcement actions, civil monetary penalties, supervisory orders to cease and desist or other remedial actions, which could have an adverse effect on our business, financial condition and results of operations.** If loans originated by us or loans originated by our bank partners were found to violate the laws of one or more states, whether at origination or after sale of participation rights by the originating bank partner, loans facilitated through our platform may be unenforceable or otherwise impaired, we or other program participants may be subject to, among other things, fines, judgments and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business and results of operations. When establishing the interest rates and ~~structures~~ **fees** (~~and~~ **including** the amounts ~~and structures~~ of certain fees constituting interest under federal banking ~~law~~ **laws related to interest rate exportation** , such as origination fees, late fees and non- sufficient funds fees) that are charged to borrowers on loans originated ~~on~~ **through** our platform **and how such interest rates and fees are structured** , our bank partners rely on certain authority under federal law to export the interest rate ~~requirements of~~ **and fees permitted by** the state where each bank partner is located to borrowers in other states. Further, certain of our bank partners and capital sources rely on the ability of subsequent holders **of loans** to continue charging such ~~rate~~ **rates** and ~~fee~~ **fees** ~~structures~~ and **to** enforce other contractual terms **that the applicable** ~~agreed to by our~~ bank partners **was permitted** ~~that are permissible~~ under federal and applicable state banking laws **to charge and enforce at the time of origination** following ~~the~~ **such subsequent holder' s** acquisition of the loans. The current annual percentage rates of the installment loans facilitated through our platform, for the year ended December 31, ~~2022~~ **2023** typically range from approximately 59 % to 160 %. In some states, the interest rates of certain loans facilitated on our platform exceed the maximum interest rate permitted for consumer loans made by non- bank lenders to borrowers residing in, or that have nexus to, such states. In addition, the rate structures for loans facilitated on our platform may not be permissible in all states for non- bank lenders and / or the amount or structures of certain fees charged in connection with loans facilitated on our platform may not be permissible in all states for non- bank lenders. Usury, fee, and disclosure related claims involving loans facilitated on our platform may be raised in multiple ways. Program participants may face litigation, government enforcement or other challenge, for example, based on claims that bank lenders did not establish loan terms that were permissible in the state they were located or did not correctly identify the home or host state in which they were located for purposes of interest exportation authority under federal law. Alternatively, we or our capital sources may face litigation, government enforcement, or other challenge, for example, based on claims that rates and fees were lawful at origination and through any period during which the originating bank partner retained the loan and interests therein, but that subsequent purchasers were unable to enforce the loan pursuant to its contracted- for terms, or that certain disclosures were not provided at origination because while such disclosures are not required of banks they may be required of non- bank lenders. In Madden v. Midland Funding, LLC, 786 F. 3d 246 (2d Cir. 2015), cert. denied, 136 S. Ct. 2505 (June 27, 2016), for example, the United States Court of Appeals for the Second Circuit held that the non- bank purchaser of defaulted credit card debt could not rely on preemption standards under the National Bank Act applicable to the originator of such debt in defense of usury claims. Madden addressed circumstances under which a defaulted extension of credit under a consumer credit card account was assigned, following default, to a non- bank debt buyer that then attempted to collect the loan and to continue charging interest at the contracted- for rate. The debtor filed a suit claiming, among other claims, that the rate charged by the non- bank collection entity exceeded the usury rates allowable for such entities under New York usury law. Reversing a lower court decision, the Second Circuit held that preemption standards under the National Bank Act applicable to the bank that issued the credit card were not available to the non- bank debt buyer as a defense to usury claims. Following denial of a petition for rehearing by the Second Circuit, the defendant sought review by the United States Supreme Court. Following the United States Supreme Court' s request that the Solicitor General file a brief setting forth the government' s position on whether the Supreme Court should hear the case in 2016, the Solicitor General filed its brief recommending that the petition for a writ of certiorari be denied for certain vehicle suitability reasons, although the Solicitor General' s brief concluded that the Second Circuit' s decision was substantively incorrect as a matter of law. The Supreme Court denied certiorari on June 27, 2016, such that the Second Circuit' s decision remains binding on federal courts in the Second Circuit (which include all federal courts in New York, Connecticut, and Vermont). Upon remand to the District Court for consideration of additional issues, including whether a choice of law provision in the debtor' s credit card agreement was enforceable to displace New York usury law and class certification, the parties settled the matter in 2019. The scope and validity of the Second Circuit' s Madden decision remain subject to challenge and clarification. For example, the Colorado Administrator of the Colorado Uniform Consumer Credit Code, or the UCCC, reached a settlement with respect to complaints against two ~~online lending~~ **digital specialty finance** platforms whose business includes the use of bank partners and sale of loans to investors. The complaints included, among other claims, allegations, grounded in the Second Circuit' s Madden decision, that the rates and fees for certain loans could not be enforced lawfully by non- bank purchasers of bank- originated loans. Under the settlement, these banks and nonbank partners committed to, among other things, limit the annual percentage rates, or APR, on loans to Colorado consumers to 36 % and take other actions ~~to ensure that the banks were in fact the true lenders~~. The nonbanks also agreed to obtain and maintain a Colorado lending license. In Colorado, this settlement ~~should~~ **might** provide a helpful model for what constitutes an acceptable bank partnership model. However, the settlement may also invite other states to initiate their own actions, and set their own regulatory standards through enforcement. As noted above, federal prudential regulators have also taken actions to address the Madden decision. On May 29, 2020, the OCC issued a final rule clarifying that, when a national bank or savings association sells, assigns, or otherwise transfers a loan, interest permissible before the transfer continues to be permissible after the transfer. That rule took effect on August 3, 2020. ~~As discussed further below, the OCC also has issued a rule pertaining to the " true lender " issue.~~ Similarly, the FDIC finalized on June 25, 2020 its 2019 proposal declaring that the interest rate for a loan is determined when the loan is made, and will not be affected by subsequent events. On July 29, 2020, California, New York and Illinois filed suit in the U. S. District Court for the Northern District of California to enjoin enforcement of the OCC rule (Case No. 20- CV- 5200) and, similarly in the same court, on August 20, 2020 California, Illinois, Massachusetts, Minnesota, New Jersey, New York, North Carolina, and the District of Columbia sought to enjoin enforcement of the FDIC rule (Case No. 20- CV- 5860), in each case related to permissible interest rates post- loan transfer on the grounds that the OCC and FDIC exceeded their authority when promulgating those rules **. In 2022, the U. S. District Court for the Northern District of California dismissed these challenges; however, there can be no assurance that these regulations will not be challenged in the future** . There are factual distinctions between our program and the circumstances addressed in the Second Circuit' s Madden decision, as well as the circumstances in the Colorado UCCC settlement and similar cases. As noted above, there are also bases on which the Madden decision' s validity might be subject to challenge or the Madden decision may be addressed by federal regulation or legislation. Nevertheless, there can be no guarantee that a Madden- like claim will not be brought successfully against us or our program participants. If a borrower or any state agency were to successfully bring a claim against us, our bank partners or our capital sources for a state usury law or fee restriction violation and the rate or fee at issue on the loan was impermissible under applicable state law, we, our bank partners or our capital sources may face various commercial and legal repercussions, including that such parties would not receive the total amount of interest expected, and in some cases, may not receive any interest or principal, may hold loans that are void, voidable, rescindable, or otherwise impaired or may be subject to monetary, injunctive or criminal penalties. Were such repercussions to apply to us, we may suffer direct monetary loss or may be a less attractive candidate for bank partners or capital sources to enter into or renew relationships; and were such repercussions to apply to our bank partners, such parties could be discouraged from using our platform. We may also be subject to payment of damages in situations where we agreed to provide indemnification, as well as fines and penalties assessed by state and federal regulatory agencies. Litigation or enforcement decisions might also affect our decision to continue operating in any particular state. If loans facilitated through our platform for one or more bank partners were subject to successful challenge that the bank partner was not the " true lender, " such loans may be unenforceable, subject to rescission or otherwise impaired, we or other program participants may be subject to fines, judgments and penalties, and / or our commercial relationships may suffer, each of which would adversely affect our business and results of operations. Loans facilitated on our platform by our bank partners are originated in reliance on the fact that our bank partners are the " true lenders " for such loans. That true lender status determines various loan program details **and how we operate our business** , including that we do not hold licenses required solely for being the party that extends credit to consumers, and that loans facilitated on our platform by our bank partners may involve interest rates and structures (and certain fees and fees structures) permissible at origination only because the loan terms and lending practices are permissible only when the lender is a bank, and / or the disclosures provided to borrowers would be accurate and compliant only if the lender is a bank. Many state consumer financial regulatory requirements, including usury restrictions (other than the restrictions of the state in which a bank partner originating a particular loan is located) and many licensing requirements and substantive requirements under state consumer credit laws, are treated as inapplicable **to** loans facilitated on our platform by our bank partners based on principles of federal preemption or express exemptions provided in relevant state laws for certain types of financial institutions or loans they originate. Certain recent litigation and regulatory enforcement has challenged, or is currently challenging, the characterization of bank partners as the " true lender " in connection with programs involving origination and / or servicing relationships between a bank partner and **specialty finance** ~~non- bank lending platform~~ **platforms** or program manager. As noted above, the Colorado Administrator has entered into a settlement agreement with certain banks and nonbanks that addresses this true lender issue. Specifically, the settlement agreement sets forth a safe harbor indicating that a bank **that** is **a party to** the ~~true~~ **settlement may** ~~lender~~ -- **lend in excess of Colorado' s usury rate for nonbanks** if certain specific terms and conditions are met. ~~However~~ **Further** , **States have enacted, and additional states may enact, laws that seek to deem certain entities to be the lender of a loan and prohibit any evasion or circumvention of state laws regulating consumer lending. For example, in 2021 Maine adopted a law that, among** other **things, may deem an entity to be the lender of a loan if it (a) holds, acquires or maintains the " predominant economic interest in the loan " or (b) markets, arranges or facilitates the loan and holds the right to purchase the loan or interest in the loan, or (c) based on the totality of the circumstances, appears to be the lender, and the transaction is structured to evade certain statutory requirements.** ~~states~~ **States** and consumers could ~~also~~ bring lawsuits ~~based on~~ **challenging whether our bank partners that originated through our platform are** ~~these~~ -- **the** ~~types~~ **" true lenders " and whether the interest rates, fees, and structures** of ~~relationships~~ **loans originated through our platform comply with federal and state law** . For example, in April 2021, the Washington, DC Attorney General filed a lawsuit against us for allegedly deceptively marketing high- cost loans with interest rates above the Washington, DC usury cap. The usury claim was based on an allegation that we and not our partner bank, FinWise, was the " true lender " of these loans, and we were therefore in violation of the district' s usury laws. FinWise has ceased originating loans in Washington D. C. and as a result, we have ceased doing business in Washington, DC. In November 2021, we entered into a Consent Judgment and Order (" Settlement ") with the DC Attorney General to resolve all matters in dispute related to this lawsuit. We deny the allegations in the lawsuit and deny that we violated any law or engaged in any deceptive or unfair practices. The lawsuit was resolved to avoid the expense of protracted litigation, which is often expensive, time- consuming, disruptive to our operations, distracting to management and may involve payment of damages. As part of the settlement, we agreed to, among other things, refrain from certain business activities in the District of Columbia, pay $ 250, 000 to the District of Columbia and provide refunds to certain District of Columbia consumers. We note that the OCC on October 27, 2020, issued a final rule to address the " true lender " issue for lending transactions involving a national bank. For certain purposes related to federal banking law, including the ability of a national bank to " export " interest- related requirements from the state from which they lend, the rule would treat a national bank as the " true lender " if it is named as the lender in the loan agreement or funds the loan. In June 2021, Congress utilized a procedure under the Congressional Review Act to repeal the OCC' s " true lender " rule. Repeal of the " true lender " rule under the CRA prevents the OCC from issuing any substantially similar rule unless subsequently authorized by law to do so. The OCC rule did not apply to state- chartered banks and there can be no assurance that the FDIC will issue a similar rule applicable to state- chartered banks. While we do not anticipate any material changes to our business model as a result of the repeal of the OCC' s " true lender " rule because (i) the banks with whom we partner are state chartered, FDIC regulated banks and are the lenders under such loans, and (ii) the repeal of the OCC' s " true lender " rule does not have direct implications on the rules finalized by the OCC and FDIC last year around the continued validity of the " valid when made doctrine, " we cannot be certain that the repeal of such rule, or the restrictions on the OCC implementing a similar rule without statutory approval, will not have a material effect on our business or our industry. We, our bank partners and similarly situated parties could become subject to challenges like that presented by the Colorado settlement and, if so, we could face penalties and / or loans facilitated on our platform by our bank partners may be void, voidable, or otherwise impaired in a manner that may have adverse effects on our operations (directly, or as a result of adverse impact on our relationships with our bank partners, institutional investors or other commercial counterparties). There can be no assurance that the Colorado Administrator or other regulators or customers will not make assertions similar to those made in its present actions with respect to the loans facilitated by our platform in the future. It is also possible that other state agencies or regulators could make similar assertions. If a court or a state or federal enforcement agency were to determine that we, rather than our bank partners, are the " true lender " for loans originated on our platform by our bank partners, and if for this reason (or any other reason) the loans were deemed subject to and in violation of certain state consumer finance laws, we could be subject to fines, damages, injunctive relief (including required modification or discontinuation of our business in certain areas) and other penalties or consequences, and the loans could be rendered void or unenforceable in whole or in part, any of which could have a material adverse effect on our business. If we are unable to successfully challenge the position of the DFPI that we are subject to the CFL, our bank partners' ability to originate loans in California could suffer, which could have a material adverse effect on our business, results of operations and financial condition. In February 2022, the DFPI informed us that the commissioner of the DFPI had taken the position that we are the " true lenders " for certain loans (" Program Loans ") originated by our federally- insured state- chartered bank partners serviced through the OppFi technology and service platform pursuant to a contractual arrangement with each such bank (" Program "), and as such we would be subject to the CFL, which would apply an interest rate cap of 36 % to certain of the Program Loans. On March 7, 2022, we filed a lawsuit seeking a declaration that the interest rate caps set forth in the CFL do not apply to Program Loans and injunctive relief against the commissioner of the DFPI, preventing the DFPI from enforcing interest rate caps under the CFL against us based on activities related to the Program. While we believe that Program Loans made through the OppFi platform pursuant to the Program are constitutionally and statutorily exempt from the CFL because the Program Loans are made by state- chartered banks located in Utah and because federal law permits state- chartered banks to export the interest rates allowed in their chartering state to any other state in the country, we cannot assure you that we will prevail in our action against the DFPI or that we will not otherwise be unable to prevent the DFPI from enforcing interest rate caps under the CFL against us. As of December 31, ~~2022~~ **2023** , more than ~~8~~ **5** % of our finance receivables portfolio was related to loans originated in the State of California, and if we become subject to the CFL interest rate cap of 36 %, our bank partners' ability to originate Program Loans in California could suffer. This could have an adverse effect on our relationships with our bank partners and financing sources, who may choose not to finance our purchase of participation interests in loans originated by our bank partners on our platform in California, and our ability to maintain and grow our finance receivables portfolio, and potentially subject us to fines damages, and other penalties or consequences, any of which could have a material adverse effect on our business, results of operations and financial condition. When making loans, we typically use the ACH system to deposit loan proceeds into borrowers' bank accounts. This includes loans originated by our bank partners. **We** ~~These loans~~ also depend on the ACH system to collect amounts due **on loans** by withdrawing funds from borrowers' bank accounts when the borrower has provided authorization to do so. ACH transactions are processed ~~by~~ **through** banks **and may involve other payment processors** , and if these banks **or payment processors** cease to provide ACH processing services or are not allowed to do so, we would have to materially alter, or possibly discontinue, some or all of our business if alternative ACH processors or other payment mechanisms are not available. In the past, heightened regulatory scrutiny by the U. S. Department of Justice, the FDIC and other regulators has caused some banks and ACH payment processors to cease doing business with consumer lenders who are operating legally, without regard to whether those lenders are complying with applicable laws, simply to avoid the risk of heightened scrutiny or even litigation. These actions have reduced the number of banks and payment processors ~~who~~ **that** provide ACH payment processing services ~~and~~ **to companies such as ours,** could conceivably make it increasingly difficult to find bank partners and payment processors in the future and / or **could** lead to significantly increased costs for these services. If we are unable to maintain access to needed services on favorable terms, we would have to materially alter, or possibly discontinue, some or all of our business if alternative processors are not available. If we lost access to the ACH system because our payment processor was unable or unwilling to access the ACH system on our behalf, we would experience a significant reduction in borrower loan payments. Although we would notify borrowers that they would need to make their loan payments via physical check, debit card or other method of payment a large number of borrowers would likely go into default because they are expecting **us to arrange** automated payment processing **through ACH system** . Similarly, if regulatory changes limited our access to the ACH system or reduced the number of times ACH transactions could be re- presented, we would experience higher losses. Our offshore service providers involve inherent risks which could result in harm to our business. We have and may in the future engage outsourcing partners that provide offshore customer- facing activities. These international activities are subject to inherent risks that are beyond our control, including: • risks related to government regulation or required compliance with local laws; • local licensing and reporting obligations; • difficulties in developing, staffing and simultaneously managing a number of varying foreign operations as a result of distance, language and cultural differences; • different, uncertain, overlapping or more stringent local laws and regulations; • political and economic instability, tensions, security risks and changes in international diplomatic and trade relations; • state or federal regulations that restrict offshoring of business operational functions or require offshore partners to obtain additional licenses, registrations or permits to perform services on our behalf; • geopolitical events, including natural disasters, public health issues, epidemics or pandemics, acts of war, and terrorism; • the impact of, and response of local governments to, the COVID- 19 pandemic; • compliance with applicable U. S. laws and foreign laws related to consumer protection, intellectual property, privacy, data security, corruption, money laundering, and export / trade control; • misconduct by our outsourcing partners and their employees or even unsubstantiated allegations of misconduct; • risks due to lack of direct involvement in hiring and retaining personnel; and • potentially adverse tax developments and consequences. Violations of the complex foreign and U. S. laws, rules and regulations that apply to our international operations and offshore activities of our service providers may result in heightened regulatory scrutiny, fines, criminal actions or sanctions against us, our directors, our officers or our employees, as well as restrictions on the conduct of our business and reputational damage. Risks Related to Our Regulatory Environment Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses. In the ordinary course of business, we have been named as a defendant in various legal actions, including class action lawsuits and other litigation. Generally, this litigation arises from the dissatisfaction of a consumer with the products or services offered on our platform. All such legal actions are inherently unpredictable and, regardless of the merits of the claims, litigation is often expensive, time- consuming, disruptive to our operations, and distracting to management. In addition, certain actions may include claims for indeterminate amounts of damages. Our involvement in any such matter also could cause significant harm to our or our bank partners' reputations and divert management attention from the operation of our business, even if the matters are ultimately determined in our favor. If resolved against us, legal actions could result in significant verdicts and judgments, injunctive relief, equitable relief, and other adverse consequences that may affect our financial condition and how we operate our business, including our decision to continue operating in certain states. In addition, a number of participants in the consumer financial services industry, ourselves included, have been the subject of putative class action lawsuits, state attorney general actions and other state regulatory **enforcement** actions and 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 and disclosure laws and allegations of noncompliance with various state and federal laws and regulations relating to originating, servicing and collecting consumer finance loans and other consumer financial services and products. The current regulatory environment **of** increased regulatory compliance efforts and enhanced regulatory enforcement ~~have~~ **has** resulted in us undertaking significant time- consuming and expensive operational and compliance improvement efforts, and in some cases litigation to assert our rights under existing laws, which may delay or preclude our or our bank partners' ability to provide certain new products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our 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 protection statutes may result in a separate fine assessed for each statutory and regulatory violation or substantial damages from class action lawsuits, potentially in excess of the amounts we earned from the underlying activities. Some of our agreements used in the course of our business include arbitration clauses. If our arbitration agreements were to become unenforceable for any reason, we could experience an increase to our consumer litigation costs and exposure to potentially damaging class action lawsuits, with a potential material adverse effect on our business and results of operations. We contest our liability and the amount of damages, as appropriate, in each pending matter. The outcome of pending and future matters could be material to our results of operations, financial condition and cash flows, and could materially adversely affect our business. 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 borrowers. These self- identified issues and voluntary remediation payments could be significant, depending on the issue and the number of borrowers impacted, and could generate litigation or regulatory investigations that subject us to additional risk. We are subject to or facilitate compliance with a variety of federal, state, and local laws, including those related to consumer protection **, privacy** and loan financings, and if we fail to comply with such laws, our business could be adversely affected. We must comply with regulatory regimes or facilitate compliance with regulatory regimes on behalf of our bank partners that are independently subject to federal and / or state oversight by bank regulators, including those applicable to our referral and marketing services, consumer credit transactions, loan servicing and collection activities and the purchase and sale of whole loans and other related transactions. Certain state laws generally regulate interest rates and other charges and require certain disclosures. In addition, other federal and state laws may apply to the origination, servicing and collection of loans originated on our platform or the purchase and sale of whole loans or participation rights. In particular, certain laws, regulations and rules we or our bank partners are subject to include: • state lending laws and regulations that require certain parties to hold licenses or other government approvals or filings in connection with specified activities, and impose requirements related to loan disclosures and terms, fees and interest rates, credit discrimination, credit reporting, servicemember relief, debt collection, repossession, unfair or deceptive business practices and consumer protection, as well as other state laws relating to privacy, information security, conduct in connection with data breaches and money transmission; • the Truth- in- Lending Act and Regulation Z promulgated thereunder, and similar state laws, which require certain disclosures to borrowers regarding the terms and conditions of their loans and credit transactions, require creditors to comply with certain lending practice restrictions, limit the ability of a creditor to impose certain loan terms and impose disclosure requirements in connection with credit card origination; • the Equal Credit Opportunity Act and Regulation B promulgated thereunder, and similar state fair lending laws, which prohibit creditors from discouraging or discriminating against credit applicants on the basis of race, color, sex, age, religion, national origin, marital status, the fact that all or part of the applicant' s income derives from any public assistance program or the fact that the applicant has in good faith exercised any right under the federal Consumer Credit Protection Act; • the Fair Credit Reporting Act and Regulation V promulgated thereunder, imposes certain obligations on users of consumer reports and those that furnish information to consumer reporting agencies, including obligations relating to obtaining consumer reports, using consumer reports, taking adverse action on the basis of information from consumer reports, addressing risks of identity theft and fraud and protecting the privacy and security of consumer reports and consumer report information; • Section 5 of the Federal Trade Commission Act, which prohibits unfair and deceptive acts or practices in or affecting commerce, and Section 1031 of the Dodd- Frank Act, which prohibits unfair, deceptive or abusive acts or practices in connection with any consumer financial product or service, and analogous state laws prohibiting unfair, deceptive or abusive acts or practices; • the Credit Practices Rule which prohibits lenders from using certain contract provisions that the Federal Trade Commission has found to be unfair to consumers, requires lenders to advise consumers who co- sign obligations about their potential liability if the primary obligor fails to pay and prohibits certain late charges; • the Fair Debt Collection Practices Act and similar state debt collection laws, which provide guidelines and limitations on the conduct of third- party debt collectors (and some limitation on creditors collecting their own debts) in connection with the collection of consumer debts; • the Gramm- Leach- Bliley Act and Regulation P promulgated thereunder, which includes limitations on financial institutions' disclosure of nonpublic personal information about a consumer to nonaffiliated third parties, in certain circumstances requires financial institutions to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information and requires financial institutions to disclose certain privacy notices and practices with respect to information sharing with affiliated and unaffiliated entities as well as to safeguard personal borrower information, and other privacy laws and regulations; • **state financial privacy laws in California, Vermont and a limited number of other states that require financial institutions to obtain opt- in consent before sharing a consumer' s nonpublic financial information with nonaffilaited third parties; • limited provisions of the California Consumer Privacy Act (CCPA), including provisions enforceable by California' s new privacy agency and its Department of Justice that require specific privacy policy disclosures and give consumers the**

right to opt out of the sale or sharing of personal information for certain behavioral advertising purposes, and which also includes a private right of action for negligent data breaches, all of which are subject to civil and administrative penalties and statutory damages (for private right of action) assessed on a per- consumer or per- incident basis, in addition to actual damages and injunctive relief; • the Bankruptcy Code, which limits the extent to which creditors may seek to enforce debts against parties who have filed for bankruptcy protection; • the Servicemembers Civil Relief Act, which allows military members to suspend or postpone certain civil obligations, requires creditors to reduce the interest rate to 6 % on loans to military members under certain circumstances, and imposes restrictions on enforcement of loans to servicemembers, so that the military member can devote his or her full attention to military duties; • the Military Lending Act, which requires those who lend to " covered borrowers ", including members of the military and their dependents, to only offer Military APRs (a specific measure of all- in- cost- of- credit) under 36 %, prohibits arbitration clauses in loan agreements, and prohibits certain other loan agreement terms and lending practices in connection with loans to military servicemembers, among other requirements, and for which violations may result in penalties including voiding of the loan agreement; • the Electronic Fund Transfer Act and Regulation E promulgated thereunder, which provide guidelines and restrictions on the electronic transfer of funds from consumers' bank accounts, including a prohibition on a creditor requiring a consumer to repay a credit agreement in preauthorized (recurring) electronic fund transfers and disclosure and authorization requirements in connection with such transfers; • the Telephone Consumer Protection Act and the regulations promulgated thereunder, which impose various consumer consent requirements and other restrictions in connection with telemarketing activity and other communication with consumers by phone, fax or text message, and which provide guidelines designed to safeguard consumer privacy in connection with such communications; • the federal Controlling the Assault of Non- Solicited Pornography and Marketing Act of 2003 and the Telemarketing Sales Rule and analogous state laws, which impose various restrictions on marketing conducted use of email, telephone, fax or text message; • the Electronic Signatures in Global and National Commerce Act and similar state laws, particularly the Uniform Electronic Transactions Act, which authorize the creation of legally binding and enforceable agreements utilizing electronic records and signatures and which require creditors and loan servicers to obtain a consumer' s consent to electronically receive disclosures required under federal and state laws and regulations; • the Right to Financial Privacy Act and similar state laws enacted to provide the financial records of financial institution customers a reasonable amount of privacy from government scrutiny; • the Bank Secrecy Act and the USA PATRIOT Act, which relate to compliance with anti- money laundering, borrower due diligence, transaction monitoring and reporting and record- keeping policies and procedures; • the Executive Orders and regulations promulgated by the Office of Foreign Assets Control under the U. S. Treasury Department related to the administration and enforcement of sanctions against foreign jurisdictions and persons that threaten U. S. foreign policy and national security goals, primarily to prevent targeted jurisdictions and persons from accessing the U. S. financial system; and • federal and state securities laws, including, among others, the Securities Act of 1933, as amended, or the Securities Act, the Exchange Act, the Investment Advisers Act of 1940, as amended, or the Investment Advisers Act of 1940 (referred to as the IAA) and the Investment Company Act of 1940, as amended, or the Investment Company Act, rules and regulations adopted under those laws, and similar state laws and regulations, which govern how we offer, sell and transact in our loan financing products; and other state- specific and local laws and regulations. We may not always have been, and may not always be, in compliance with these and other applicable laws, regulations and rules. Compliance with these requirements is also costly, time-consuming and limits our operational flexibility. Even if we believe we are in compliance with applicable laws, regulators may assert that we are not in compliance with such laws, and we have and may in the future be required to seek redress against regulators through legal action or otherwise, which could be costly and time- consuming. Additionally, Congress, the states and regulatory agencies, as well as local municipalities, could further regulate the consumer financial services industry in ways that make it more difficult or costly for us to offer our platform and related services or facilitate the origination of loans for our bank partners. These laws also are often subject to changes that could severely limit the operations of our business model. For example, in July 2021, a bill was reintroduced in the U. S. Senate that would create a national cap of 36 % APR on most consumer loans, and 18 states and Washington, D. C. have enacted interest rate caps on certain types of consumer loans. Although the proposed national rate cap may never be enacted into law, if such a bill were to be enacted, it would greatly restrict the number of loans that could be funded through our platform. **In another example, in June 2023, Colorado enacted a law to opt out from interest rate preemption afforded state- chartered banks with respect to installment loans made in Colorado, pursuant to the Depository Institutions Deregulation and Monetary Control Act of 1980. The law becomes effective July 1, 2024. Iowa and Puerto Rico also have exercised this opt out. Other states and jurisdictions are considering similar legislation. If other states or jurisdictions adopt similar legislation, it may limit the interest rates that could be charged on new loans made in such states by state chartered banks that originate loans on our platform and may restrict the number of loans that could be funded through our platform.** Further, changes in the regulatory application or judicial interpretation of the laws and regulations applicable to financial institutions also could impact the manner in which we conduct our business. The regulatory environment in which financial institutions operate has become increasingly complex, and following the financial crisis that began in 2008 and the financial distress experienced by many consumer as a result of the COVID- 19 pandemic, supervisory efforts to apply relevant laws, regulations and policies have become more intense. Additionally, states are increasingly introducing and, in some cases, passing laws that restrict interest rates and APRs on loans similar to the loans made on our platform. For example, **in** California ~~has enacted legislation to create~~ the DFPI ~~, which~~ is **considered** a " mini- CFPB " ~~and which~~ **because it** has sought to increase ~~its~~ oversight over bank partnership relationships and strengthen state consumer protection authority of state regulators to police debt collections and unfair, deceptive or abusive acts and practices. Additionally, voter referendums have been introduced and, in some cases, passed restrictions on interest rates and / or APRs. If such legislation or bills were to be propagated, or state or federal regulators seek to restrict regulated financial institutions such as our bank partners from engaging in business us in certain ways, our bank partners' ability to originate loans in certain states could be greatly reduced, and as a result, our business, financial condition and results of operations would be adversely affected. Where applicable, we seek to comply with state broker, credit service organization, small loan, finance lender, servicing, collection, money transmitter and similar statutes. Nevertheless, if we are found to not comply with applicable laws, we could lose one or more of our licenses or authorizations, become subject to greater scrutiny by other state regulatory agencies, face other sanctions or be required to obtain a license in such jurisdiction, which may have an adverse effect on our ability to continue to facilitate loans, perform our servicing obligations or make our platform available to consumers in particular states, which may harm our business. Further, failure to comply with the laws and regulatory requirements applicable to our business and operations may, among other things, limit our ability to collect all or part of the principal of or interest on loans facilitated on our platform. In addition, non- compliance could subject us to **civil penalties,** damages, revocation of required licenses, class action lawsuits, administrative enforcement actions and civil and criminal liability, all of which would harm our business. Internet- based loan origination processes may give rise to greater risks than paper- based processes and may not always be allowed under state law. We use the internet to obtain application information and distribute certain legally required notices to applicants and borrowers, and to obtain electronically signed loan documents in lieu of paper documents with actual borrower signatures. These processes may entail greater risks than would paper- based loan origination processes, including risks regarding the sufficiency of notice for compliance with consumer protection laws, risks that borrowers may challenge the authenticity of loan documents, and risks that despite internal controls, unauthorized changes are made to the electronic loan documents. In addition, our software could contain " bugs " that result in incorrect calculations or disclosures or other non-compliance with federal or state laws or regulations. If any of those factors were to cause any loans, or any of the terms of the loans, to be unenforceable against our borrowers, or impair our ability to service loans, the performance of the underlying promissory notes could be adversely affected. If we are found to be operating without having obtained necessary state or local licenses, our business, financial condition and results of operations could be adversely affected. Certain states have adopted laws regulating and requiring licensing by parties that engage in certain activities regarding consumer finance 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 and / or purchasing or selling consumer loans. While we believe we have obtained all necessary licenses, the application of some consumer finance licensing laws to our platform and the related activities we perform is unclear. In addition, state licensing requirements may evolve over time, including, in particular, recent trends toward increased licensing requirements and regulation of parties engaged in loan solicitation activities. States also maintain licensing requirements pertaining to the transmission of money, and certain states may broadly interpret such licensing requirements to cover loan servicing and the transmission of funds to investors. 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 by our bank partners on our platform could be rendered void or unenforceable in whole or in part, any of which could have a material adverse effect on our business. The CFPB has sometimes taken expansive views of its authority to regulate consumer financial services, creating uncertainty as to how the agency' s actions or the actions of any other new agency could impact our business. The CFPB, which commenced operations in July 2011, has broad authority to create and modify regulations under federal consumer financial protection laws ~~and regulations~~, such as **Regulation Z (implementing** the Truth in Lending Act **)** ~~and Regulation Z~~, ~~ECOA and~~ Regulation B **(implementing ECOA)** , **Regulation V (implementing** the Fair Credit Reporting Act **)** , **and Regulation E (implementing** the Electronic ~~Funds~~ - **Fund** Transfer Act **)** ~~and Regulation E~~, among other regulations, and to enforce compliance with those laws. The CFPB supervises banks, thrifts and credit unions with assets over $ 10 billion and examines certain of our bank partners. Further, the CFPB is charged with the examination and supervision of certain participants in the consumer financial services market, including short- term, small dollar lenders, and larger participants in other areas of financial services. The CFPB is also authorized to prevent " unfair, deceptive or abusive acts or practices " through its rulemaking, supervisory and enforcement authority. To assist in its enforcement, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including our loan products. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus. The CFPB may also request reports concerning our organization, business conduct, markets and activities and conduct on- site examinations of our business on a periodic basis if the CFPB were to determine or suspect, as a result of information provided through its complaint system, that we were engaging in activities that pose risks to consumers. Only one ~~online lending~~ **digital specialty finance** ~~platform~~ **platforms** has ever received a no- action letter from the CFPB with respect to ECOA compliance as it pertains to underwriting applicants for unsecured non- revolving credit, and there continues to be uncertainty about the future of the CFPB and as to how its strategies and priorities, including in both its examination and enforcement processes, will impact our business and our results of operations going forward. In addition, evolving views regarding the use of alternative variables and machine learning in assessing credit risk and / or stated focus of the ~~new~~ Administration and CFPB leadership on fair lending could result in the CFPB taking actions that result in requirements to alter or cease offering affected financial products and services, making them less attractive and restricting our ability to offer them. The CFPB could also implement rules that restrict our effectiveness in servicing our financial products and services. Although we have committed resources to enhancing our compliance programs, any actions by the CFPB (or other regulators) against us, our bank partners or our competitors could discourage the use of our services or those of our bank partners, which could result in reputational harm, a loss of bank partners, borrowers or capital sources, or discourage the use of our or their services and adversely affect our business. If the CFPB changes regulations or modifies through supervision or enforcement past regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the industry or other regulators, our compliance costs and litigation exposure could increase materially. This is particularly true with respect to the application of ECOA and Regulation B to credit risk models that rely upon alternative variables and machine learning, an area of law where regulatory guidance is currently uncertain and still evolving, and for which there are not well- established regulatory norms for establishing compliance. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer certain of our products or that require us to make significant changes to our business practices, and if we are unable to develop compliant alternatives with acceptable returns, these restrictions or prohibitions could have a material adverse effect on our business. If the CFPB, or another regulator, were to issue a consent decree or other similar order against us or our competitors, this could also directly or indirectly affect our results of operations. We have been in the past and may in the future be subject to federal and state regulatory inquiries regarding our business, which may cause significant harm to our reputation, lead to investigations and enforcement actions from regulatory agencies or litigants, and divert management attention and resources from the operation of our business. We have, from time to time in the normal course of our business, received, and may in the future 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, such as the DFPI, and other state or federal agencies or bodies regarding our platform, including the marketing of loans for lenders, underwriting and pricing of consumer loans for our bank partners, our fair lending compliance program and licensing and registration requirements. We have addressed these inquiries directly and engaged in open dialogue with regulators. For example, the CFPB has issued a civil investigative demand, or CID, to us, as a result of a consumer complaint, the stated purpose of which is to determine whether our lending practices violated any consumer financial laws with respect to the Military Lending Act. We have responded to the CFPB to refute the number of affected consumers, and on August 25, 2021 we received notification from the staff of the CFPB that the CFPB had completed its investigation and does not intend to recommend that the CFPB take enforcement action against us. We have also received 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, and we expect to continue to receive such inquiries. 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, has and could in the future 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. For example, in the case of the inquiry initiated by the DFPI with respect to Program Loans, we have sought declaratory and injunctive relief in response to action by the DFPI, the outcome of which is uncertain at this time. Our involvement in any such matters, whether tangential or otherwise and 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. The collection, processing, storage, use and disclosure of personal data could give rise to liabilities as a result of existing or new governmental regulation, conflicting legal requirements or differing views of personal privacy rights. We receive, transmit and store a large volume of personally identifiable information and other sensitive data from applicants and borrowers. There are federal, state and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. Specifically, cybersecurity and data privacy issues, particularly with respect to personally identifiable information are increasingly subject to legislation and regulations to protect the privacy and security of personal information that is collected, processed and transmitted. For example, the Gramm- Leach- Bliley Act **or the GLBA** includes limitations on financial institutions' disclosure of nonpublic personal information about a consumer to nonaffiliated third parties, in certain circumstances requires financial institutions to limit the use and further disclosure of nonpublic personal information by nonaffiliated third parties to whom they disclose such information and requires financial institutions to disclose certain privacy notices and practices with respect to information sharing with affiliated and unaffiliated entities as well as to safeguard personal borrower information. **Financial privacy laws in some states provide additional limitations on the use of nonpublic personal information, including requiring opt- in consent before it can be disclosed to nonaffiliated entities.** In addition, the California Consumer Privacy Act, or the CCPA, which went into effect on January 1, 2020 **and applies to employees, business contacts, job applicants, and certain personal data not subject to the GLBA** , requires, among other things, that covered companies provide **detailed** disclosures to California ~~consumers~~ **residents** and afford **California residents rights** ~~such consumers new abilities~~ to **access, delete and correct** ~~opt- out of certain sales or retention of~~ their personal information ~~by us. The CCPA has~~ - **as** ~~been amended on multiple occasions and the California attorney general approved final regulations on August 14, 2020. Although the regulations will~~ **well** ~~bring some clarity regarding compliance with~~ **as the right to opt out of the sale of** ~~the~~ **their personal information** ~~CCPA, aspects of the CCPA and its interpretation remain unclear. We cannot fully predict the impact of the CCPA on our~~ - **or** ~~business~~ **the disclosure of their personal information to third parties** ~~or~~ **for** ~~operations, but it may require us to further modify our data infrastructure and data processing practices and policies and to incur additional costs~~ - **cross - context behavioral advertising** ~~and expenses in an effort to continue to comply. In addition, California voters approved Proposition 24 in the November 2020 election to create the California Privacy Rights Act, which amends and purports to strengthen the CCPA and will create a state agency to enforce privacy laws~~ . Additionally, other U. S. states are proposing and enacting laws and regulations that impose obligations similar to the CCPA or that otherwise involve significant obligations and restrictions. Compliance with current and future borrower privacy data protection and information security laws and regulations could result in higher compliance, technical or operating costs. Further, any actual or perceived violations of these laws and regulations may require us to change our business practices, data infrastructure or operational structure, address legal claims and regulatory investigations and proceedings and sustain monetary penalties and / or other harms to our business. We could also be adversely affected if new legislation or regulations are adopted or if existing legislation or regulations are modified such that we are required to alter our systems or change our business practices or privacy policies. **The Federal Trade Commission (FTC) and many state attorneys general are interpreting existing federal and state consumer protection laws to impose evolving standards for the collection, use, dissemination and security of personally identifiable information, including financial information. For instance, the FTC published an advance notice of proposed rulemaking on commercial surveillance and data security in 2022 and may implement new trade regulation rules or other regulatory alternatives relating to the ways in which companies (1) collect, aggregate, protect, use, analyze, and retain consumer data, as well as (2) transfer, share, sell, or otherwise monetize that data in ways that are unfair or deceptive in the coming years. Privacy laws require us to publish statements describing how we handle personal information and choices individuals may have concerning the way we handle their personal information. Violating individuals' privacy rights, publishing false or misleading information about security practices, or failing to take appropriate steps to keep individuals' personal information secure may constitute unfair or deceptive acts or practices in violation of Section 5 of the FTC Act. Federal regulators, state attorneys general and plaintiffs' attorneys have been and will likely continue to be active in this space, and if we do not comply with existing or new laws and regulations related to personally identifiable information, we could be subject to criminal or civil sanctions. In addition, there has been a noticeable increase in class actions in the U. S. where plaintiffs have utilized a variety of laws, including state wiretapping laws, in relation to the use of tracking technologies, such as cookies and pixels. Actual, potential, or perceived violations of such laws could result in regulatory investigations, fines, orders to cease / change our use of such technologies and processing of personal data, as well as civil claims including class actions, reputational damage and ongoing compliance costs, any of which could harm our business, results of operations and financial condition.** As the regulatory framework for machine learning technology evolves, our business, financial condition and results of operations may be adversely affected. The regulatory framework for machine learning technology **, particularly when used in connection with the offering of financial services,** is ~~evolving~~ **developing** and ~~remains uncertain~~ **being discussed by several regulatory agencies, including the CFPB** . It is possible that **in the coming years ahead,** new laws and regulations will be adopted in the United States, or existing laws and regulations may be interpreted in new ways, ~~that~~ **both of which** ~~would~~ **could** affect the operation of our platform and the way in which we use machine learning technology, including with respect to fair lending laws. Further, the cost to comply with such laws or regulations could be significant and would increase our operating expenses, which could adversely affect our business, financial condition and results of operations. If we are required to register under the Investment Company Act, our ability to conduct business could be materially adversely affected. The Investment Company Act contains substantive legal requirements that regulate the manner in which " investment companies " are permitted to conduct their business activities. In general, an " investment company " is a company that holds itself out as an investment company or holds more than 40 % of the total value of its assets (minus cash and government securities) in " investment securities. " We believe we are not an investment company. We do not hold ourselves out as an investment company. We understand, however, that the loans held on our balance sheet could be viewed by the SEC or its staff as " securities, " which could in turn cause the SEC or its staff to view Opportunity Financial, LLC or an affiliate as an " investment company " subject to regulation under the Investment Company Act. We believe that we have never been an investment company because, among other reasons, we are primarily engaged in the business of providing **a specialty finance** ~~an AI- based lending~~ platform to banks. If we were ever deemed to be in non- compliance with the Investment Company Act, we could also be subject to various penalties, including administrative or judicial proceedings that might result in censure, fine, civil penalties, cease- and- desist orders or other adverse consequences, as well as private rights of action, any of which could materially adversely affect our business. Anti- money laundering, anti- terrorism financing, anti- corruption and economic sanctions laws could have adverse consequences for us. We maintain a compliance program designed to enable us to comply with all applicable anti- money laundering and anti- terrorism financing laws and regulations, including the Bank Secrecy Act and the USA PATRIOT Act and U. S. economic sanctions laws administered by the Office of Foreign Assets Control. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering and terrorist financing and engaging in transactions involving sanctioned countries persons and entities. These controls include procedures and processes to detect and report suspicious transactions, perform borrower due diligence, respond to requests from law enforcement, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. We are also subject to anti- corruption and anti- bribery and similar laws, such as the U. S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U. S. domestic bribery statute contained in 18 U. S. C. § 201, and the U. S. Travel Act, which prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the private sector in order to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. We have implemented an anti- corruption policy to ensure compliance with these anti- corruption and anti- bribery laws. No assurance is given that our programs and controls will be effective to ensure compliance with all applicable anti- money laundering and anti- terrorism financing and anti- corruption laws and regulations, and our failure to comply with these laws and regulations could subject us to significant sanctions, fines, penalties, contractual liability to our bank partners or institutional investors, and reputational harm, all of which could harm our business. Risks Related to Loan Funding and Indebtedness Our warehouse facilities expose us to certain risks, and we can provide no assurance that we will be able to access the whole loan sales markets, or secured warehouse credit facilities, in the future, which may require us to seek more costly financing. We have funded, and may in the future fund, certain loans on our balance sheet and our purchase of participation rights in loans originated by our bank partners by selling such loans or participation interests to warehouse special purpose entities, or SPEs, which loan and participation rights sales are partially financed with associated warehouse credit facilities from financial institutions. Concurrently, the SPE borrows money from financial institutions pursuant to credit and security agreements. The lines of credit borrowed by the SPEs are each secured by the pool of loans and participation rights owned by the applicable SPE. During periods of financial disruption, such as the financial crisis that began in 2008 and the COVID- 19 pandemic that began in early 2020, the credit market constrained, and this could continue or occur again in the future. In addition, other matters, such as (i) accounting standards applicable to the foregoing transactions and (ii) capital and leverage requirements applicable to banks and other regulated financial institutions, could result in decreased investor demand, or increased competition from other institutions that undertake similar transactions. In addition, compliance with certain regulatory requirements, including the Dodd- Frank Act, the Investment Company Act and the so- called " Volcker Rule, " may affect the type of transactions that we are able to complete. If it is not possible or economical for us to engage in whole loan or participation rights sales in the future, we would need to seek alternative financing to support our loan funding programs and to meet our existing debt obligations. Such funding may not be available on commercially reasonable terms, or at all. If the cost of such loan funding mechanisms were to be higher than that of our whole loan and participation right sales, the fair value of the loans and participation rights would likely be reduced, which would negatively impact our results of operations. If we are unable to access such financing, our ability to originate loans and acquire participation rights in loans originated by our bank partners and our results of operations, financial condition and liquidity would be materially adversely affected. If we are unable to maintain diverse and robust sources of capital, our growth prospects, business, financial condition and results of operations could be adversely affected. Our business depends on maintaining diverse and robust sources of capital to originate loans facilitated on our platform in certain states and to acquire participation rights in loans that our bank partners originate using our platform. We currently have committed financing agreements with two non- banks lenders and one commercial bank. We cannot be sure that these funding sources will continue to be available on reasonable terms or at all beyond the current maturity dates of our existing credit facilities. See the section " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources " for more information. Events of default or breaches of financial, performance or other covenants, or worse than expected performance of certain pools of loans underpinning our credit facilities, could reduce or terminate our access to funding from such facilities. Loan performance is dependent on a number of factors, including the predictiveness of our ~~AI~~ models and social and economic conditions. The availability and capacity of sources of capital also depends on many factors that are outside of our control, such as credit market volatility and regulatory reforms. In the event that we do not maintain adequate sources of capital, we may not be able to maintain the necessary levels of funding to retain current loan volume, which could adversely affect our business, financial condition and results of operations. In connection with our credit facilities, we make representations and warranties concerning the loans or participation rights sold, and if such representations and warranties are not accurate when made, we could be required to repurchase such loans or participation rights. Under our credit facilities we make numerous representations and warranties concerning the characteristics of the loans facilitated on our platform, or participation rights with respect thereto, sold and transferred in connection with such transactions, including representations and warranties that the loans meet the eligibility requirements of those facilities. If those representations and warranties were not accurate when made, we may be required to repurchase the underlying loans or participation rights. Failure to repurchase so- called ineligible receivables when required could constitute an event of default or termination event under our credit facilities. Historically, we have not had to repurchase loans or participations rights as a result of inaccurate representations or warranties related to loans facilitated on our platform. While only a small number of loans or participation rights have been historically repurchased by us, there can be no assurance that we would have adequate cash or other qualifying assets available to make such repurchases if and when required. Such repurchases could be limited in scope, relating to small pools of loans or participation rights, or significant in scope, across multiple pools of loans or participation rights. If we were required to make such repurchases and if we do not have adequate liquidity to fund such repurchases, our business, financial condition and results of operations could be adversely affected. We rely on borrowings under our corporate and warehouse credit facilities to fund certain aspects of our operations, and any inability to meet our obligations as they come due or to comply with various covenants could harm our business. Our corporate credit facilities consist of term loans and revolving loan facilities that we have drawn on to finance our operations and for other corporate purposes. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~345~~ **333** million outstanding principal under these term loans and revolving credit facilities. These borrowings are generally secured by all the assets of the company that have not otherwise been sold or pledged to secure our structured finance facilities, such as assets belonging to our SPEs. These credit agreements contain operating and financial covenants, including customary limitations on the incurrence of certain indebtedness and liens, restrictions on certain transactions and limitations on distributions and stock repurchases. We have in the past, and may in the future, fail to comply with certain operating or financial covenants in our credit agreements, requiring a waiver from our lenders. Our ability to comply with or renegotiate these covenants may be affected by events beyond our control, and breaches of these covenants could result in a default under such agreements and any future financial agreements into which we may enter. If we were to default on our credit obligations and such defaults were not waived, our lenders may require repayment of any outstanding debt and terminate their agreements with us. In addition, we, through our SPEs, have entered into warehouse credit facilities to partially finance the origination of loans by us on our platform or the purchase of participation rights in loans originated by our bank partners through our platform, which credit facilities are secured by the loans or participation rights. We generally hold these loans or participation rights on our balance sheet until we can liquidate them. As of December 31, ~~2022~~ **2023** , outstanding borrowings under these warehouse credit facilities were $ ~~296~~ **283** million. See the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources " for more information about our term loans and revolving loan facilities. Our warehouse credit facilities impose operating and financial covenants on the SPEs, and under certain events of default, the lenders could require that all outstanding borrowings become immediately due and payable or terminate their agreements with us. We have in the past, and may in the future, fail to comply with certain operating or financial covenants in our credit facilities, requiring waivers from our lenders. If we are unable to repay our obligations at maturity or in the event of default, the borrowing SPEs may have to liquidate the loans or participation rights held as collateral at an inopportune time or price or, if the lender liquidated the loans or participation rights, the SPE, and in certain situations we, would have to pay any amount by which the original purchase price exceeded their sale price. An event of default would negatively impact our ability to originate loans on our platform and purchase participation rights in loans originated by our bank partners on our platform and require us to rely on alternative funding sources, which might increase our costs or which might not be available when needed. If we were unable to arrange new or alternative methods of financing on favorable terms, we might have to curtail our ~~lending~~ **specialty finance** programs, which could have an adverse effect on our and our bank partners' ability or willingness to originate new loans, which in turn would have an adverse effect on our business, results of operations and financial condition. Some of our borrowings carry a floating rate of interest linked to the London Inter- bank Offered Rate, or LIBOR. On July 27, 2017, the United Kingdom Financial Conduct Authority (" FCA "), announced that it intended to stop persuading or compelling banks to submit rates for the calculation of LIBOR after 2021. In response, the Alternative Reference Rates Committee (" ARRC "), made up of financial and capital market institutions, was convened to address the replacement of LIBOR in the U. S. The ARRC identified a potential successor to LIBOR in the Term Secured Overnight Financing Rate (" TSOFR ") and has crafted a plan to facilitate the transition. In March 2022, the Adjustable Interest Rate (LIBOR) Act (the " LIBOR Act ") was enacted, providing that LIBOR- based contracts that lack practicable replacement benchmarks will automatically transition to the applicable reference rates recommended by the Federal Reserve. In December 2022, the Federal Reserve issued a Final Rule establishing benchmark replacements based on TSOFR. However, the ICE Benchmark Administration (" IBA "), the authorized and regulated administrator of LIBOR, expects to continue publishing some LIBOR tenors until June 2023 and may be compelled to continue publishing other tenors under a different methodology after the FCA completes a consultation and makes a final determination on the matter (expected in 2023). While our agreements generally include alternative rates to LIBOR, if a change in indices results in interest rate increases on our debt, debt service requirements will increase, which could adversely affect our cash flow and results of operations. We do not expect a materially adverse change to our financial condition or liquidity as a result of any such changes or any other reforms to LIBOR that may be enacted in the United States, the United Kingdom or elsewhere. Changes in interest rates could adversely affect our performance. Our results of operations depend to a great extent on our net interest and loan related income, which is related to the difference between the interest rates earned on interest- earning assets such as loans and investment securities, and the interest rates paid on interest- bearing liabilities such as borrowings under our credit facilities. We are exposed to interest rate risk because our interest- earning assets and interest- bearing liabilities do not react uniformly or concurrently to changes in interest rates. The interest rates of borrowings under some of our credit facilities are based on floating interest rates and are sensitive to factors that are beyond our control, including domestic and international economic conditions and the policies of various governmental and regulatory agencies, including the Federal Reserve. The monetary policies of the Federal Reserve, implemented through open market operations, the federal funds rate targets, the discount rate for banking borrowings and reserve requirements, affect prevailing interest rates. **For instance, between August 2019 and March 2020, the Federal Open Market Committee of the Federal Reserve Board decreased its target range for short- term interest rates by 200 basis points, while between March 2022 and December 2023, it raised interest rates by 525 basis points and indicated that further changes may occur in 2024.** A material change in any of these policies could affect the cost of borrowings under our credit facilities which in turn could have an adverse effect on our business, results of operations and financial condition. We may need to raise additional funds in the future, including through equity, debt or convertible debt financings, to support business growth and those funds may not be available on acceptable terms, or at all. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, including the need to develop new loan products, enhance our ~~AI~~ models, improve our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity, debt or convertible debt financings to secure additional funds. If we raise additional funds by issuing equity securities or securities convertible into equity securities, the combined company' s stockholders may experience dilution. Debt financing, if available, may involve covenants restricting our operations or our ability to incur additional debt. Any debt or additional equity financing that we raise may contain terms that are not favorable to us or our stockholders. If we are unable to obtain adequate financing or on terms satisfactory to us when we require it, we may be unable to pursue certain business opportunities and our ability to continue to support our business growth and to respond to business challenges could be impaired and our business may be harmed. Risks Related to Ownership of our Securities Having a minority share position may reduce the influence of stockholders on the management of the Company. At December 31, ~~2022~~ **2023** , (i) the Company' s public stockholders owned approximately ~~13~~ **17** . ~~5~~ **0** % of the Company' s Common Stock and the Members owned approximately ~~86~~ **83** . ~~5~~ **0** % of the Company' s Common Stock. The ownership percentage does not take into account (i) the Warrants; (ii) the issuance of any shares under the OppFi Inc. 2021 Equity Incentive Plan or the OppFi Inc. 2021 Employee Stock Purchase Plan; or (iii) any shares of Class A Common Stock that may be repurchased pursuant to the Repurchase Program (as defined below). To the extent that any shares of Class A Common Stock are issued upon exercise of the Warrants or pursuant to our incentive plan or employee stock purchase plan, current stockholders may experience substantial dilution, and to the extent any shares of Class A Common Stock are repurchased pursuant to the Repurchase Program, the relative ownership interest of the Members will increase. This dilution, or increase in the relative ownership interest of the Members could, among other things, further limit the ability of our current stockholders to influence management of our company. There can be no assurance that we will be able to comply with the continued listing standards of the NYSE. Our Class A Common Stock and Public Warrants are currently listed on the NYSE. If the NYSE delists our Class A Common Stock from trading on its exchange for failure to meet the listing standards, we and our stockholders could face significant adverse consequences including: • a limited availability of market quotations for our securities; • reduced liquidity for our securities; • a determination that our Class A Common Stock is a " penny stock, " which will require brokers trading in our Class A 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 • decreased ability to issue additional securities or obtain additional financing in the future. The National Securities Markets Improvement Act of 1996, which is a federal statute, prevents or preempts the states from regulating the sale of certain securities, which are referred to as " covered securities. " Because our Class A Common Stock and Public Warrants are listed on the NYSE, they are covered securities. Although the states are preempted from regulating the sale of our securities, the federal statute does allow the states to investigate companies if there is a suspicion of fraud, and, if there is a finding of fraudulent activity, then the states can regulate or bar the sale of covered securities in a particular case. While we are not aware of a state, other than the state of Idaho, having used these powers to prohibit or restrict the sale of securities issued by blank check companies, certain state securities regulators view blank check companies unfavorably and might use these powers, or threaten to use these powers, to hinder the sale of securities of blank check companies in their states. Further, if we were no longer listed on the NYSE, our securities would not be covered securities and we would be subject to regulation in each state in which we offer our securities, including in connection with our initial business combination. Future resales of Class A Common Stock may cause the market price of our securities to drop significantly, even if our business is doing well. ~~Currently~~ **As of December 31, 2023** , approximately ~~69~~ **66** . 4 million Retained OppFi- LLC Units (" Initial Shares ") may be exchanged for shares of our Class A Common Stock by the Members pursuant to the Members' Exchange Rights, and may be sold without any contractual restriction by the Members. Pursuant to the lock- up restrictions agreed to in connection with the Investor Rights Agreement, beginning on the nine month anniversary of the Closing (unless earlier waived by the Company in its capacity as the sole manager of OppFi- LLC), or with respect to the Earnout Units, on such later date the Earnout Units are earned in accordance with the Business Combination Agreement, all of the Retained OppFi- LLC Units held by the Members may be exchanged, upon the exercise of such Members' Exchange Rights, for either one share of Class A Common Stock or, at the election of the Company in its capacity as the sole manager of OppFi- LLC, the cash equivalent of the market value of one share of Class A Common Stock, pursuant to the terms and conditions of the OppFi- LLC A & R LLCA. Assuming the full exercise of the Exchange Rights by all of the Members (including with respect to the Initial Shares and the Earnout Units), the Members will own ~~86~~ **83** . ~~5~~ **0** % of our Class A Common Stock. Except with respect to the restrictions described above, the Members will not be restricted from selling the shares of Class A Common Stock held by them following their exercise of Exchange Rights, other than by applicable securities laws. As such, sales of a substantial number of shares of Class A Common Stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could cause the market price of our securities to decline or increase the volatility in the market price of our securities. The amount and frequency of our share repurchases may fluctuate, and we cannot guarantee that we will **continue to** ~~fully consummate our share~~ repurchase ~~authorization~~ **shares of our Class A Common Stock** , or that it will enhance long- term stockholder value. Share repurchases could also increase the volatility of the trading price of our stock and will diminish our cash reserves. In January 2022, we announced a program to repurchase up to $ 20. 0 million in the aggregate of shares of Class A Common Stock (" Repurchase Program "). The ~~timing and amount of the repurchases will depend on market conditions and other requirements. The~~ Repurchase Program ~~does not obligate us to repurchase any dollar amount or number of shares and the Repurchase Program may be extended, modified, suspended, or discontinued at any time. For each share of Class A Common Stock that we repurchase under the Repurchase Program, OppFi- LLC will redeem one OppFi Unit held by the Company, decreasing the percentage ownership of OppFi- LLC by the Company and relatively increasing the ownership by the Members. The Repurchase Program will expire~~ **expired** in December 2023. As of **the expiration** ~~December 31, 2022~~ , we **had** purchased approximately $ 2. 5 million of shares of Class A Common Stock under the Repurchase Program **. There can be no guarantee that the Board will approve a new share repurchase program. Any decision to approve a new share repurchase program will be made by the Board from time to time based on the Board' s evaluation of the best interests of the Company and our stockholders** . We cannot guarantee that any additional shares of Class A Common Stock will be repurchased under ~~the~~ **a new** ~~Repurchase~~ **repurchase** ~~Program~~ **program** or that it will enhance long- term stockholder value. The **timing and amount of any repurchases will depend on market conditions and other requirements. A new** ~~Repurchase~~ **repurchase** ~~Program~~ **program** could affect the trading price of our securities and increase volatility, and any announcement of a pause in, or termination of, ~~this~~ **a** program may result in a decrease in the trading price of our securities. In addition, ~~this~~ **a new repurchase** program could diminish our cash reserves. There is no guarantee that the Warrants will ever be in the money, and they may expire worthless and the terms of our Warrants may be amended. The exercise price for our Warrants (other than the $ 15 Exercise Price Warrants) is $ 11. 50 per share of Class A Common Stock, and the exercise price of the $ 15 Exercise Price Warrants is $ 15. 00 per share of Class A Common Stock. There is no guarantee that the Warrants will ever be in the money prior to their expiration, and as such, the Warrants may expire worthless. Our only significant asset is our ownership interest in OppFi- LLC and the ownership may not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our Class A Common Stock or satisfy our other financial obligations. We have no direct operations and no significant assets other than our ownership interest in OppFi- LLC. We depend on OppFi- LLC for distributions, loans and other payments to generate the funds necessary to meet our financial obligations, including our expenses as a publicly traded company and to pay any dividends with respect to our Class A Common Stock. The financial condition and operating requirements of OppFi- LLC may limit our ability to obtain cash from OppFi- LLC. The earnings from, or other available assets of, OppFi- LLC may not be sufficient to pay dividends or make distributions or loans to enable us to pay any dividends on our Class A Common Stock or satisfy our other financial obligations. We may be required to take write- downs or write- offs, restructuring and impairment or other charges that could negatively affect our financial condition, results of operations and our stock price. As a result of factors beyond our control, we may be forced to write- down or write- off assets, restructure our operations, or incur impairment or other charges that could result in our reporting losses. Unexpected risks may arise and previously known risks may materialize. Even though these charges may be non- cash items and not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our securities. The historical financial results of OppFi- LLC included in this Annual Report may not be indicative of what our actual financial position or results of operations would have been. The historical financial results of OppFi included in this Annual Report that include periods prior to the Business Combination do not necessarily reflect the financial condition, results of operations or cash flows we would have achieved as a combined company during the periods presented or those that we will achieve in the future. This is primarily the result of the following factors: (i) we have incurred additional ongoing costs as a result of the Business Combination, including costs related to public company reporting, investor relations and other compliance related costs; and (ii) our capital structure is also different from that reflected in OppFi- LLC' s historical financial statements. Our financial condition and future results of operations could be materially different from amounts reflected in its historical financial statements included elsewhere in this Annual Report, so it may be difficult for investors to compare our future results to historical results or to evaluate our relative performance or trends in our business. Our Certificate of Incorporation (" Charter ") includes a forum selection clause, which could discourage claims or limit stockholders' ability to make a claim against us, our directors, officers, other employees or stockholders. The Charter includes a forum selection clause. The charter provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring any: (i) derivative action or proceeding; (ii) action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders; (iii) action asserting a claim against us, our directors, officers or employees arising pursuant to any provision of the DGCL or the charter or bylaws; or (iv) action asserting a claim against us, our directors, officers or employees governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim (A) as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following the determination), (B) that is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, (C) for which the Court of Chancery does not have subject matter jurisdiction, or (D) any action arising under the Securities Act as to which the Court of Chancery and the federal district court for the District of Delaware shall have concurrent jurisdiction. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under federal securities laws, including the Securities Act. Under the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. This forum selection clause may also discourage claims or limit stockholders' ability to submit claims in a judicial forum that they find favorable and may result in additional costs for a stockholder seeking to bring a claim. While we believe the risk of a court declining to enforce this forum selection clause is low, if a court were to determine the forum selection clause to be inapplicable or unenforceable in an action, we may incur additional costs in conjunction with our efforts to resolve the dispute in an alternative jurisdiction, which could have a negative impact on our results of operations and financial condition. Notwithstanding the foregoing, the forum selection clause will not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America shall be the exclusive forum. Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations. We will be subject to income taxes in the United States, and our domestic tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including: • changes in the valuation of our deferred tax assets and liabilities; • expected timing and amount of the release of any tax valuation allowances; • tax effects of stock- based compensation; • costs related to intercompany restructurings; • changes in tax laws, regulations or interpretations thereof; and • lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates and higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates. In addition, we may be subject to audits of our income, sales and other transaction taxes by U. S. federal and state authorities. Outcomes from these audits could adversely affect our financial condition and results of operations. A market for our securities may not continue, which would adversely affect the liquidity and price of our securities. The price of our securities may fluctuate. An active trading market for our securities may never develop or, if developed, it may not be sustained. In addition, the price of our securities can vary due to general economic conditions and forecasts, our general business condition and the release of our financial reports. Additionally, if our securities become delisted from the NYSE for any reason, and are quoted on the Over- the- Counter Bulletin Board, an inter- dealer automated quotation system for equity securities that is not a national securities exchange, the liquidity and price of our securities may be more limited. **You may be unable to sell your securities unless a market for such securities can be sustained.** The ~~capital~~ **trading price of our securities could be volatile** and ~~credit markets~~ **subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could** have **a material** ~~recently experienced extreme volatility and economic disruption, most recently due to the takeover by the FDIC of both SVB and Signature Bank in March 2023. Adverse~~ **adverse effect** ~~financial market and economic conditions can exert downward pressure~~ on ~~stock~~ **any investment in our securities which may trade at** prices ~~, security~~ **significantly below the** ~~prices~~ - **price you paid** ~~, and credit availability~~ for ~~certain issuers without regard to their underlying financial strength. The volatility resulting from the~~ **them . In** ~~failures of SVB and Signature Bank has particularly impacted the~~ **these circumstances** ~~price of securities issued by financial institutions and participants in the financial services industry generally~~ , ~~including ours. If~~ the **trading** ~~Business Combination' s benefits do not meet the expectations of investors, stockholders or financial analysts, the market~~ price of our securities may **not recover and may experience a further** decline ~~. If the benefits of the Business Combination do not meet the expectations of investors~~

~~or securities analysts, the market price of the Company' s securities may decline. In such case, fluctuations in the price of our securities could contribute to the loss of all or part of your investment. Prior to the Business Combination, there was not a public market for OppFi- LLC' s securities, and trading in the shares of our Class A Common Stock may not become active. Accordingly, the valuation ascribed to OppFi- LLC and our Class A Common Stock in the Business Combination may not be indicative of the price that will prevail in the trading market in the future~~. If an active market for our securities develops and continues, the trading price of our securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond our control. Any of the factors listed below could adversely effect on your investment in our securities and our securities may trade at prices significantly below the price you paid for them. In these circumstances, the trading price of our securities may not recover and may experience a further decline. Factors affecting the trading price of our securities may include: • actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; • changes in the market' s expectations about our operating results; • the public' s reaction to our press releases, our other public announcements and our filings with the SEC; • speculation in the press or investment community; • success of competitors; • our operating results failing to meet the expectation of securities analysts or investors in a particular period; • changes in financial estimates and recommendations by securities analysts concerning the post- combination company or the market in general; • operating and stock price performance of other companies that investors deem comparable to the post- combination company; • our ability to market new and enhanced products on a timely basis; • changes in laws and regulations affecting our business; • commencement of, or involvement in, litigation involving the post- combination company; • changes in the post- combination company' s capital structure, such as future issuances of securities or the incurrence of additional debt; • the volume of shares of our Class A Common Stock available for public sale; • any major change in our Board or management; • sales of substantial amounts of Class A Common Stock by our directors, officers or significant stockholders or the perception that such sales could occur; and • general economic and political conditions such as recessions, interest rates, inflation, monetary policy changes, fuel prices, international currency fluctuations and acts of war or terrorism. Broad market and industry factors may materially harm the market price of our securities irrespective of our operating performance. The stock market in general and the NYSE have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of our securities, may not be predictable. A loss of investor confidence in the market for the stocks of other companies that investors perceive to be similar to us could depress our stock price regardless of our business, prospects, financial conditions or results of operations. **For example, the volatility resulting from the failures of SVB and Signature Bank particularly impacted the price of securities issued by financial institutions and participants in the financial services industry generally, including ours.** A decline in the market price of our securities also could adversely affect our ability to issue additional securities and our ability to obtain additional financing in the future. In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management' s attention and resources and could also require us to make substantial payments to satisfy judgments or to settle litigation. Our quarterly operating results may fluctuate significantly and could fall below the expectations of securities analysts and investors due to seasonality and other factors, some of which are beyond our control, resulting in a decline in our stock price. Our quarterly operating results may fluctuate significantly because of several factors, including: • profitability of our products, especially in new markets and due to seasonal fluctuations; • changes in interest rates; • impairment of assets; • macroeconomic conditions, including inflation and interest rate changes, both nationally and locally; • negative publicity relating to our products; • changes in consumer preferences and competitive conditions; and • expansion to new markets. If securities or industry analysts do not publish or cease publishing research or reports about us our business, or our market, or if they change their recommendations regarding our Class A Common Stock adversely, then the price and trading volume of our securities could decline. The trading market for our securities will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market, or our competitors. Securities and industry analysts do not currently, and may never, publish research on us. If no securities or industry analysts commence coverage of us, our stock price and trading volume would likely be negatively impacted. If any of the analysts who may cover us change their recommendation regarding our stock adversely, or provide more favorable relative recommendations about our competitors, the price of our securities would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline. We may be unable to obtain additional financing to fund our operations and growth. We may require additional financing to fund our operations or growth. We cannot assure you that such financing will be available on acceptable terms, if at all. The failure to secure additional financing could adversely affect our continued development or growth. None of our officers, directors or stockholders are required to provide any financing to us. Changes in laws, regulations or rules, or a failure to comply with any laws, regulations or rules, may adversely affect our business. We are subject to laws, regulations and rules enacted by national, regional and local governments and the NYSE. In particular, we are required to comply with certain SEC, NYSE and other legal or regulatory requirements. Compliance with, and monitoring of, applicable laws, regulations and rules may be difficult, time consuming and costly. Those laws, regulations or rules and their interpretation and application may also change from time to time and those changes could adversely affect our business, investments and results of operations. In addition, a failure to comply with applicable laws, regulations or rules, as interpreted and applied, could adversely affect our business. A recent ruling by the Court of Chancery in Delaware introduced uncertainty as to whether Section 242 (b) (2) of the Delaware General Corporation Law (the " DGCL ") required a separate vote in favor of at least a majority of the outstanding shares of Class A Common Stock, in addition to a vote in favor of at least a majority of the outstanding shares of Class A and Class B Common Stock, voting together as a single class, to properly authorize an increase or decrease in the aggregate number of authorized shares of such Class A Common Stock. At a special meeting of the stockholders of the Company held on July 16, 2021 (the " Special Meeting "), a majority of the then- outstanding shares of the Company' s Class A Common Stock and Class B Common Stock, voting together as a single class, voted to approve the Company' s Second Amended and Restated Certificate of Incorporation, which, among other things, increased the authorized capital stock from 401, 000, 000 shares, consisting of 380, 000, 000 shares of Class A Common Stock, 20, 000, 000 shares of Class B Common Stock and 1, 000, 000 shares of preferred stock, par value $ 0. 0001 per share, to 501, 000, 000 shares, consisting of 500, 000, 000 shares of common stock, including (i) 379, 000, 000 shares of Class A Common Stock, (ii) 6, 000, 000 shares of Class B Common Stock, and (iii) 115, 000, 000 shares of Class V Voting Stock and 1, 000, 000 shares of preferred stock by creating an additional 100, 000, 000 shares of common stock (the " Capitalization Amendment "). Notwithstanding the fact that the proxy statement relating to the Special Meeting did not disclose that a separate vote of the Class A Common Stock was required, a majority of the then- outstanding shares of Class A Common Stock voted in favor of the Capitalization Amendment. Accordingly, we do not believe that the Delaware ruling applies to us. However, if the Court of Chancery in Delaware were to determine that this ruling does apply to us, this or any other failure to comply with applicable laws, regulations or rules, as interpreted and applied, could have a material adverse effect on our business and results of operations and, with respect to the Capitalization Amendment, require us to seek relief with the Delaware Court of Chancery. We are a " controlled company " within the meaning of NYSE rules and, as a result, are exempt from certain corporate governance requirements. So long as Schwartz Capital Group, LTHS Capital Group, or TGS Capital Group (f / k / a Todd Schwartz Capital Group), and any of their respective permitted transferees (collectively, the " SCG Holders ") and their affiliates maintain holdings of more than 50 % of the voting power of our capital stock, we will be a " controlled company " within the meaning of NYSE corporate governance standards. Under these standards, a company need not comply with certain corporate governance requirements, including the requirements that: • a majority of our board of directors consist of " independent directors " as defined under NYSE rules; • the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities; • we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee' s purpose and responsibilities, or otherwise have director nominees selected by vote of a majority of the independent directors; and • the requirement for an annual performance evaluation of the nominating and corporate governance and compensation committees. We have relied on certain of these exemptions. As a result, our board of directors would not be required to consist of a majority of independent directors, and our compensation committee and nominating and corporate governance committee would not consist entirely of independent directors and will not be subject to annual performance evaluations. If we are no longer eligible to rely on the controlled company exception, we will comply with all applicable NYSE corporate governance requirements, but we will be able to rely on phase- in periods for certain of these requirements in accordance with NYSE rules. Accordingly, our stockholders may not have the same protections afforded to stockholders of companies that are subject to all NYSE corporate governance requirements. The SCG Holders and their affiliates will have significant influence or control and their interests may conflict with those of other stockholders. The SCG Holders and their affiliates collectively hold ~~86~~ **83** . ~~5~~ **0** % of total voting power of all outstanding shares of Common Stock, voting together as a single class. Additionally, the Company has entered into the Investor Rights Agreement, pursuant to which the SCG Holders' Representative has the right to nominate five directors to the Board. The Investor Rights Agreement also provides that at each meeting at which directors are to be elected, the Company shall take such necessary action to include in the slate of nominees recommended by the Board for election as directors (i) five directors chosen by the SCG Holders' Representative as long as the SCG Holders have at least of 50 % of the voting power entitled to vote in the election of directors, (ii) four directors chosen by the SCG Holders' Representative as long as the SCG Holders have at least of 40 % of the voting power entitled to vote in the election of directors, (iii) three directors chosen by the SCG Holders' Representative as long as the SCG Holders have at least of 30 % of the voting power entitled to vote in the election of directors, (iv) three directors chosen by the SCG Holders' Representative as long as the SCG Holders have at least of 30 % of the voting power entitled to vote in the election of directors, (v) two directors chosen by the SCG Holders' Representative as long as the SCG Holders have at least of 20 % of the voting power entitled to vote in the election of directors and (vi) one director chosen by the SCG Holders' Representative as long as the SCG Holders have at least of 5 % of the voting power entitled to vote in the election of directors. As such, the SCG Holders and their affiliates will have significant influence over the election of the members of our Board and thereby may significantly influence our policies and operations, including the appointment of management, future issuances of our Class A Common Stock or other securities, the payment of dividends, if any, the incurrence or modification of debt, amendments to our certificate of incorporation and bylaws, and the entering into of extraordinary transactions, and the SCG Holders' interests may not in all cases be aligned with those of other stockholders. In the event of a conflict between our interests and the interests of the SCG Holders and their affiliates, we have adopted policies and procedures, specifically a Code of Ethics and a Related Party Transactions Policy, to identify, review, consider and approve such conflicts of interest. In general, if an affiliate of a director, executive officer or significant stockholder, including the SCG Holders and their affiliates, intends to engage in a transaction involving us, that director, executive officer or significant stockholder must report the transaction for consideration and approval by our audit committee. However, there are no assurances that our efforts and policies to eliminate the potential impacts of conflicts of interest will be effective. We may amend the terms of the Warrants in a manner that may be adverse to holders of Public Warrants with the approval by the holders of at least 50 % of the then- outstanding Warrants. As a result, the exercise price of your Warrants could be increased, the exercise period could be shortened and the number of shares of our Class A Common Stock purchasable upon exercise of a Warrant could be decreased, all without your approval. Our Warrants have been issued under a Warrant Agreement between the Warrant Agent, and us. The Warrant Agreement provides that the terms of the Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval by the holders of at least 50 % of the then outstanding Public Warrants to make any change that adversely affects the interests of the registered holders of Public

Warrants. Accordingly, we may amend the terms of the Public Warrants in a manner adverse to a holder if holders of at least 50 % of the then outstanding Public Warrants approve of such amendment. Although our ability to amend the terms of the Public Warrants with the consent of at least 50 % of the then outstanding Public Warrants is unlimited, examples of such amendments could be amendments to, among other things, increase the exercise price of the Warrants, convert the Warrants into cash or stock (at a ratio different than initially provided), shorten the exercise period or decrease the number of shares of Class A Common Stock purchasable upon exercise of a Warrant. We may redeem unexpired Public Warrants prior to their exercise at a time that is disadvantageous to the holders of outstanding Public Warrants, thereby making the Public Warrants worthless. We have the ability to redeem outstanding Public Warrants at any time after they become exercisable and prior to their expiration, at a price of $ 0. 01 per Public Warrant, provided that the last reported sales price of our Class A Common Stock equals or exceeds $ 18. 00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading- day period ending on the third trading day prior to the date on which we give proper notice of redemption and provided certain other conditions are met. If and when the Public Warrants become redeemable by us, we may not exercise our redemption right if the issuance of shares of Class A Common Stock upon exercise of the Public Warrants is not exempt from registration or qualification under applicable state blue sky laws or we are unable to effect registration or qualification. We will use our best efforts to register or qualify the shares of Class A Common Stock under the blue- sky laws of the state of residence in those states in which the Public Warrants were offered by us in the IPO. Redemption of the outstanding Public Warrants could force the holders of outstanding Public Warrants to (i) exercise their Public Warrants and pay the exercise price therefor at a time when it may be disadvantageous to do so, (ii) sell their Public Warrants at the then- current market price when they might otherwise wish to hold Public Warrants or (iii) accept the nominal redemption price which, at the time the outstanding Public Warrants are called for redemption, is likely to be substantially less than the market value of your Public Warrants. None of the Private Placement Warrants will be redeemable by us so long as they are held by the Sponsor or its permitted transferees, or the Underwriters and their permitted transferees, respectively. Warrants are exercisable for our Class A Common Stock, which would increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. We have outstanding (i) Public Warrants to purchase 11, 887, 500 shares of Class A Common Stock, (ii) Private Placement Unit Warrants to purchase 231, 250 shares of Class A Common Stock, (iii) Underwriter Warrants to purchase 59, 437 shares of Class A Common Stock, (iv) Founder Warrants to purchase 2, 248, 750 shares of Class A Common Stock, and (v) $ 15 Exercise Price Warrants to purchase 912, 500 shares of Class A Common Stock. The shares of Class A Common Stock issuable upon exercise of our Warrants will result in dilution to the then existing holders of Class A Common Stock and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of shares Class A Common Stock in the public market could adversely affect the market price of our Class A Common Stock. Anti- takeover provisions contained in the Charter and Amended and Restated Bylaws, as well as provisions of Delaware law, could impair a takeover attempt. The Charter contains provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions provide, among other things, that the Company shall not engage in any business combination (as such term is defined in the Charter), at any point in time at which the Class A Common Stock is registered under Section 12 (b) or 12 (g) of the Exchange Act, with any interested stockholder (which, as defined in the Charter, shall not include SCG or any of its affiliates, or any person that acquires (other than in a registered public offering) directly from SCG or any of its successors, any " group ", or any member of any such group, of which such persons are a member of under Rule 13d- 5 of the Exchange Act beneficial ownership of fifteen percent (15 %) or more of the then outstanding voting stock of the Company) for a period of three years following the time that such stockholder became an interested stockholder, unless: (i) prior to such time, the Board approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; or (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 % of the voting stock of the Company outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (A) persons who are directors and also officers of the Company and (B) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; (iii) at or subsequent to such time, the applicable business combination is approved by the Board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2 / 3 % of the outstanding voting stock of the Company that is not owned by the interested stockholder; or (iv) the stockholder became an interested stockholder inadvertently and (A) as soon as practicable divested itself of ownership of sufficient shares so that the stockholder ceased to be an interested stockholder and (B) was not, at any time within the three- year period immediately prior to a business combination between the Company and such stockholder, an interested stockholder but for the inadvertent acquisition of ownership, which provision of the Charter may only be amended by the affirmative vote of at least 66 2 / 3 % of all then outstanding shares of Class A Common Stock of the Company. Together these provisions may make more difficult the removal of management and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our securities. We are an emerging growth company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies. We are an " emerging growth company " within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor internal controls attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our Class A Common Stock held by non- affiliates exceeds $ 700 million as of any June 30 before that time, in which case we would no longer be an emerging growth company as of the following December 31. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile. Further, Section 102 (b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non- emerging growth companies but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used. Additionally, we are a " smaller reporting company " as defined in Item 10 (f) (1) of Regulation S- K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our Common Stock held by non- affiliates exceeds $ 250 million as of the prior June 30th, and (2) our annual revenues exceeded $ 100 million during such completed fiscal year and the market value of our Common Stock held by non- affiliates exceeds $ 700 million as of the prior June 30th. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible. Our only principal asset is our interest in OppFi- LLC, and accordingly we depend on distributions from OppFi- LLC to pay distributions, taxes, other expenses, and make any payments required to be made by us under the Tax Receivable Agreement. We are a holding company and have no material assets other than our ownership of the OppFi- LLC Units. We are not expected to have independent means of generating revenue or cash flow, and our ability to pay our taxes, operating expenses, and pay any dividends in the future, if any, will be dependent upon the financial results and cash flows of OppFi- LLC. There can be no assurance that OppFi- LLC will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants under debt instruments, will permit such distributions. If OppFi- LLC does not distribute sufficient funds to us to pay our taxes or other liabilities, we may default on contractual obligations or have to borrow additional funds. In the event that we are required to borrow additional funds it could adversely affect our liquidity and subject us to additional restrictions imposed by lenders. OppFi- LLC will continue to be treated as a partnership for U. S. federal income tax purposes and, as such, generally will not be subject to any entity- level U. S. federal income tax. Instead, taxable income will be allocated, for U. S. federal income tax purposes, to the holders of OppFi- LLC Units. Accordingly, we are required to pay U. S. federal income taxes on our allocable share of the net taxable income of OppFi- LLC. Under the terms of the OppFi- LLC A & R LLCA, OppFi- LLC is obligated to make tax distributions to holders of OppFi- LLC Units (including us) calculated at certain assumed rates. In addition to tax expenses, we will also incur expenses related to our operations, including our payment obligations under the Tax Receivable Agreement, which could be significant and some of which will be reimbursed by OppFi- LLC (excluding payment obligations under the Tax Receivable Agreement). We intend to cause OppFi- LLC to make ordinary distributions and tax distributions to the holders of OppFi- LLC Units on a pro rata basis in amounts sufficient to cover all applicable taxes, relevant operating expenses, payments under the Tax Receivable Agreement and dividends, if any, declared by us. However, as discussed below, OppFi- LLC' s ability to make such distributions may be subject to various limitations and restrictions, including, but not limited to, retention of amounts necessary to satisfy the obligations of OppFi- LLC and its subsidiaries and restrictions on distributions that would violate any applicable restrictions contained in OppFi- LLC' s debt agreements, or any applicable law, or that would have the effect of rendering OppFi- LLC insolvent. To the extent we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid, provided, however, that nonpayment for a specified period and / or under certain circumstances may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments under the Tax Receivable Agreement, which could be substantial. Additionally, although OppFi- LLC generally will not be subject to any entity- level U. S. federal income tax, it may be liable under certain federal income tax legislation for adjustments to its tax return, absent an election to the contrary. In the event OppFi- LLC' s calculations of taxable income are incorrect, OppFi- LLC and / or its members, including us, in later years may be subject to material liabilities pursuant to this federal income tax legislation and its related guidance. We anticipate that the distributions we receive from OppFi- LLC may, in certain periods, exceed our actual liabilities and our obligations to make payments under the Tax Receivable Agreement. The Board, in its sole discretion (and in compliance with our credit facilities), will make any determination from time to time with respect to the use of any such excess cash so accumulated, which may include, among other uses, to pay dividends on our Class A Common Stock. We will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders. We may, if necessary, undertake ameliorative actions, which may include pro rata or non- pro rata reclassifications, combinations, subdivisions or adjustments of outstanding OppFi- LLC Units, to maintain one- for- one parity between OppFi- LLC Units held by us and shares of our Class A Common Stock. Pursuant to the Tax Receivable Agreement, we are required to pay to the

Members and / or the exchanging holders of Retained OppFi- LLC Units, as applicable, 90 % of the net income tax savings that we realize as a result of increases in tax basis in our assets related to the Business Combination and the future exchange of the Retained OppFi- LLC Units for shares of Class A Common Stock (or cash) pursuant to the OppFi- LLC A & R LLCA and tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement, and those payments may be substantial. In connection with the Business Combination, the Members were deemed for U. S. federal (and applicable state and local) income tax purposes to have sold to us OppFi- LLC Units and may in the future exchange their OppFi- LLC Units, together with the cancelation of an equal number of shares of Class V Voting Stock, for shares of our Class A Common Stock (or cash) pursuant to the OppFi- LLC A & R LLCA, subject to certain conditions and transfer restrictions as set forth therein and in the Investor Rights Agreement. These sales and exchanges are expected to result in increases in our allocable share of the tax basis of the tangible and intangible assets of OppFi- LLC. These increases in tax basis may increase (for income tax purposes) depreciation and amortization deductions allocable to us and therefore reduce the amount of income or franchise tax that we would otherwise be required to pay in the future had such sales and exchanges never occurred. We have entered into the Tax Receivable Agreement, which generally provides for the payment by us of 90 % of certain net tax benefits, if any, that we realize (or in certain cases are deemed to realize) as a result of these increases in tax basis and tax benefits related to the transactions contemplated under the Business Combination Agreement and the exchange of Retained OppFi- LLC Units for Class A Common Stock (or cash) pursuant to the OppFi- LLC A & R LLCA and tax benefits related to entering into the Tax Receivable Agreement, including tax benefits attributable to payments under the Tax Receivable Agreement. These payments are our obligation and not of OppFi- LLC. The actual increase in our allocable share of OppFi- LLC' s tax basis in its assets, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the market price of the Class A Common Stock at the time of the exchange and the amount and timing of the recognition of our income. While many of the factors that will determine the amount of payments that we will make under the Tax Receivable Agreement are outside of our control, we expect that the payments we will make under the Tax Receivable Agreement will be substantial and could have a material adverse effect on our financial condition. Any payments we make under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid; however, nonpayment for a specified period and / or under certain circumstances may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement, as further described below. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that may be deemed realized under the Tax Receivable Agreement. Increases in our income tax rates, changes in income tax laws or disagreements with tax authorities can adversely affect our business, financial condition or results of operations. Increases in our income tax rates or other changes in income tax laws in the United States or any particular jurisdiction in which we operate could reduce our after- tax income from such jurisdiction and adversely affect our business, financial condition or results of operations. Existing tax laws in the United States have been and could in the future be subject to significant change. For example, in December 2017, the Tax Cuts and Jobs Act (" TCJA ") was signed into law in the United States which provided for significant changes to then- existing tax laws and subsequent legislation (such as the enactment of the Coronavirus Aid, Relief, and Economic Security Act in March 2020) modifying certain TCJA provisions and additional guidance issued by the IRS pursuant to the TCJA may continue to impact us in future periods. Additional changes in the U. S. tax regime, including changes in how existing tax laws are interpreted or enforced, can adversely affect our business, financial condition or results of operations. We will also be subject to regular reviews, examinations and audits by the IRS and other taxing authorities with respect to income and non- income- based taxes. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, may make resolving tax disputes more difficult and the final resolution of tax audits and any related litigation can differ from our historical provisions and accruals, resulting in an adverse impact on our business, financial condition or results of operations. Tax Risks Related to Our Tax Structure and Taxes Although we may be entitled to tax benefits relating to additional tax depreciation or amortization deductions as a result of the tax basis step- up we receive in connection with the exchanges of Retained OppFi- LLC Units into our Class A Common Stock and related transactions, we are required to pay the Members 90 % of these tax benefits under the Tax Receivable Agreement. **As of December 31, 2023,** ~~Approximately~~ **approximately** ~~69~~ **66** . 4 million Initial Shares ~~currently~~ may be exchanged for shares of our Class A Common Stock by the Members pursuant to the Members' Exchange Rights, and may be sold without any contractual restriction by the Members. Pursuant to the lock- up restrictions agreed to into in connection with the Investor Rights Agreement, beginning on the nine month anniversary of the Closing (unless earlier waived by the Company in its capacity as the sole manager of OppFi- LLC), or with respect to the Earnout Units, on such later date the Earnout Units are earned in accordance with the Business Combination Agreement, each Retained OppFi- LLC Unit (other than the Initial Shares) held by the Members may be exchanged, upon the exercise of such Members' Exchange Rights, for either one share of Class A Common Stock or, at the election of the Company in its capacity as the sole manager of OppFi- LLC, the cash equivalent of the market value of one share of Class A Common Stock, pursuant to the terms and conditions of the OppFi- LLC A & R LLCA. The deemed exchanges in the business combination and any exchanges pursuant to the OppFi- LLC A & R LLCA, are expected to result in increases in our allocable share of the tax basis of the tangible and intangible assets of OppFi- LLC. These increases in tax basis may increase (for tax purposes) depreciation and amortization deductions and therefore reduce the amount of income or franchise tax that we would otherwise be required to pay in the future, although the Internal Revenue Service (" IRS ") or any applicable foreign, state or local tax authority may challenge all or part of that tax basis increase, and a court could sustain such a challenge. At the Closing, we entered into the Tax Receivable

Agreement, which generally provides for the payment by us to holders of Retained OppFi- LLC Units of 90 % of certain tax benefits, if any, that we realize as a result of these increases in tax basis and of certain other tax benefits related to entering into the Tax Receivable Agreement, including income or franchise tax benefits attributable to payments under the Tax Receivable Agreement. These payment obligations pursuant to the Tax Receivable Agreement are the obligation of the Company and not of OppFi- LLC. The actual increase in our allocable share of OppFi- LLC' s tax basis in its assets, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the market price of shares of our Class A Common Stock at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of our income. Because none of the foregoing factors are known at this time, we cannot determine the amounts (if any) that would be payable under the Tax Receivable Agreement. However, we expect that as a result of the possible size and frequency of the exchanges and the resulting increases in the tax basis of the tangible and intangible assets of OppFi- LLC, the payments that we expect to make under the Tax Receivable Agreement will be substantial and could have a material adverse effect on our financial condition. The payments under the Tax Receivable Agreement are not conditioned upon continued ownership of the Company by the holders of units. The Members will not be required to reimburse us for any excess payments that may previously have been made under the Tax Receivable Agreement, for example, due to adjustments resulting from examinations by taxing authorities. Rather, excess payments made to such holders will be netted against payments otherwise to be made, if any, after the determination of such excess. As a result, in certain circumstances we could make payments under the Tax Receivable Agreement in excess of our actual income or franchise tax savings, which could materially impair our financial condition. In certain cases, payments under the Tax Receivable Agreement may be accelerated or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the Tax Receivable Agreement. Payments under the Tax Receivable Agreement will be based on the tax reporting positions that we determine, and the IRS or another taxing authority may challenge all or any part of the tax basis increases, as well as other tax positions that we take, and a court may sustain such a challenge. In the event that any tax benefits initially claimed by us are disallowed, the Members and the exchanging holders will not be required to reimburse us for any excess payments that may previously have been made under the Tax Receivable Agreement, for example, due to adjustments resulting from examinations by the IRS or other taxing authorities. Rather, excess payments made to such holders will be applied against and reduce any future cash payments otherwise required to be made by us, if any, after the determination of such excess. However, a challenge to any tax benefits initially claimed by us may not arise for a number of years following the initial time of such payment and, even if challenged earlier, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement and, as a result, there might not be future cash payments against which such excess can be applied. As a result, in certain circumstances we could make payments under the Tax Receivable Agreement in excess of our actual income or franchise tax savings, which could materially impair our financial condition. Moreover, the Tax Receivable Agreement provides that, in the event that we exercise our right to early termination of the Tax Receivable Agreement, or in the event of a change of control of the Company or we are more than 90 days late in making of a payment due under the Tax Receivable Agreement, the Tax Receivable Agreement will terminate, and we are required to make a lump- sum payment to the Members equal to the present value of all forecasted future payments that would have otherwise been made under the Tax Receivable Agreement, which lump- sum payment would be based on certain assumptions, including those relating to our future taxable income. The change of control payment to the Members could be substantial and could exceed the actual tax benefits that we receive as a result of acquiring units from owners of OppFi- LLC because the amounts of such payments would be calculated assuming that we would have been able to use the potential tax benefits each year for the remainder of the amortization periods applicable to the basis increases, and that tax rates applicable to us would be the same as they were in the year of the termination. Decisions made in the course of running our business, such as with respect to mergers, asset sales, other forms of business combinations or other changes in control, may influence the timing and amount of payments that are received by the other holders of Retained OppFi- LLC Units under the Tax Receivable Agreement. For example, the earlier disposition of assets following an exchange or acquisition transaction will generally accelerate payments under the Tax Receivable Agreement and increase the present value of such payments, and the disposition of assets before an exchange or acquisition transaction will increase an existing owner' s tax liability without giving rise to any rights of holders of Retained OppFi- LLC Units to receive payments under the Tax Receivable Agreement. There may be a material negative effect on our liquidity if the payments under the Tax Receivable Agreement exceed the actual income or franchise tax savings that we realize in respect of the tax attributes subject to the Tax Receivable Agreement or if distributions to us by OppFi- LLC are not sufficient to permit us to make payments under the Tax Receivable Agreement after we have paid taxes and other expenses. Furthermore, our obligations to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the tax benefits that are deemed realized under the Tax Receivable Agreement. We may need to incur additional indebtedness to finance payments under the Tax Receivable Agreement to the extent our cash resources are insufficient to meet our obligations under the Tax Receivable Agreement as a result of timing discrepancies or otherwise which may have a material adverse effect on our financial condition. We may not be able to realize all or a portion of the tax benefits that are expected to result from the acquisition of Retained OppFi- LLC Units from OppFi- LLC Members. Pursuant to the Tax Receivable Agreement, the Company will share tax savings resulting from (A) the amortization of the anticipated step- up in tax basis in OppFi- LLC' s assets as a result of (i) the business combination and (ii) the exchange of Retained OppFi- LLC Units that were received in connection with the Business Combination, for shares of Class A Stock pursuant to the OppFi- LLC A & R LLCA and (B) certain other related transactions with the Members. The amount of any such tax savings attributable to the payment of cash to the Members in the business combination and the exchanges contemplated by the Exchange Agreement will be paid 90 % to the Members and retained 10 % by the Company. Any such amounts payable will only be due once the relevant tax savings have been realized by the Company. Our ability to realize, and benefit from, these tax savings depends on a number of assumptions, including that we will earn sufficient taxable income each year during the period over which the deductions arising from any such basis increases and payments are available and that there are no adverse changes in applicable law or regulations. If our actual taxable income were insufficient to fully utilize such tax benefits or there were adverse changes in applicable law or regulations, we may be unable to realize all or a portion of these expected benefits and our cash flows and stockholders' equity could be negatively affected. Taxing authorities may successfully assert that we should have collected or in the future should collect sales and use, gross receipts, value added or similar taxes and may successfully impose additional obligations on us, and any such assessments or obligations could adversely affect our business, financial condition and results of operations. The application of indirect taxes, such as sales and use tax, value- added tax, goods and services tax, business tax and gross receipts tax, to platform businesses is a complex and evolving issue. Many of the fundamental statutes and regulations that impose these taxes were established before the adoption and growth of the Internet and e- commerce. Significant judgment is required on an ongoing basis to evaluate applicable tax obligations and as a result amounts recorded are estimates and are subject to adjustments. In many cases, the ultimate tax determination is uncertain because it is not clear how new and existing statutes might apply to our business. In addition, governments are increasingly looking for ways to increase revenue, which has resulted in discussions about tax reform and other legislative action to increase tax revenue, including through indirect taxes. For example, on November 6, 2018, voters in San Francisco approved " Proposition C, " which authorizes San Francisco to impose additional taxes on businesses in San Francisco that generate a certain level of gross receipts, and in January 2022, the California assembly introduced legislation proposing a statewide tax on business that generate gross receipts of over $ 2 million. Such taxes would adversely affect our financial condition and results of operations. We may face various indirect tax audits in various U. S. jurisdictions. In certain jurisdictions, we collect and remit indirect taxes. However, tax authorities may raise questions about or challenge or disagree with our calculation, reporting or collection of taxes and may require us to collect taxes in jurisdictions in which we do not currently do so or to remit additional taxes and interest, and could impose associated penalties and fees. For example, after the U. S. Supreme Court decision in South Dakota v. Wayfair Inc., certain states have adopted, or started to enforce, laws that may require the calculation, collection and remittance of taxes on sales in their jurisdictions, even if we do not have a physical presence in such jurisdictions. A successful assertion by one or more tax authorities requiring us to collect taxes in jurisdictions in which we do not currently do so or to collect additional taxes in a jurisdiction in which we currently collect taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest, could harm our business, financial condition and results of operations. Although we have reserved for potential payments of possible past tax liabilities in our financial statements, if these liabilities exceed such reserves, our financial condition will be harmed. As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may adversely impact our results of operations in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined. Changes in U. S. tax laws could have a material adverse effect on our business, financial condition and results of operations. The Tax Cuts and Jobs Act, or the Tax Act contains significant changes to U. S. tax law, including a reduction in the corporate tax rate and a transition to a new territorial system of taxation. The primary impact of the new legislation on our provision for income taxes was a reduction of the future tax benefits of our deferred tax assets as a result of the reduction in the corporate tax rate. The impact of the Tax Act will likely be subject to ongoing technical guidance and accounting interpretation, which we will continue to monitor and assess. As we expand the scale of our business activities, any changes in the U. S. taxation of such activities may increase our effective tax rate and harm our business, financial condition and results of operations.