



**Fourth Quarter & Full Year 2020 Results**

March 10, 2021

# 4Q 2020 Results & Financial Metrics



# Disclaimer

Some of the statements in this presentation, including statements regarding anticipated future financial results, are “forward-looking statements.” The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “outlook,” “plan,” “predict,” “project,” “will,” “would” and similar expressions may identify forward-looking statements, although not all forward-looking statements contain these identifying words. Factors that could cause actual results to differ materially from those contemplated by these forward-looking statements include: the outcomes of pending governmental investigations and pending or threatened litigation, which are inherently uncertain; the impact of management changes and the ability to continue to retain key personnel; our ability to achieve cost savings from restructurings; our ability to continue to attract and retain new and existing borrowers and investors; our ability to obtain or add bank functionality and a bank charter; competition; overall economic conditions; demand for the types of loans facilitated by us; default rates and those factors set forth in the section titled “Risk Factors” in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K, each as filed with the Securities and Exchange Commission, as well as our subsequent reports on Form 10-Q and 10-K each as filed with the Securities and Exchange Commission. We may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements, and you should not place undue reliance on forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This presentation contains non-GAAP measures relating to our performance. We have included certain pro forma adjustments in our presentation of non-GAAP Operating Expenses, non-GAAP Sales and Marketing expense, non-GAAP Origination and Servicing expense, non-GAAP Engineering and Product Development expense, non-GAAP Other General and Administrative expense, non-GAAP Adjusted Net Income (Loss), non-GAAP Adjusted Earnings Per Diluted Share, non-GAAP Contribution, non-GAAP Contribution Margin, non-GAAP Adjusted EBITDA, non-GAAP Adjusted EBITDA Margin, and non-GAAP Net cash and other financial assets, and non-GAAP Adjusted Investor Fee Revenue. We believe these non-GAAP measures provide management and investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and enable comparison of our financial results with other public companies, many of which present similar non-GAAP financial measures.

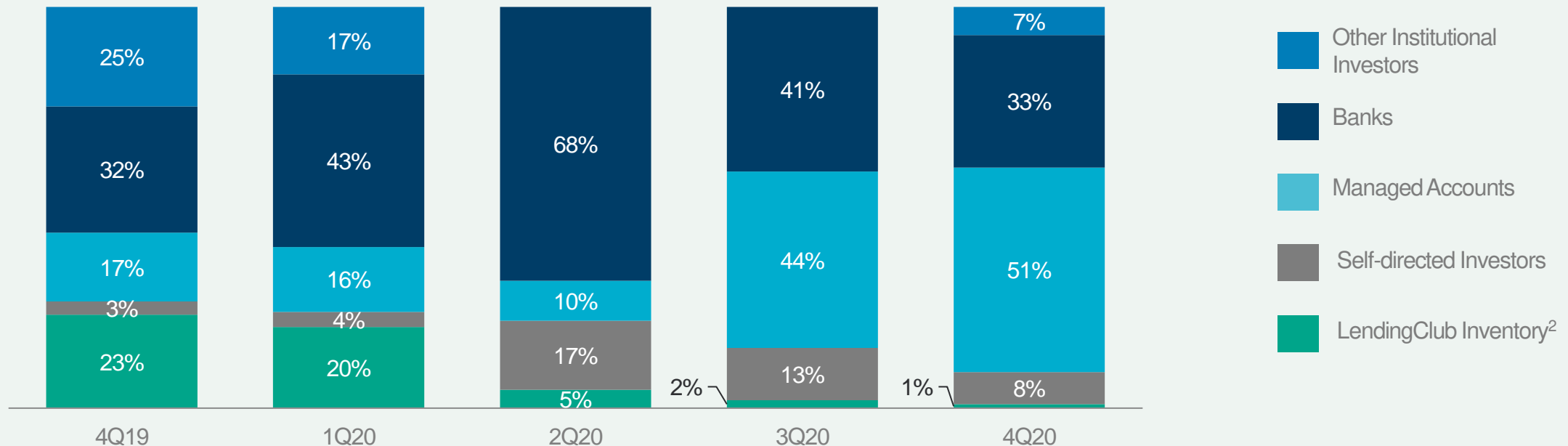
These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures in the Appendix at the end of this presentation.

# LendingClub Platform Investors

Return of institutional investors and continued limits on LC inventory in preparation for bank acquisition

## Platform Originations by Funding Source<sup>1</sup>

(As a % of total platform originations)



1) There may be differences between the sum of the quarterly results due to rounding.

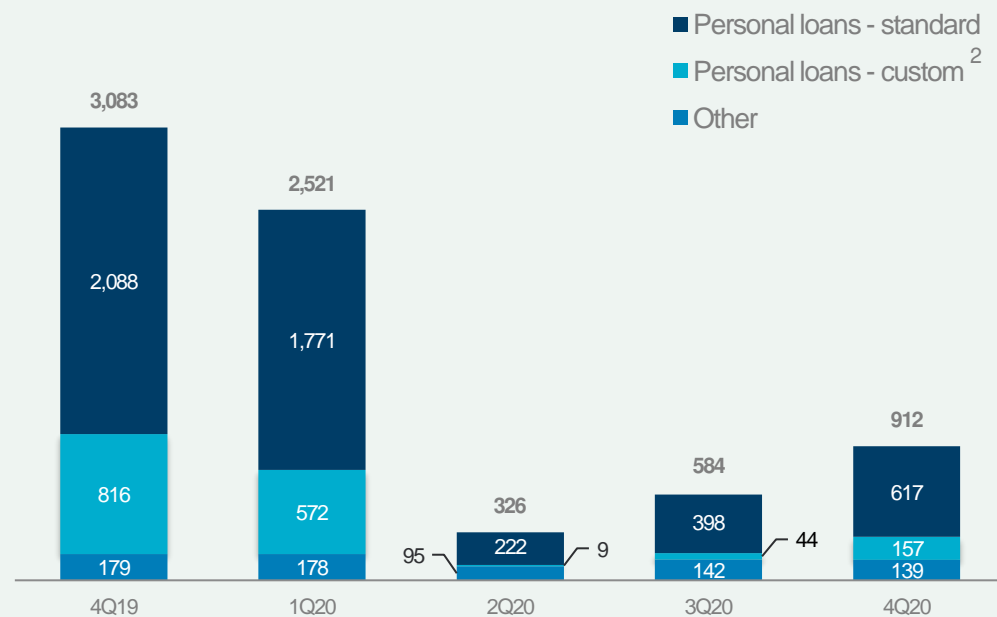
2) LendingClub inventory reflects loans purchased or pending purchase by the Company during the period, excluding loans held by the Company through consolidated trusts, if applicable, and not yet sold as of the period end.

# Loan Originations & Revenue

Continued strong growth in originations

## Quarterly Loan Originations<sup>1</sup>

(\$ in millions)



### Growth (%)

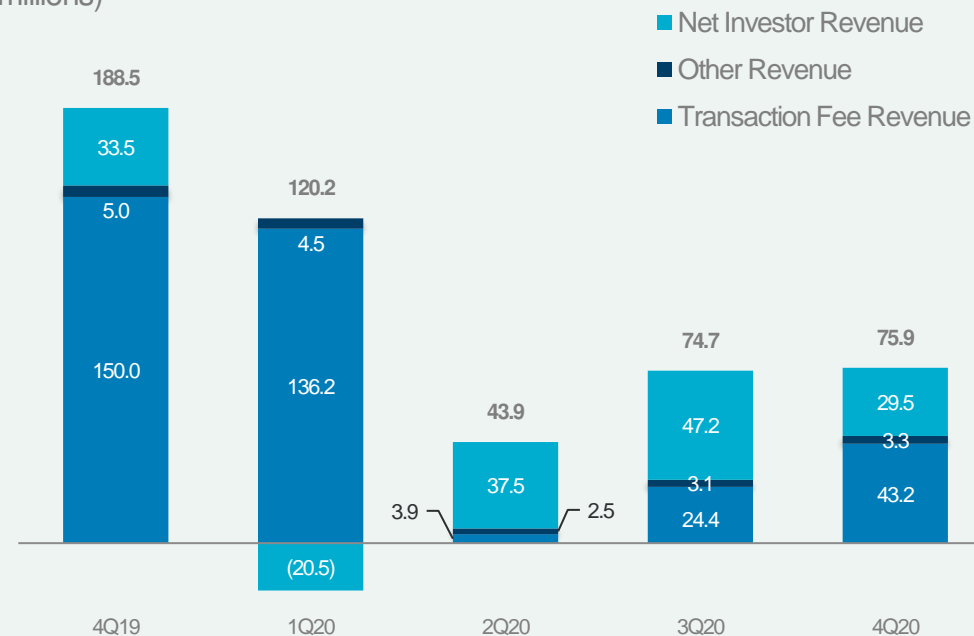
QoQ	(8%)	(18%)	(87%)	79%	56%
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1) There may be differences between the sum of the quarterly results due to rounding.

2) Includes loans made to near-prime and super-prime borrowers, as well as testing program originations.

## Quarterly Total Net Revenue<sup>1</sup>

(\$ in millions)



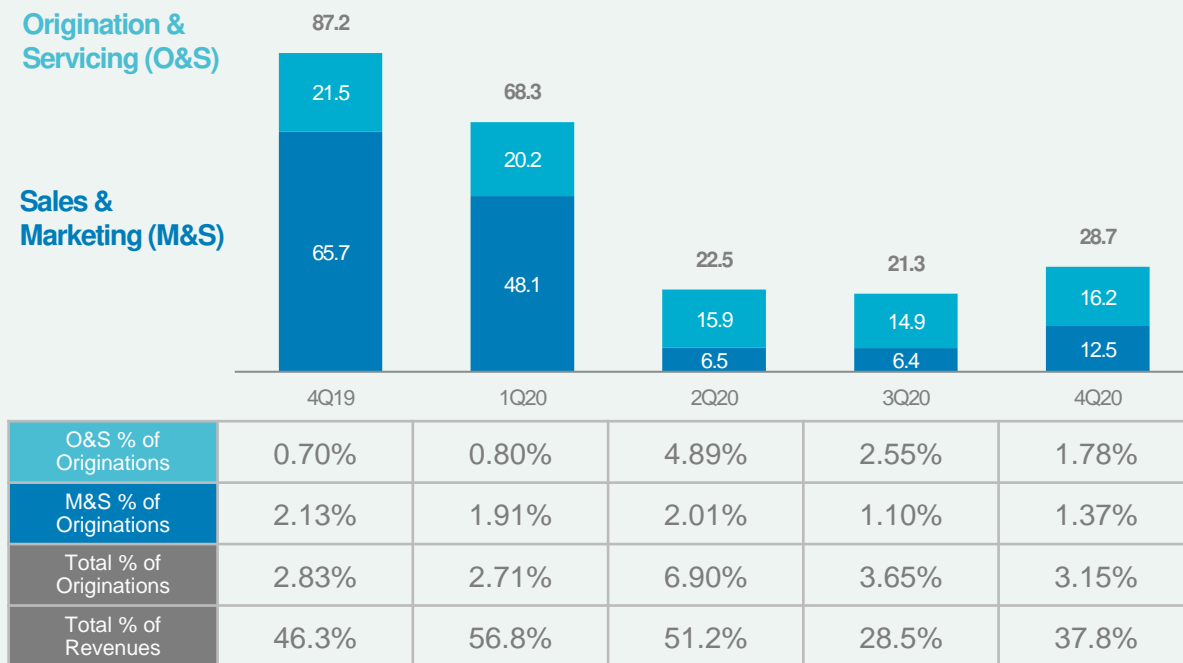
### Growth (%)

YoY	4%	(31%)	(77%)	(64%)	(60%)
Yield	6.11%	4.77%	13.47%	12.79%	8.32%

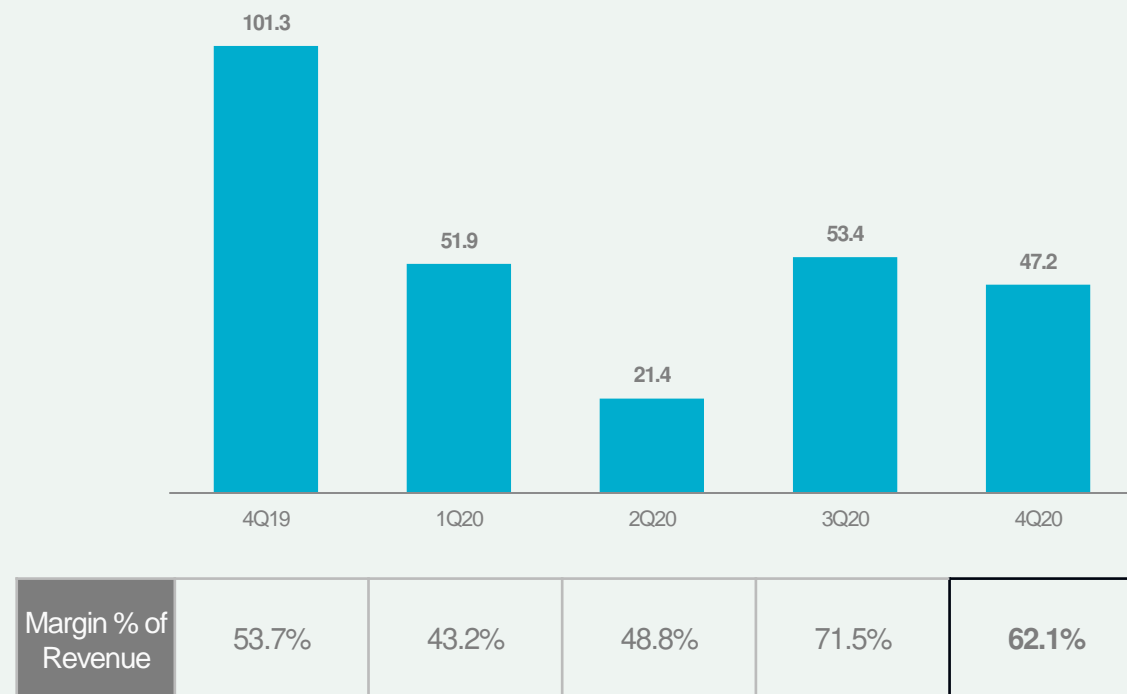
# Contribution<sup>2</sup>

Strong contribution margin levels driven by increasing revenues, focused marketing to existing members, resized expense base, and strong credit performance

**Quarterly expenses impacting Contribution Margin<sup>1,2</sup>**  
(\$ in millions)



**Quarterly Contribution Margin<sup>1,2</sup>**  
(\$ in millions)



1) There may be differences between the sum of the quarterly results due to rounding.

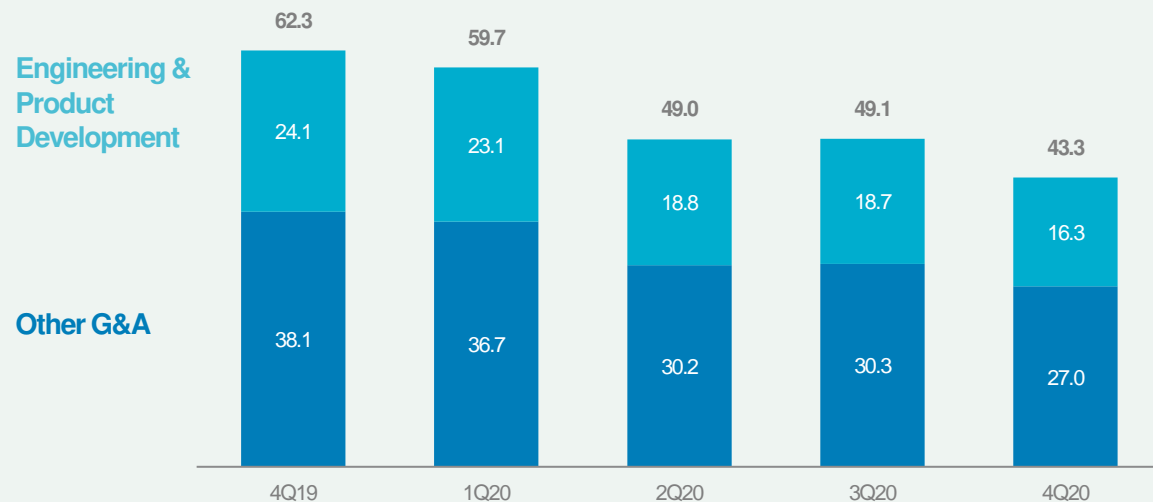
2) Contribution is calculated as net revenue less "Sales and marketing" and "Origination and servicing" expenses on the Company's Statements of Operations, adjusted to exclude cost structure simplification, restructuring costs, other items (related to one-time expenses resulting from COVID-19) and non-cash stock-based compensation expenses within these captions and income or loss attributable to noncontrolling interests. Contribution Margin is a non-GAAP financial measure calculated by dividing Contribution by total net revenue. See Appendix for a reconciliation of this non-GAAP measure.

# Adjusted EBITDA Margin<sup>2</sup>

Achieved positive Adjusted EBITDA driven by higher origination volumes

## Quarterly Expenses impacting Adjusted EBITDA Margin<sup>1,2</sup>

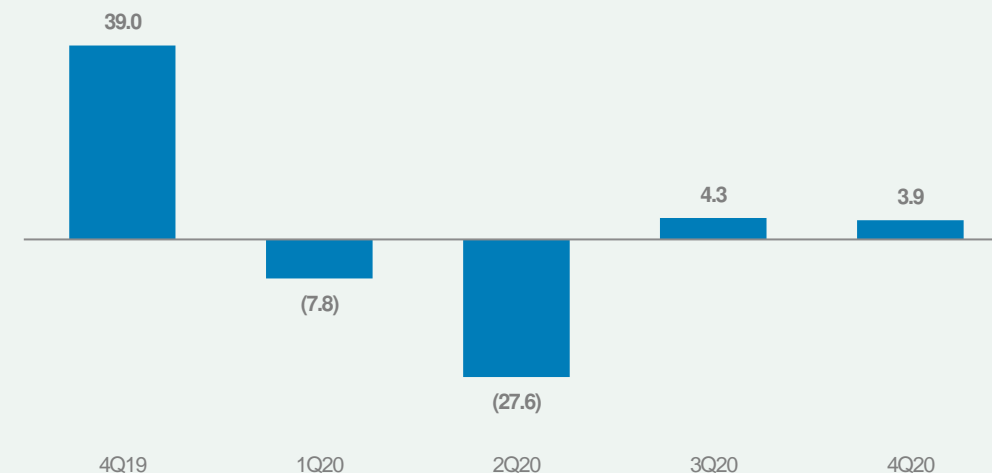
(\$ in millions)



	4Q19	1Q20	2Q20	3Q20	4Q20
Eng. & PD (% of Rev.)	12.8%	19.2%	43.0%	25.1%	21.4%
Other G&A (% of Rev.)	20.2%	30.5%	68.8%	40.6%	35.6%
Total % of Revenue	33.0%	49.7%	111.7%	65.7%	57.0%

## Quarterly Adjusted EBITDA<sup>1, 2</sup>

(\$ in millions)



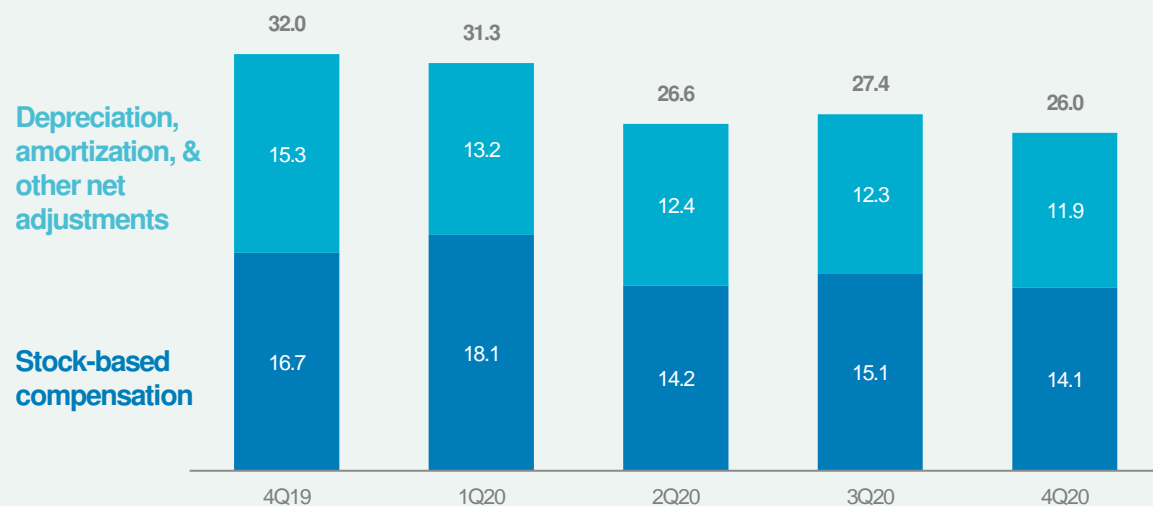
Margin % of Revenue	4Q19	1Q20	2Q20	3Q20	4Q20
	20.7%	(6.5%)	(63.0%)	5.8%	5.1%

1) There may be differences between the sum of the quarterly results due to rounding.

2) Adjusted EBITDA is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude (1) cost structure simplification expense, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, (4) acquisition and related expenses, (5) restructuring costs, (6) other items, (7) depreciation, impairment and amortization expense, (8) stock-based compensation expense, and (9) income tax expense (benefit). Adjusted EBITDA Margin is a non-GAAP financial measure calculated by dividing Adjusted EBITDA by total net revenue.

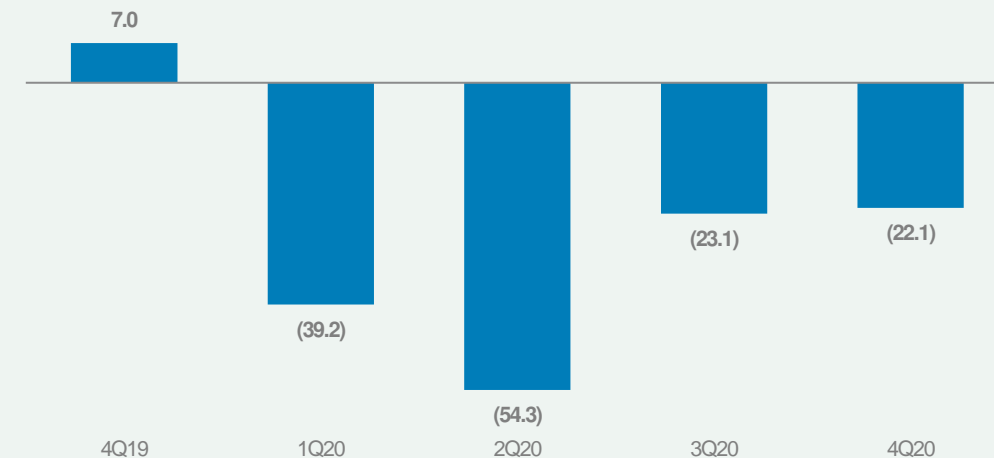
# Adjusted Net Income (Loss)<sup>2</sup>

**Quarterly Expenses impacting Adjusted Net Income (Loss)<sup>1</sup>**  
(\$ in millions)



D&A + other (% of Rev.)	8.1%	11.0%	28.4%	16.4%	15.7%
SBC (% of Rev.)	8.9%	15.1%	32.4%	20.2%	18.5%
Total % of Revenue	17.0%	26.1%	60.8%	36.7%	34.2%

**Quarterly Adjusted Net Income (Loss)<sup>1, 2</sup>**  
(\$ in millions)



Margin % of Revenue	3.7%	(32.6%)	(123.7%)	(30.9%)	(29.1%)
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1) There may be differences between the sum of the quarterly results due to rounding.

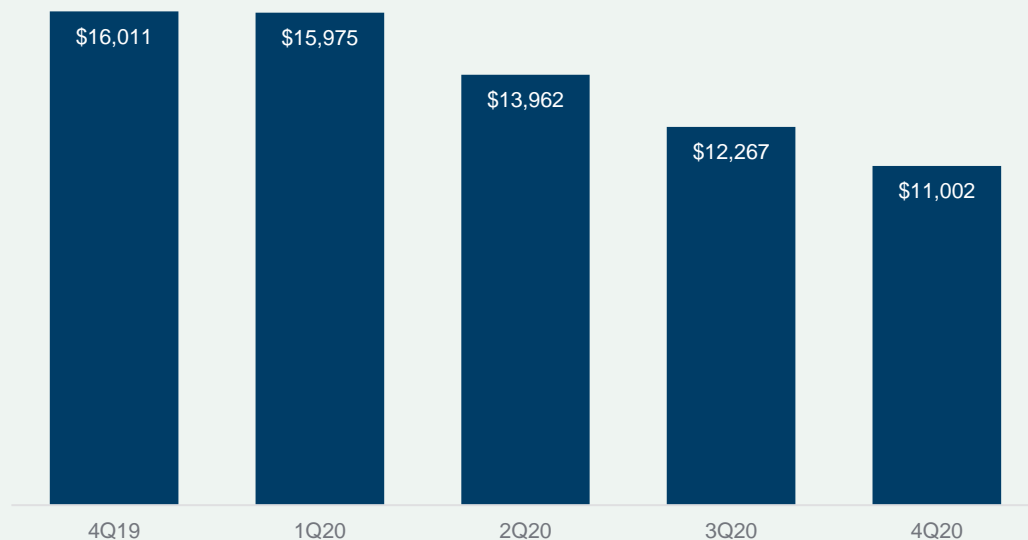
2) Adjusted Net Income (Loss) is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude certain items that are either non-recurring, do not contribute directly to management's evaluation of its operating results, or non-cash items, such as (1) expenses related to our cost structure simplification, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, and (4) acquisition and related expenses, (5) restructuring costs and (6) other items, net of tax.



# \$11B servicing portfolio drove +\$35M in cash from investor fees in 4Q20

## Servicing Portfolio Balance<sup>1</sup>

(\$ in millions)

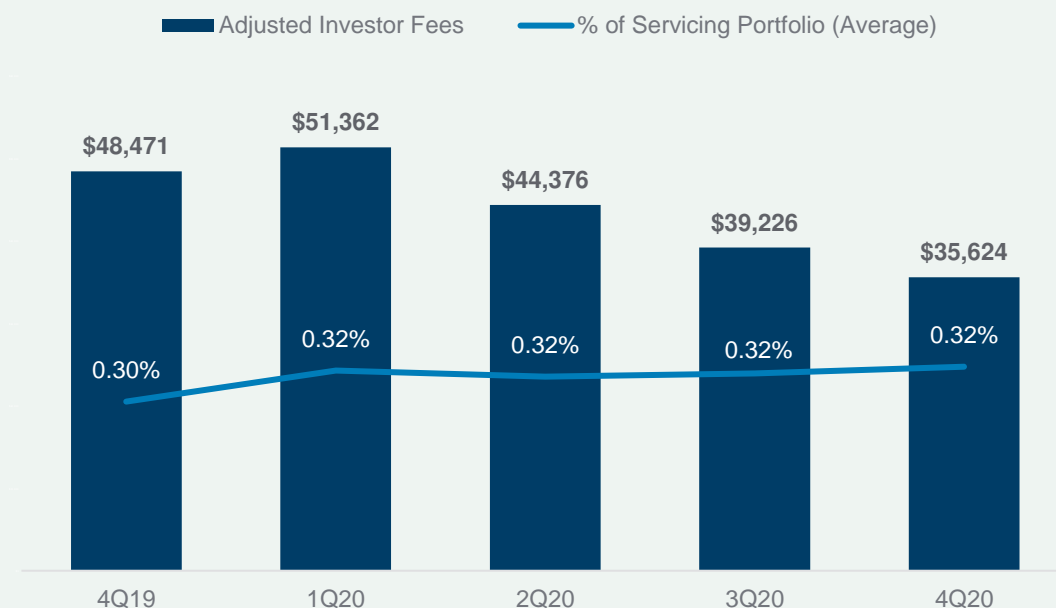


Growth (%)

YoY	16%	13%	(6%)	(21%)	(31%)
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## Adjusted Investor Fee Revenue<sup>2</sup>

(\$ in thousands)



YoY	22%	20%	0%	(17%)	(27%)
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1) Servicing Portfolio Balance represents outstanding principal balance of loans that we serviced at the end of the periods indicated, and financed with notes, certificates & secured borrowings, and whole loans sold (including loans invested in by the Company).

2) Adjusted Investor Fee Revenue is a non-GAAP financial measure that excludes the impact of changes in fair value of our servicing asset/liability over the life of the loan.

# Earnings Guidance

	1Q21 Guidance	FY21 Guidance	Commentary
Originations	<b>\$1.2B to \$1.3B</b> (+32% to +43% QoQ)	<b>+45% YoY</b> (Implied \$6.3B)	<i>Loan volumes reflecting continued growth</i>
Revenue	<b>\$87M to \$95M</b> (+15% to +25% QoQ)	<b>+55% YoY</b> (Implied \$488M)	<i>Impacted by deferral of origination fees for loans held for investment due to accounting conventions</i>
GAAP Net Loss	<b>(\$75M) to (\$85M)</b>	<b>(\$175M) to (\$200M)</b>	<i>Impacted primarily by timing of earnings recognition due to growth in consumer loans held for investment (deferral of origination fees and current expected credit loss (CECL) provisions) as well as one-time acquisition costs</i>

# Appendix:

## Financial Reconciliations

GAAP to Non-GAAP Reconciliation: Operating Expenses

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except percentages) (unaudited)	2018	2019	2020	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Total net revenue	\$ 694,812	\$ 758,607	\$ 314,702	\$ 174,418	\$ 190,807	\$ 204,896	\$ 188,486	\$ 120,206	\$ 43,869	\$ 74,713	\$ 75,914
GAAP sales and marketing	\$ 268,517	\$ 279,423	\$ 79,055	\$ 66,623	\$ 69,323	\$ 76,255	\$ 67,222	\$ 49,784	\$ 8,723	\$ 7,201	\$ 13,347
Stock-based compensation expense	7,362	6,095	4,104	1,571	1,540	1,505	1,479	1,663	731	880	830
Cost structure simplification expense <sup>(1)</sup>	131	1,410	31	468	445	454	43	31	—	—	—
Restructuring costs <sup>(2)</sup>	—	—	1,271	—	—	—	—	—	1,379	(108)	—
Other items <sup>(3)</sup>	—	—	80	—	—	—	—	—	80	—	—
Non-GAAP sales and marketing	\$ 261,024	\$ 271,918	\$ 73,569	\$ 64,584	\$ 67,338	\$ 74,296	\$ 65,700	\$ 48,090	\$ 6,533	\$ 6,429	\$ 12,517
% Total net revenue	37.6 %	35.8 %	23.4 %	37.0 %	35.3 %	36.3 %	34.9 %	40.0 %	14.9 %	8.6 %	16.5 %
GAAP origination and servicing	\$ 99,376	\$ 103,403	\$ 71,193	\$ 28,273	\$ 24,931	\$ 27,996	\$ 22,203	\$ 20,994	\$ 17,830	\$ 15,595	\$ 16,774
Stock-based compensation expense	4,322	3,155	2,689	924	846	852	533	636	722	721	610
Cost structure simplification expense <sup>(1)</sup>	749	5,908	144	3,238	201	2,324	145	144	—	—	—
Restructuring costs <sup>(2)</sup>	—	—	793	—	—	—	—	—	906	(34)	(79)
Other items <sup>(3)</sup>	—	—	293	—	—	—	—	—	261	8	24
Non-GAAP origination and servicing	\$ 94,305	\$ 94,340	\$ 67,274	\$ 24,111	\$ 23,884	\$ 24,820	\$ 21,525	\$ 20,214	\$ 15,941	\$ 14,900	\$ 16,219
% Total net revenue	13.6 %	12.4 %	21.4 %	13.8 %	12.5 %	12.1 %	11.4 %	16.8 %	36.3 %	19.9 %	21.4 %
GAAP engineering and product development	\$ 155,255	\$ 168,380	\$ 139,050	\$ 42,546	\$ 43,299	\$ 41,455	\$ 41,080	\$ 38,710	\$ 39,167	\$ 31,984	\$ 29,189
Stock-based compensation expense	20,478	19,860	13,411	5,231	5,475	4,737	4,417	4,615	2,668	3,295	2,833
Depreciation and amortization	45,037	49,207	40,897	13,373	11,838	11,464	12,532	10,423	10,177	10,198	10,099
Cost structure simplification expense <sup>(1)</sup>	—	15	—	7	8	10	(10)	—	—	—	—
Restructuring costs <sup>(2)</sup>	—	—	7,245	—	—	—	—	—	7,472	(225)	(2)
Other items <sup>(3)</sup>	—	—	623	—	—	—	—	615	8	—	—
Non-GAAP engineering and product development	\$ 89,740	\$ 99,298	\$ 76,874	\$ 23,935	\$ 25,978	\$ 25,244	\$ 24,141	\$ 23,057	\$ 18,842	\$ 18,716	\$ 16,259
% Total net revenue	12.9 %	13.1 %	24.4 %	13.7 %	13.6 %	12.3 %	12.8 %	19.2 %	43.0 %	25.1 %	21.4 %
GAAP other general and administrative, legal, regulatory and other expense related to legacy issues and goodwill impairment	\$ 299,774	\$ 238,292	\$ 213,021	\$ 56,876	\$ 64,324	\$ 59,485	\$ 57,607	\$ 58,486	\$ 56,620	\$ 54,332	\$ 43,583
Stock-based compensation expense	42,925	44,529	41,329	10,526	12,690	11,001	10,312	11,215	10,083	10,226	9,805
Depreciation	5,852	6,446	5,847	1,542	1,596	1,569	1,739	1,603	1,480	1,394	1,370
Acquisition and related expenses <sup>(4)</sup>	—	932	13,184	—	—	—	932	3,611	456	4,373	4,744
Amortization of intangibles	3,875	3,499	3,122	940	866	845	848	846	772	752	752
Cost structure simplification expense <sup>(1)</sup>	5,902	2,600	53	559	1,280	655	106	53	—	—	—
Restructuring costs <sup>(2)</sup>	—	—	8,480	—	—	—	—	—	7,279	1,120	81
Goodwill impairment	35,633	—	—	—	—	—	—	—	—	—	—
Legal, regulatory and other expense related to legacy issues <sup>(5)</sup>	53,518	19,609	15,133	4,145	6,791	4,142	4,531	4,476	4,354	6,120	183
Other items <sup>(3)</sup>	—	2,453	1,641	—	704	749	1,000	6	2,024	—	(389)
Non-GAAP other general and administrative	\$ 152,069	\$ 158,224	\$ 124,232	\$ 39,164	\$ 40,397	\$ 40,524	\$ 38,139	\$ 36,676	\$ 30,172	\$ 30,347	\$ 27,037
% Total net revenue	21.9 %	20.9 %	39.5 %	22.5 %	21.2 %	19.8 %	20.2 %	30.5 %	68.8 %	40.6 %	35.6 %

(1) Includes personnel-related expenses associated with establishing a site in the Salt Lake City area. In 2019 and 2018, also includes external advisory fees.

(2) Includes severance and other personnel-related expenses, lease-related expenses and software impairment related to the impact of COVID-19 on the Company's business.

(3) In the second quarter and first half of 2020, includes expenses related to non-legacy litigation and regulatory matters and one-time expenses resulting from COVID-19. In the first quarter of 2020, includes one-time expenses resulting from COVID-19. In 2019, includes expenses related to certain non-legacy litigation and regulatory matters. For the second quarter of 2019, also includes a gain on the sale of our small business operating segment.

(4) Includes costs related to the acquisition of Radius.

(5) Includes class action and regulatory litigation expense and legal and other expenses related to legacy issues. For the second quarter and full year 2019, includes expense related to the termination of a legacy contract. For the each of the quarters in 2019, also includes expense related to the dissolution of certain private funds managed by LCAM.

# Contribution Reconciliation & Definition

Contribution is a non-GAAP financial measure that we calculate as net revenue less “Sales and marketing” and “Origination and servicing” expenses on the Company’s Statements of Operations, adjusted to exclude cost structure simplification, restructuring costs, other items (related to one-time expenses resulting from COVID-19) and non-cash stock-based compensation expenses within these captions and income or loss attributable to noncontrolling interests. Contribution Margin is a non-GAAP financial measure calculated by dividing contribution by total net revenue.

(in thousands, except percentages) (unaudited)	Year Ended Dec. 31,			Three Months Ended							
	2018	2019	2020	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
GAAP LendingClub net income (loss)	\$ (128,308)	\$ (30,745)	\$ (187,538)	\$ (19,935)	\$ (10,661)	\$ (383)	\$ 234	\$ (48,087)	\$ (78,471)	\$ (34,325)	\$ (26,655)
GAAP general and administrative expense:											
Engineering and product development	155,255	168,380	139,050	42,546	43,299	41,455	41,080	38,710	39,167	31,984	29,189
Other general and administrative	228,641	238,292	213,021	56,876	64,324	59,485	57,607	58,486	56,620	54,332	43,583
Cost structure simplification expense <sup>(1)</sup>	880	7,318	175	3,706	646	2,778	188	175	—	—	—
Restructuring costs <sup>(2)</sup>	—	—	2,064	—	—	—	—	—	2,285	(142)	(79)
Other items <sup>(2)</sup>	—	—	373	—	—	—	—	—	341	8	24
Goodwill impairment	35,633	—	—	—	—	—	—	—	—	—	—
Class action and regulatory litigation expense	35,500	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense: <sup>(2)</sup>											
Sales and marketing	7,362	6,095	4,104	1,571	1,540	1,505	1,479	1,663	731	880	830
Origination and servicing	4,322	3,155	2,689	924	846	852	533	636	722	721	610
Income tax expense (benefit)	43	(201)	(79)	—	(438)	97	140	319	—	(74)	(324)
<b>Contribution</b>	<b>\$ 339,328</b>	<b>\$ 392,294</b>	<b>\$ 173,859</b>	<b>\$ 85,688</b>	<b>\$ 99,556</b>	<b>\$ 105,789</b>	<b>\$ 101,261</b>	<b>\$ 51,902</b>	<b>\$ 21,395</b>	<b>\$ 53,384</b>	<b>\$ 47,178</b>
Total net revenue	\$ 694,812	\$ 758,607	\$ 314,702	\$ 174,418	\$ 190,807	\$ 204,896	\$ 188,486	\$ 120,206	\$ 43,869	\$ 74,713	\$ 75,914
<b>Contribution margin</b>	<b>48.8 %</b>	<b>51.7 %</b>	<b>55.2 %</b>	<b>49.1 %</b>	<b>52.2 %</b>	<b>51.6 %</b>	<b>53.7 %</b>	<b>43.2 %</b>	<b>48.8 %</b>	<b>71.5 %</b>	<b>62.1 %</b>

<sup>(1)</sup> Excludes the portion of personnel-related expense associated with establishing a site in the Salt Lake City area that are included in the “Sales and marketing” and “Origination and servicing” expense categories.

<sup>(2)</sup> Excludes the portion of expenses included in the “Sales and marketing” and “Origination and servicing” expense categories.

# Contribution as a Percent of Originations

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except percentages or as noted) (unaudited) <sup>(1)</sup>	2018	2019	2020	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Loan originations (\$ mm)	\$ 10,882	\$ 12,290	\$ 4,343	\$ 2,728	\$ 3,130	\$ 3,350	\$ 3,083	\$ 2,521	\$ 326	\$ 584	\$ 912
Total net revenue	\$ 694,812	\$ 758,607	\$ 314,702	\$ 174,418	\$ 190,807	\$ 204,896	\$ 188,486	\$ 120,206	\$ 43,869	\$ 74,713	\$ 75,914
% of loan originations	6.38 %	6.17 %	7.25 %	6.39 %	6.10 %	6.12 %	6.11 %	4.77 %	13.47 %	12.79 %	8.32 %
Non-GAAP sales and marketing	\$ 261,024	\$ 271,918	\$ 73,569	\$ 64,584	\$ 67,338	\$ 74,296	\$ 65,700	\$ 48,090	\$ 6,533	\$ 6,429	\$ 12,517
Non-GAAP origination and servicing	\$ 94,305	\$ 94,340	\$ 67,274	\$ 24,111	\$ 23,884	\$ 24,820	\$ 21,525	\$ 20,214	\$ 15,941	\$ 14,900	\$ 16,219
Total non-GAAP sales and marketing & origination and servicing <sup>(1)</sup>	\$ 355,329	\$ 366,258	\$ 140,843	\$ 88,695	\$ 91,222	\$ 99,116	\$ 87,225	\$ 68,304	\$ 22,474	\$ 21,329	\$ 28,736
% of loan originations	3.27 %	2.98 %	3.24 %	3.25 %	2.91 %	2.96 %	2.83 %	2.71 %	6.89 %	3.65 %	3.15 %
(Income) Loss attributable to noncontrolling interests	\$ (155)	\$ (55)	\$ —	\$ (35)	\$ (29)	\$ 9	\$ —	\$ —	\$ —	\$ —	\$ —
Contribution	\$ 339,328	\$ 392,294	\$ 173,859	\$ 85,688	\$ 99,556	\$ 105,789	\$ 101,261	\$ 51,902	\$ 21,395	\$ 53,384	\$ 47,178
% of loan originations	3.12 %	3.19 %	4.00 %	3.14 %	3.18 %	3.16 %	3.28 %	2.06 %	6.56 %	9.14 %	5.17 %

<sup>(1)</sup> There may be differences between the sum of the quarterly results and the total annual results due to rounding.

# Adjusted Net Income (Loss), Adjusted EBITDA, and Adjusted EBITDA Margin Reconciliation

Adjusted Net Income (Loss) is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude certain items that are either non-recurring, do not contribute directly to management's evaluation of its operating results, or non-cash items, such as (1) expenses related to our cost structure simplification, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, (4) acquisition and related expenses, (5) restructuring costs and (6) other items, net of tax. Adjusted EBITDA is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude (1) cost structure simplification expense, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, (4) acquisition and related expenses, (5) restructuring expense, (6) other items, (7) depreciation, impairment and amortization expense, (8) stock-based compensation expense and (9) income tax expense (benefit). Adjusted EBITDA Margin is a non-GAAP financial measure calculated by dividing Adjusted EBITDA by total net revenue.

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except per share data) (unaudited)	2018	2019	2020	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
GAAP LendingClub net income (loss)	\$ (128,308)	\$ (30,745)	\$ (187,538)	\$ (19,935)	\$ (10,661)	\$ (383)	\$ 234	\$ (48,087)	\$ (78,471)	\$ (34,325)	\$ (26,655)
Cost structure simplification expense <sup>(1)</sup>	6,782	9,933	228	4,272	1,934	3,443	284	228	—	—	—
Goodwill impairment	35,633	—	—	—	—	—	—	—	—	—	—
Legal, regulatory and other expense related to legacy issues <sup>(2)</sup>	53,518	19,609	15,133	4,145	6,791	4,142	4,531	4,476	4,354	6,120	183
Acquisition and related expense <sup>(3)</sup>	—	932	13,184	—	—	—	932	3,611	456	4,373	4,744
Restructuring costs <sup>(4)</sup>	—	—	17,789	—	—	—	—	—	17,036	753	—
Other items <sup>(5)</sup>	—	2,453	2,637	—	704	749	1,000	621	2,373	—	(357)
<b>Adjusted net income (loss)</b>	<b>\$ (32,375)</b>	<b>\$ 2,182</b>	<b>\$ (138,567)</b>	<b>\$ (11,518)</b>	<b>\$ (1,232)</b>	<b>\$ 7,951</b>	<b>\$ 6,981</b>	<b>\$ (39,151)</b>	<b>\$ (54,252)</b>	<b>\$ (23,079)</b>	<b>\$ (22,085)</b>
Depreciation and impairment expense:											
Engineering and product development	45,037	49,207	40,897	13,373	11,838	11,464	12,532	10,423	10,177	10,198	10,099
Other general and administrative	5,852	6,446	5,847	1,542	1,596	1,569	1,739	1,603	1,480	1,394	1,370
Amortization of intangible assets	3,875	3,499	3,122	940	866	845	848	846	772	752	752
Stock-based compensation expense	75,087	73,639	61,533	18,252	20,551	18,095	16,741	18,129	14,204	15,122	14,078
Income tax expense (benefit)	43	(201)	(79)	—	(438)	97	140	319	—	(74)	(324)
<b>Adjusted EBITDA</b>	<b>\$ 97,519</b>	<b>\$ 134,772</b>	<b>\$ (27,247)</b>	<b>\$ 22,589</b>	<b>\$ 33,181</b>	<b>\$ 40,021</b>	<b>\$ 38,981</b>	<b>\$ (7,831)</b>	<b>\$ (27,619)</b>	<b>\$ 4,313</b>	<b>\$ 3,890</b>
Total net revenue	\$ 694,812	\$ 758,607	\$ 314,702	\$ 174,418	\$ 190,807	\$ 204,896	\$ 188,486	\$ 120,206	\$ 43,869	\$ 74,713	\$ 75,914
<b>Adjusted EBITDA Margin</b>	<b>14.0 %</b>	<b>17.8 %</b>	<b>(8.7)%</b>	<b>13.0 %</b>	<b>17.4%</b>	<b>19.5%</b>	<b>20.7 %</b>	<b>(6.5)%</b>	<b>(63.0)%</b>	<b>5.8 %</b>	<b>5.1 %</b>

<sup>(1)</sup> Includes personnel-related expenses associated with establishing a site in the Salt Lake City area. In 2019 and 2018, also includes external advisory fees.

<sup>(2)</sup> Includes class action and regulatory litigation expense and legal and other expenses related to legacy issues. For the second quarter and year ended 2019, includes expense related to the termination of a legacy contract and legacy legal expenses. For each of the quarters in 2019, also includes expense related to the dissolution of certain private funds managed by LCAM.

<sup>(3)</sup> Includes costs related to the acquisition of Radius.

<sup>(4)</sup> Includes severance and other personnel-related expenses, lease-related expense and software impairment related to the impact of COVID-19 on the Company's business.

<sup>(5)</sup> In the second quarter and first half of 2020, includes expenses related to non-legacy litigation and regulatory matters and one-time expenses resulting from COVID-19. In the first quarter of 2020, includes one-time expenses resulting from COVID-19. In 2019, includes expenses related to certain non-legacy litigation and regulatory matters. For the second quarter of 2019, also includes a gain on the sale of our small business operating segment.

# Adjusted EPS Reconciliation

Adjusted EPS is a non-GAAP financial measure calculated by dividing Adjusted Net Income (Loss) attributable to both common and preferred stockholders by the weighted-average diluted common and preferred shares outstanding.

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except per share data) (unaudited)	2018	2019	2020	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
	Common Stock	Common Stock	Common and Preferred Stock <sup>(1)</sup>	Common Stock	Common Stock	Common Stock	Common Stock	Common and Preferred Stock <sup>(1)</sup>	Common and Preferred Stock <sup>(1)</sup>	Common and Preferred Stock <sup>(1)</sup>	Common and Preferred Stock <sup>(1)</sup>
Adjusted net income (loss) attributable to stockholders	\$ (32,375)	\$ 2,182	\$ (138,567)	\$ (11,518)	\$ (1,232)	\$ 7,951	\$ 6,981	\$ (39,151)	\$ (54,252)	\$ (23,079)	\$ (22,085)
Weighted average GAAP diluted shares <sup>(2)(3)</sup>	84,583,461	87,278,596	90,439,695	86,108,871	86,719,049	87,588,495	88,912,677	89,085,270	89,866,880	90,901,870	91,881,160
Non-GAAP diluted shares <sup>(2)(3)</sup>	84,583,461	87,794,035	90,439,695	86,108,871	86,719,049	87,588,495	88,912,677	89,085,270	89,866,880	90,901,870	91,881,160
Adjusted EPS - diluted <sup>(3)</sup>	\$ (0.38)	\$ 0.02	\$ (1.53)	\$ (0.13)	\$ (0.01)	\$ 0.09	\$ 0.08	\$ (0.44)	\$ (0.60)	\$ (0.25)	\$ (0.24)

<sup>(1)</sup> Presented on an as-converted basis, as the preferred stock is considered common shares because it participates in earnings similar to common stock and does not receive any significant preferences over the common stock.

<sup>(2)</sup> Beginning in the first quarter of 2020, includes the total weighted-average shares outstanding of both common and preferred stock on an as-converted basis.

<sup>(3)</sup> Share information and balances have been retroactively adjusted, as applicable, to reflect a 1-for-5 reverse stock split effective as of July 5, 2019.



# Net Cash and Other Financial Assets

Net cash and other financial assets is calculated as cash and certain other assets and liabilities, including loans and securities available for sale, which are partially secured and offset by related credit facilities, and working capital.

	Three Months Ended							
(in thousands) (unaudited)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
Cash and cash equivalents <sup>(1)</sup>	\$ 402,311	\$ 334,713	\$ 199,950	\$ 243,779	\$ 294,345	\$ 338,394	\$ 445,180	\$ 524,963
Restricted cash committed for loan purchases <sup>(2)</sup>	24,632	31,945	84,536	68,001	4,572	290	308	2,692
Securities available for sale	197,509	220,449	246,559	270,927	256,554	221,930	187,375	142,226
Loans held for investment by the Company at fair value <sup>(3)</sup>	8,757	5,027	4,211	43,693	71,003	65,557	59,099	49,954
Loans held for sale by the Company at fair value <sup>(3)</sup>	552,166	435,083	710,170	722,355	741,704	587,093	180,801	121,902
Payable to Structured Program note and certificate holders <sup>(3)</sup>	(233,269)	—	—	(40,610)	(206,092)	(193,034)	(173,410)	(152,808)
Credit facilities and securities sold under repurchase agreements	(263,863)	(324,426)	(509,107)	(587,453)	(621,020)	(480,079)	(120,159)	(104,989)
Other assets and liabilities <sup>(4)</sup>	(8,541)	(12,089)	(31,795)	(6,226)	61,107	23,916	363	(7,792)
<b>Net cash and other financial assets <sup>(5)</sup></b>	<b>\$ 679,702</b>	<b>\$ 690,702</b>	<b>\$ 704,524</b>	<b>\$ 714,466</b>	<b>\$ 602,173</b>	<b>\$ 564,067</b>	<b>\$ 579,557</b>	<b>\$ 576,148</b>

(1) Variations in cash and cash equivalents are primarily due to variations in the amount and timing of loan purchases invested in by the Company and the corresponding loan sales.

(2) Represents cash and cash equivalents that are transferred to restricted cash for loans that are pending purchase by the Company.

(3) The Company has sponsored Structured Program transactions that have been consolidated, resulting in an increase to "Loans held for investment by the Company at fair value," "Loans held for sale by the Company at fair value" and the related "Payable to Structured Program note and certificate holders."

(4) "Other assets and liabilities" is a total of "Accrued interest receivable," "Other assets," "Accounts payable," "Accrued interest payable" and "Accrued expenses and other liabilities," included on our Consolidated Balance Sheets. This line item represents certain assets and liabilities that impact working capital and are affected by timing differences between revenue and expense recognition and related cash activity.

(5) Comparable GAAP measure cannot be provided as not practicable.

