



Q2 2021 Earnings
August 10, 2021

Disclaimer

This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include all statements, other than statements of historical fact contained in this presentation, including but not limited to, information or predictions concerning our future financial performance, including our financial outlook for Q3 2021 and fiscal 2021 under the heading “Outlook,” performance of recent acquisition of Prodigy, impact and continued effects of the COVID-19 pandemic, growth and other strategies, business plans and objectives, potential market and growth opportunities, competitive position, technological or market trends and industry environment. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

Forward-looking statements are based on information available at the time those statements are made or management’s good faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in, or suggested by, the forward-looking statements. In light of these risks and uncertainties, the events and circumstances contemplated by the forward-looking statements made in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties are described in greater detail under the heading “Risk Factors” in our 10-Q that we filed with the Securities and Exchange Commission (the “SEC”) on May 14, 2021 and other periodic SEC filings, and include, but are not limited to, our ability to sustain our growth rates; the effectiveness of our credit decisioning models and risk management efforts; overall economic conditions; disruptions in the credit markets; our ability to retain existing, and attract new, bank partners and lenders; and our ability to operate successfully in a highly-regulated industry. Moreover, we operate in very competitive and rapidly changing environments, and new risks may emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Additional information will be available in other future reports that we file with the SEC from time to time, which could cause actual results to vary from expectations. Except as required by law, Upstart does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

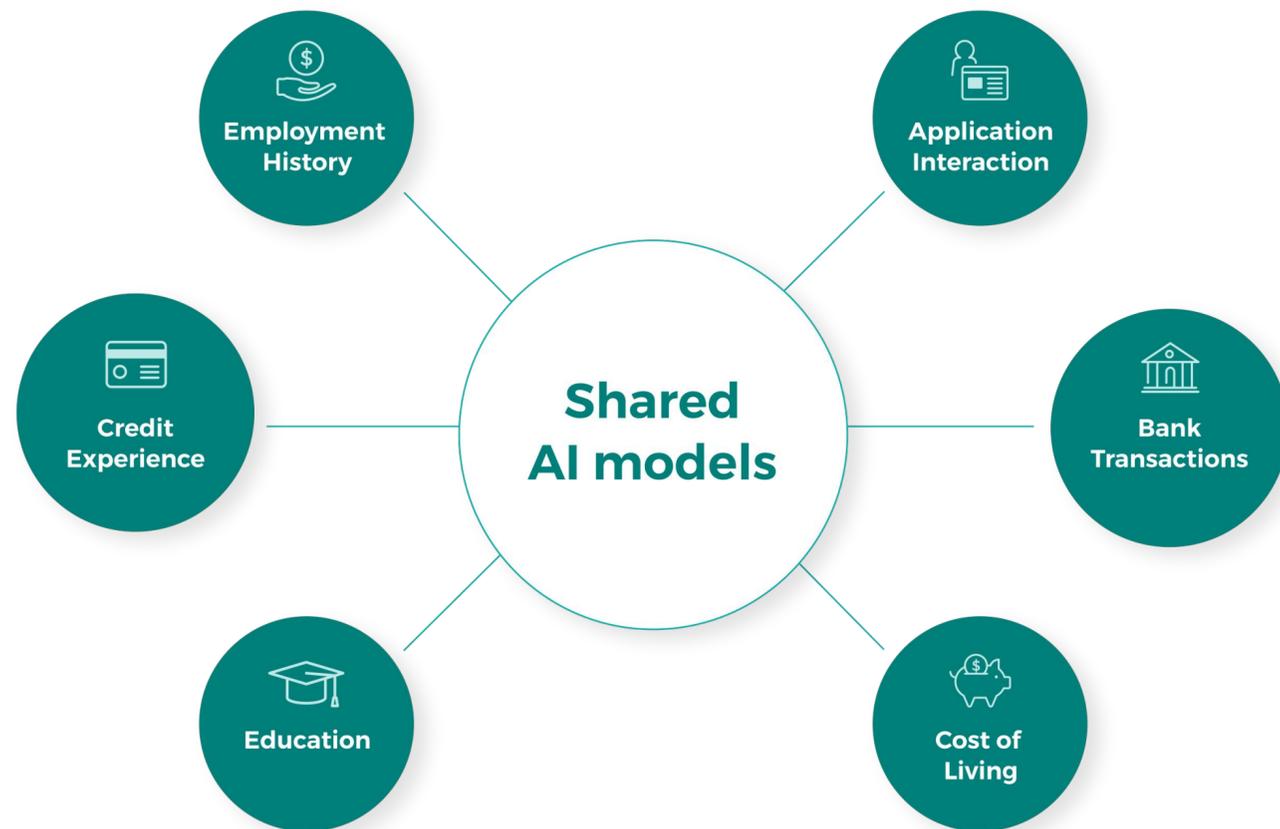
This presentation contains statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

This presentation includes non-GAAP financial measures, including contribution profit (loss), contribution margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income or loss, and adjusted net income or loss per share. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures. For example, other companies may calculate similarly-titled non-GAAP financial measures differently. Refer to slides 19-21 for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures.

**Enable effortless credit
based on true risk**

Upstart at a glance

Upstart is an AI lending platform partnering with banks to improve access to affordable credit



A leading AI lending platform with scale, rapid growth and profits

Two-sided business – connects consumers to AI-enabled bank partners

Growth driven by **continual improvement of AI models**

71% of loans instantly approved and fully automated¹

97% of revenue – fees from banks or servicing with no credit exposure¹

GAAP net income **profitable**²

• ¹ In Q2 2021.
• ² GAAP net income profitable since FY 2020.

Our value propositions to consumers and bank partners



Consumers

Higher approval rates, lower APRs

71% instantly approved - no document uploads, calls or waiting¹

More inclusive - improved credit access for all demographics tested



Banks

Highly automated, all-digital experience

Customizable to bank's credit policies and risk appetite

More inclusive and profitable lending programs

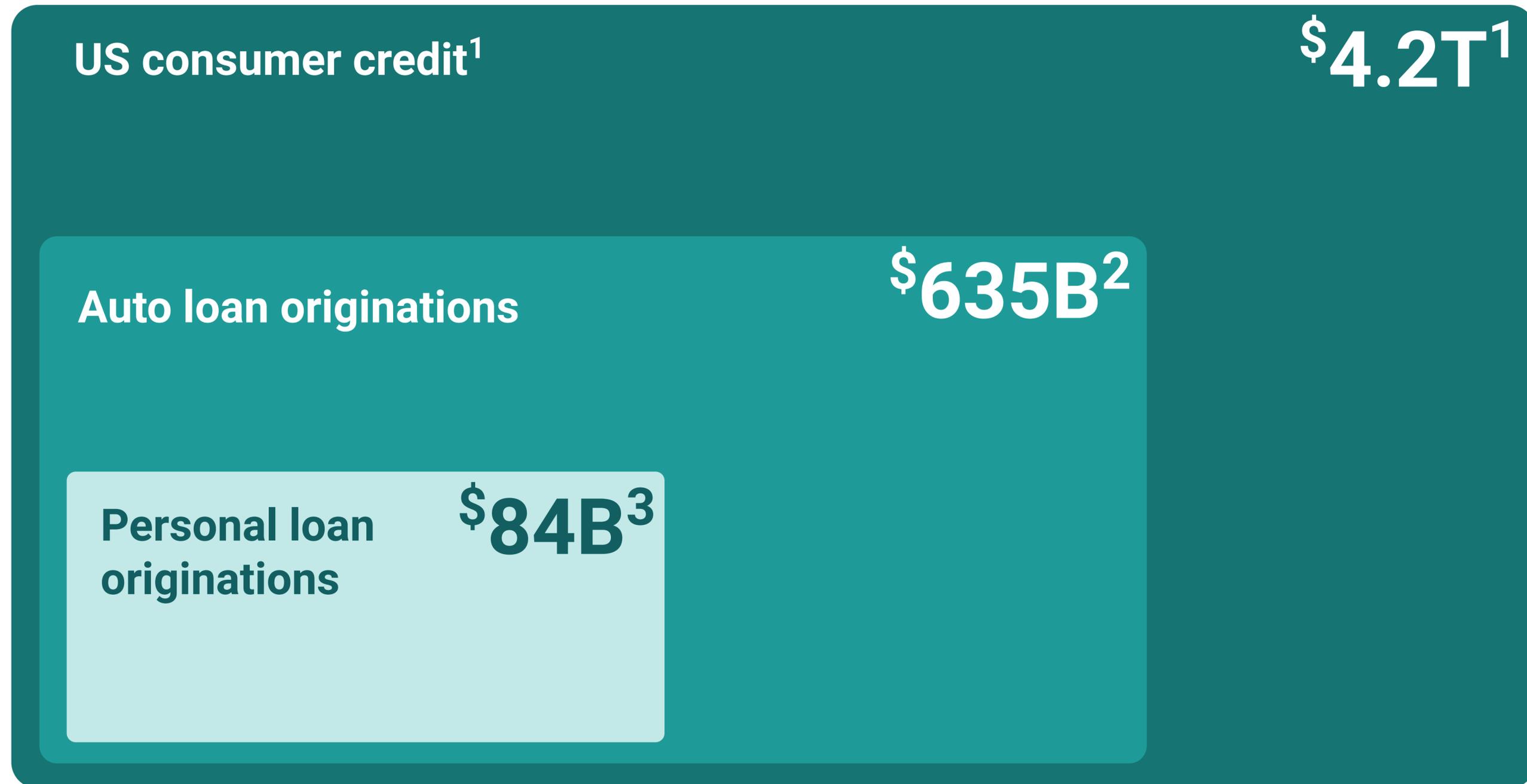


Having debt feels like having an anchor attached to your leg that is constantly dragging you down. I was eager to loosen the grip that this anchor had on me, and Upstart helped me do that. For the first time, I finally felt like I was financially stable and free.



— **Ahmed**

Large and growing market



¹ Total mortgage and credit card originations using data provided by TransUnion for Q2 2020 – Q1 2021

² Total auto loans using data provided by TransUnion for Q2 2020 – Q1 2021

³ Total unsecured personal loans using data provided by TransUnion for Q2 2020 – Q1 2021

Auto opportunity update

**Auto loan
originations**

\$635B¹

**Personal loan
originations**

\$84B²



Expanded auto refinance
from 33 to 47 states (>95% of US population)

Increased dealership footprint
by 24% sequentially in Q2'21 and
doubling YTD

Over \$1B in vehicles sold
through Prodigy platform in Q2'21

Five Banks Partners
signed up for auto lending on our platform

¹ Total auto loans using data provided by TransUnion for Q2 2020 – Q1 2021
² Total unsecured personal loans using data provided by TransUnion for Q2 2020 – Q1 2021

Q2'21 Key financial highlights



Revenue:
\$194M, up 1,018% Y|Y



Income from Operations:
\$36.3M, up from (\$11.4M) in Q2'20



Contribution Profit:
\$96.7M, up 2,171% Y|Y, and representing 52% of fee revenue



Net Income:
\$37.3M, up from (\$6.2M) in Q2'20



Adjusted EBITDA:
\$59.5M, or 31% of revenue, up 4,865 bps Y|Y

Q2'21 summary P&L and non-GAAP metrics

(in millions, except ratios and per share data)

	Q2'21	Q1'21	Q Q	Q2'20	Y Y
Revenue	\$193.9	\$121.3	60%	\$17.4	1,018%
Revenue from Fees	\$187.3	\$116.2	61%	\$13.3	1,308%
Income from Operations	\$36.3	\$15.6	133%	(\$11.4)	N/A
Net Income	\$37.3	\$10.1	269%	(\$6.2)	N/A
Adjusted Net Income	\$58.5	\$19.9	198%	(\$3.1)	N/A
Earnings Per Share (Diluted)	\$0.39	\$0.11	255%	(\$0.42)	N/A
Adjusted Net Income Per Share (Diluted)	\$0.62	\$0.22	182%	(\$0.25)	N/A
Contribution Profit	\$96.7	\$55.8	73%	\$4.3	2,171%
Contribution Margin	52%	48%	359 bps	32%	1,962 bps
Operating Expenses	\$157.7	\$105.8	49%	\$28.7	449%
Adjusted EBITDA	\$59.5	\$19.8	201%	(\$3.1)	N/A

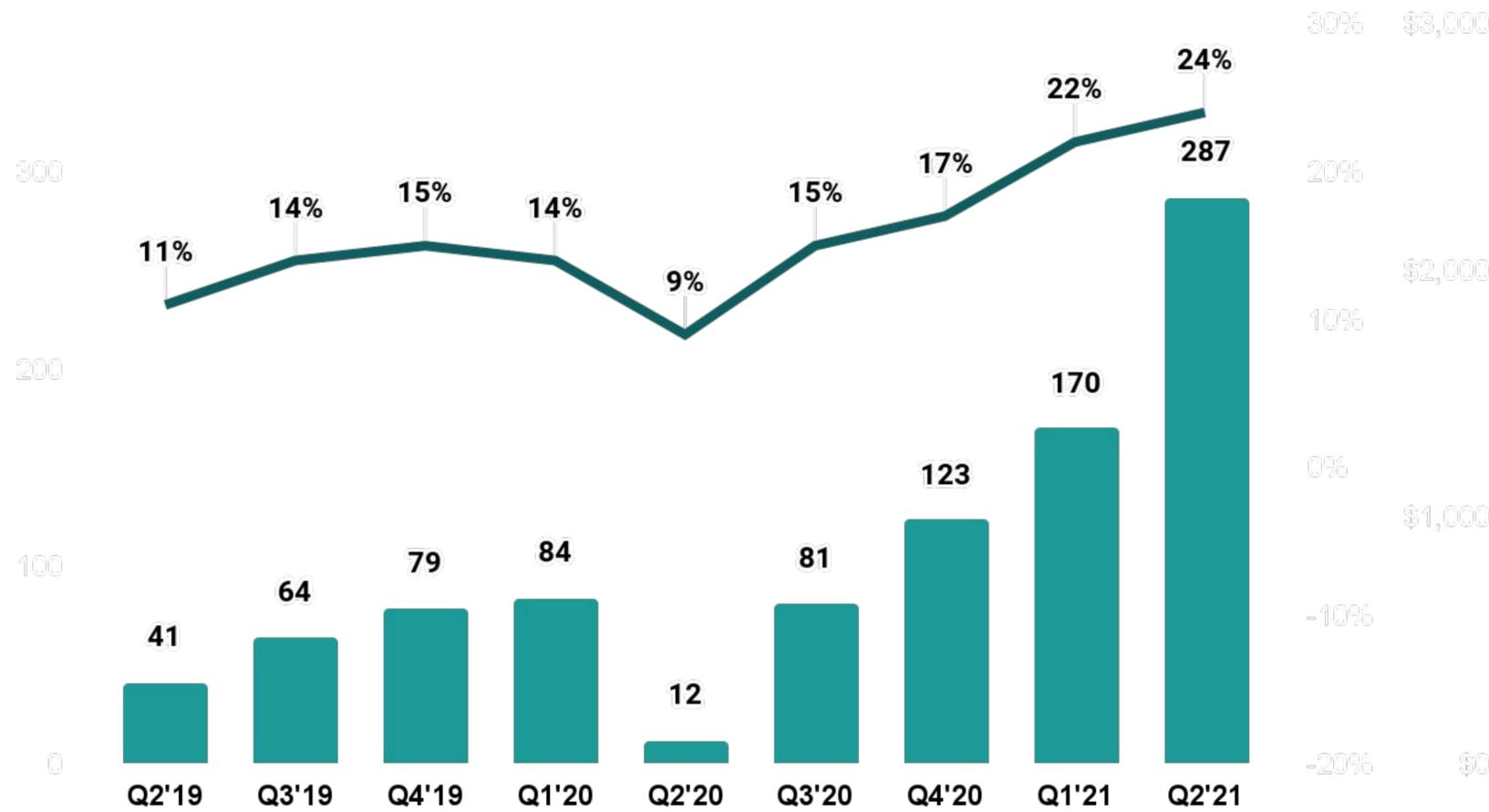
Balance Sheet items and key operating metrics

(in millions, except Transaction Volume (number of loans), % fully automated, ratios and conversion rate)

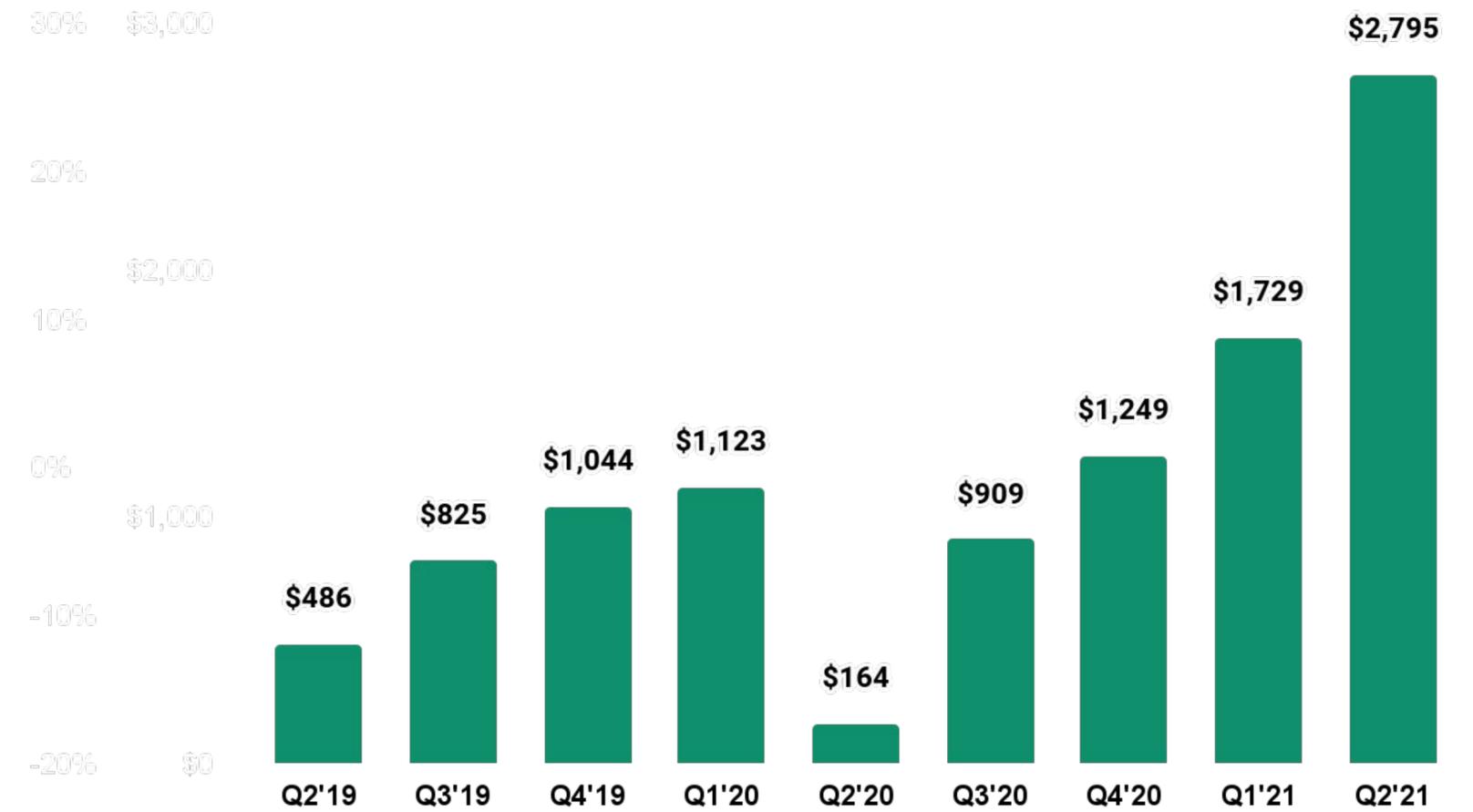
	Q2'21	Q1'21	Q2'20
Cash and Restricted Cash	\$617.5	\$336.1	\$95.7
Loans, Notes, and Residuals	\$95.3	\$73.2	\$148.1
Total Assets	\$904.6	\$488.6	\$294.8
Total Liabilities	\$188.5	\$168.0	\$194.4
Transaction Volume, Number of Loans	286,864	169,750	11,876
Transaction Volume, Dollars	\$2,795	\$1,729	\$164
% Fully Automated	71%	71%	58%
Conversion Rate	24.4%	22.0%	8.7%

Key operating metrics

Transaction Volume, Number of Loans (000s), Conversion Rate¹



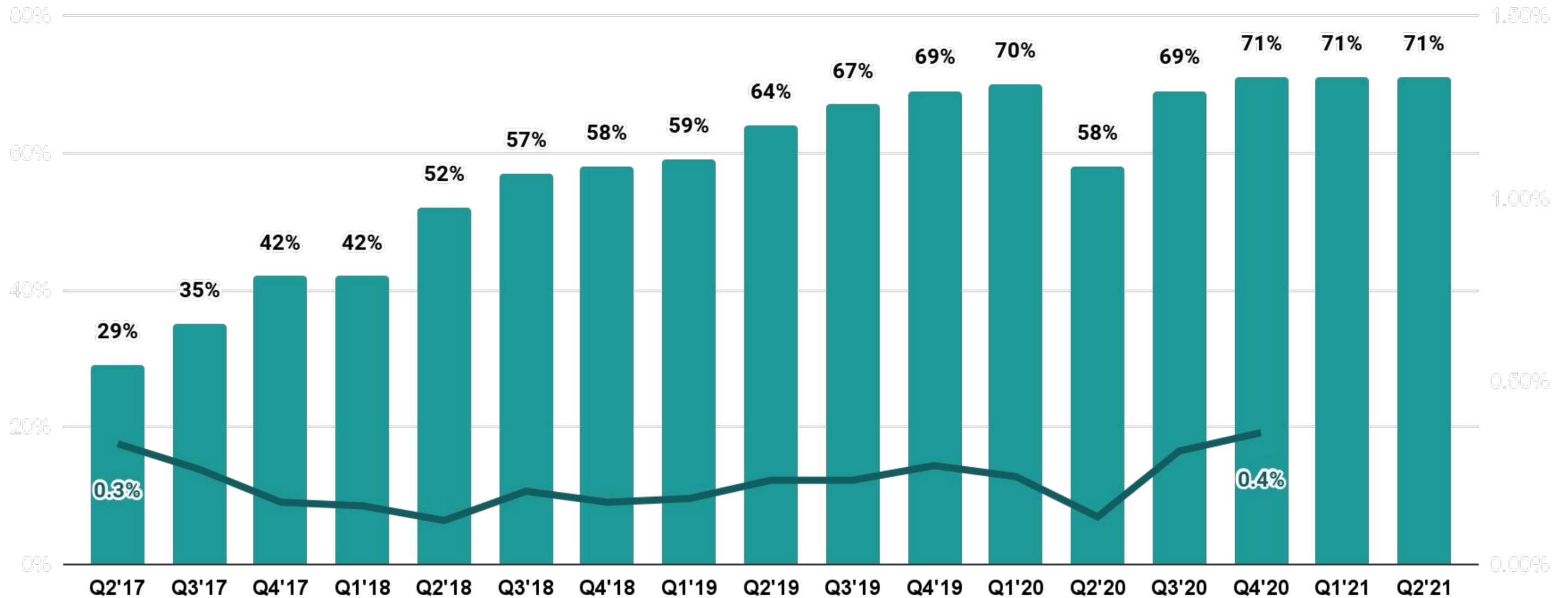
Transaction Volume, Dollars (Millions)



¹ Conversion Rate equals number of loans transacted in a period divided by the number of rate inquiries received

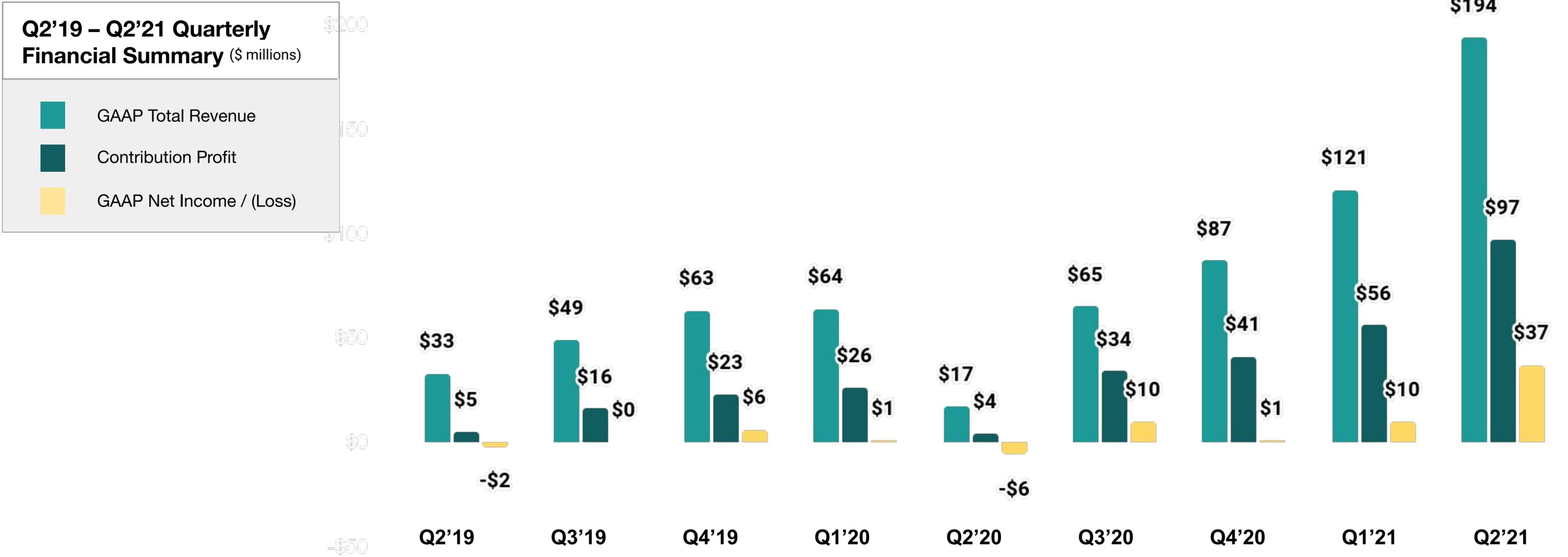
Fully automated loans

71% of Upstart loans were fully automated and instantly approved in Q2'21 while fraud rates remained minimal



Note: Fraud rate represents recorded instances of ID theft and first payment charge offs as a percent of total funded loans. The tightening of verification procedures in response to COVID emergency in late March 2020 resulted in the Q2'20 fraud rate being lower than our historical average. Q1'21 and Q2'21 fraud data not yet available

Operating leverage apparent as we scale profitability



	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21
% GAAP Total Revenue YoY Growth	32%	73%	162%	226%	(47%)	32%	39%	90%	1,018%
% Contribution Margin	19%	32%	38%	38%	32%	54%	49%	48%	52%
% GAAP Net Income Margin	(6%)	(1%)	10%	2%	(36%)	15%	1%	8%	19%

Note: Contribution margin calculated by dividing Contribution Profit by revenue from fees. GAAP net income margin calculated as a percent of GAAP total revenue. We define Contribution Profit as our revenue from fees, net, less certain costs that we consider to be variable and closely correlated to our fee revenue. See slides 19-21 for a reconciliation of Contribution Profit to the most directly comparable financial measure stated in accordance with GAAP.

Outlook

	Q3'21	FY21
Revenue	\$205 to \$215 million	approximately \$750 million
Contribution Margin	approximately 45%	approximately 45%
Net Income	\$18 to 22 million	
Non-GAAP Adjusted Net Income	\$28 to \$32 million	
Adjusted EBITDA	\$30 to \$34 million	approximately 17%
Diluted weighted average share count	approximately 94.9 million shares	

Financial Statements

(in thousands, except share and per share data)

	December 31, 2020	June 30, 2021
Assets		
Cash	\$ 250,819	\$ 506,287
Restricted cash	60,514	111,246
Loans (at fair value)	78,460	82,311
Notes receivable and residual certificates (at fair value)	19,074	12,995
Property, equipment, and software, net	10,032	13,549
Operating lease right of use assets	18,310	16,208
Goodwill	—	66,866
Intangible assets, net	—	22,131
Other assets (includes 6,831 and 15,450 at fair value as of December 31, 2020 and June 30, 2021, respectively)	40,046	72,990
Total assets	\$ 477,255	\$ 904,583
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 13,775	\$ 17,326
Payable to investors	45,501	76,947
Borrowings	62,626	6,057
Accrued expenses and other liabilities (includes \$9,530 and \$14,396 at fair value as of December 31, 2020 and June 30, 2021, respectively)	35,669	70,379
Operating lease liabilities	19,432	17,778
Total liabilities	177,003	188,487
Stockholders' equity:		
Common stock, \$0.0001 par value; 700,000,000 shares authorized; 73,314,026 and 77,626,866, shares issued and outstanding as of December 31, 2020 and June 30, 2021, respectively	7	8
Additional paid-in capital	369,467	737,924
Accumulated deficit	(69,222)	(21,836)
Total stockholders' equity	300,252	716,096
Total liabilities and stockholders' equity	\$ 477,255	\$ 904,583

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2021	2020	2021
Revenue:				
Revenue from fees, net	\$ 13,305	\$ 187,297	\$ 81,318	\$ 303,467
Interest income and fair value adjustments, net (includes \$406 and \$1,014 from related parties expense and \$(97) and \$4,238 of related parties fair value adjustments for the three and six months ended June 30, 2020, respectively)	4,048	6,649	29	11,824
Total revenue	17,353	193,946	81,347	315,291
Operating expenses:				
Sales and marketing	5,436	75,916	41,388	125,292
Customer operations	6,621	24,164	15,432	41,552
Engineering and product development	7,667	31,431	14,685	50,419
General, administrative, and other	9,017	26,141	20,677	46,160
Total operating expenses	28,741	157,652	92,182	263,423
Income (loss) from operations	(11,388)	36,294	(10,835)	51,868
Other income (expense)	5,297	15	5,447	(5,218)
Income (expense) on warrants and other non-operating expenses, net	(18)	(13)	271	(31)
Net income (loss) before income taxes	(6,109)	36,296	(5,117)	46,619
Provision (benefit) for income taxes	—	(988)	—	(767)
Net income (loss) before attribution to noncontrolling interests	(6,109)	37,284	(5,117)	47,386
Net income (loss) attributable to noncontrolling interests	84	—	(404)	—
Net income (loss) attributable to Upstart Holdings, Inc. common stockholders	\$ (6,193)	\$ 37,284	\$ (4,713)	\$ 47,386
Net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, basic				
	\$ (0.42)	\$ 0.49	\$ (0.32)	\$ 0.63
Net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, diluted				
	\$ (0.42)	\$ 0.39	\$ (0.32)	\$ 0.51
Weighted-average number of shares outstanding used in computing net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, basic				
	14,657,399	76,674,129	14,641,333	75,160,037
Weighted-average number of shares outstanding used in computing net income (loss) per share attributable to Upstart Holdings, Inc. common stockholders, diluted				
	14,657,399	94,802,123	14,641,333	93,193,153

Financial Statements

(in thousands, except share and per share data)

	Six Months Ended	
	June 30,	
	2020	2021
Cash flows from operating activities		
Net income (loss) before attribution to noncontrolling interests.....	\$ (5,117)	\$ 47,386
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Change in fair value of financial instruments (includes \$(4,238) from related parties for the six months ended June 30, 2020).....	14,264	(4,167)
Stock-based compensation.....	4,484	29,808
Gain on loan servicing arrangements.....	(1,680)	(2,102)
Depreciation and amortization.....	1,050	2,799
Incentive share expense.....	358	—
Other.....	36	216
Net changes in operating assets and liabilities:		
Purchase of loans for immediate resale.....	(915,234)	(3,414,231)
Proceeds from immediate resale of loans.....	915,234	3,414,231
Purchase of loans held-for-sale.....	(98,601)	(38,311)
Principal payments received for loans held-for-sale.....	7,790	3,676
Net proceeds from sale of loans held-for-sale.....	6,813	57,183
Other assets.....	(2,455)	(19,651)
Operating lease liability and right-of-use asset.....	57	448
Accounts payable.....	(3,341)	3,380
Payable to investors.....	18,689	31,446
Accrued expenses and other liabilities.....	(12,886)	23,785
Net cash (used in) provided by operating activities.....	<u>(70,539)</u>	<u>135,896</u>

Financial Statements

(in thousands, except share and per share data)

	Six Months Ended	
	June 30,	
	2020	2021
Cash flows from investing activities		
Principal payments received for loans held by consolidated securitizations	24,018	—
Net proceeds from sale of loans held-for-investment	88,136	9,718
Principal payments received for loans held-for-investment	9,192	7,488
Principal payments received for notes receivable and repayments of residual certificates	7,616	6,349
Purchase of loans held-for-investment	(2,794)	(42,548)
Purchase of notes receivable and residual certificates	(4)	—
Purchase of property and equipment	(908)	(1,997)
Capitalized software costs	(1,659)	(2,148)
Acquisition, net of cash acquired	—	(16,561)
Net cash (used in) provided by investing activities	<u>123,597</u>	<u>(39,699)</u>

Financial Statements

(in thousands, except share and per share data)

	Six Months Ended	
	June 30,	
	2020	2021
Cash flows from financing activities		
Proceeds from secondary offering, net of underwriting discounts and offering costs.....	—	263,931
Taxes paid related to net share settlement of equity awards.....	—	(236)
Payments made on securitization notes and certificates (includes \$1,034 paid to related parties for the six months ended June 30, 2020).....	(26,126)	—
Repayments of borrowings.....	(86,848)	(62,455)
Distributions made to noncontrolling interests.....	(622)	—
Proceeds from borrowings.....	75,997	5,831
Proceeds from exercise of stock options.....	203	2,932
Net cash (used in) provided by financing activities.....	<u>(37,396)</u>	<u>210,003</u>
Net increase in cash and restricted cash	15,662	306,200
Cash and restricted cash at beginning of period.....	80,067	311,333
Cash and restricted cash at end of period	<u>\$ 95,729</u>	<u>\$ 617,533</u>

Reconciliation of non-GAAP financial measures

(in thousands, except ratios)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2021	2020	2021
Revenue from fees, net.....	\$ 13,305	\$ 187,297	\$ 81,318	\$ 303,467
Income from operations.....	(11,388)	36,294	(10,835)	51,868
<i>Operating Margin</i>	(86)%	19 %	(13)%	17 %
Sales and marketing, net of borrower acquisition costs ⁽¹⁾	\$ 1,858	\$ 4,984	\$ 3,107	\$ 8,237
Customer operations, net of borrower verification and servicing costs ⁽²⁾	1,150	4,469	2,311	7,595
Engineering and product development.....	7,667	31,431	14,685	50,419
General, administrative, and other.....	9,017	26,141	20,677	46,160
Interest income and fair value adjustments, net.....	(4,048)	(6,649)	(29)	(11,824)
Contribution Profit	\$ 4,256	\$ 96,670	\$ 29,916	\$ 152,455
<i>Contribution Margin</i> ⁽³⁾	32 %	52 %	37 %	50 %

(1) Borrower acquisition costs were \$3.6 million and \$70.9 million for the three months ended June 30, 2020 and 2021, respectively, and were \$38.3 million and \$117.1 million for the six months ended June 30, 2020 and 2021, respectively. Borrower acquisition costs consist of our sales and marketing expenses adjusted to exclude costs not directly attributable to attracting a new borrower, such as payroll-related expenses for our business development and marketing teams, as well as other operational, brand awareness and marketing activities.

(2) Borrower verification and servicing costs were \$5.5 million and \$19.7 million for the three months ended June 30, 2020 and 2021, respectively, and were \$13.2 million and \$34.0 million for the six months ended June 30, 2020 and 2021, respectively. Borrower verification and servicing costs consist of payroll and other personnel-related expenses for personnel engaged in loan onboarding, verification and servicing, as well as servicing system costs. It excludes payroll and personnel-related expenses and stock-based compensation for certain members of our customer operations team whose work is not directly attributable to onboarding and servicing loans.

(3) Contribution Margin is calculated as Contribution Profit divided by revenue from fees, net for the relevant period.

Reconciliation of non-GAAP financial measures

(in thousands, except ratios)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2021	2020	2021
Total revenue	\$ 17,353	\$ 193,946	\$ 81,347	\$ 315,291
Net income (loss) attributable to Upstart Holdings, Inc. common stockholders	(6,193)	37,284	(4,713)	47,386
<i>Net Income Margin</i>	(36)%	19 %	(6)%	15 %
Adjusted to exclude the following:				
Stock-based compensation	\$ 2,519	\$ 21,186	\$ 4,484	\$ 29,808
Depreciation and amortization	535	1,983	1,050	2,799
Income (expense) on warrants and other non-operating expenses ⁽¹⁾	18	13	(271)	31
Provision for income taxes	—	(988)	—	(767)
Acquisition-related costs	—	17	—	1,237
Adjusted EBITDA	\$ (3,121)	\$ 59,495	\$ 550	\$ 80,494
<i>Adjusted EBITDA Margin</i> ⁽²⁾	(18)%	31 %	1 %	26 %

(1) Consists of fair value adjustments to our warrant liability for the three and six months ended June 30, 2020 and interest expense for the three and six months ended June 30, 2020 and 2021.

(2) Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total revenue for the relevant period.

Reconciliation of non-GAAP financial measures

(in thousands, except ratios, and per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2021	2020	2021
Net income (loss) attributable to Upstart Holdings, Inc. common stockholders	\$ (6,193)	\$ 37,284	\$ (4,713)	\$ 47,386
Adjusted to exclude the following:				
Stock-based compensation	2,519	21,186	4,484	29,808
Acquisition-related costs	—	17	—	1,237
Adjusted Net Income (Loss)	\$ (3,674)	\$ 58,487	\$ (229)	\$ 78,431
Adjusted Net Income (Loss) per Share:				
Basic	\$ (0.25)	\$ 0.76	\$ (0.02)	\$ 1.04
Diluted	\$ (0.25)	\$ 0.62	\$ (0.02)	\$ 0.84
Weighted-average common shares				
Basic	14,657,399	76,674,129	14,641,333	75,160,037
Diluted	14,657,399	94,802,123	14,641,333	93,193,153

Key Operating Metrics and Non-GAAP Financial Metrics

Key Operating Metrics

We review a number of operating metrics, including number of loans transacted and conversion rate, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions.

We define Transaction Volume, Dollars as the total principal of loans transacted on our platform between a borrower and the originating bank during the period presented. We define Transaction Volume, Number of Loans as the number of loans facilitated on our platform between a borrower and the originating bank during the period presented. We believe these metrics are good proxies for our overall scale and reach as a platform

We define Conversion Rate as the number of loans transacted in a period divided by the number of rate inquiries received, which we record when a borrower requests a loan offer on our platform. We track this metric to understand the impact of improvements to the efficiency of our borrower funnel on our overall growth.

We define Percentage of Loans Fully Automated as the total number of loans in a given period originated end-to-end (from initial rate request to final funding) with no human involvement divided by Transaction Volume, Number of Loans in the same period.

About Non-GAAP Financial Measures

In addition to our results determined in accordance with generally accepted accounting principles in the United States (“GAAP”), we believe the non-GAAP measures of contribution profit (loss), contribution margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net income or loss, and adjusted net income or loss per share are useful in evaluating our operating performance. Certain of these non-GAAP measures exclude stock-based compensation, warrant expenses, depreciation, amortization, and other non-operating expenses. We exclude stock-based compensation and income and expense on warrants and other non-operating expenses because they are non-cash in nature and exclude in order to facilitate comparisons to other companies’ results.

We believe non-GAAP information is useful in evaluating the operating results, ongoing operations, and for internal planning and forecasting purposes. We also believe that non-GAAP financial measures provide consistency and comparability with past financial performance and assist investors with comparing Upstart to other companies some of which use similar non-GAAP financial measures to supplement their GAAP results. We believe non-GAAP financial measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP and may be different from similarly titled non-GAAP financial measures used by other companies.

Key limitations of our non-GAAP financial measures include:

- Contribution Profit is not a GAAP financial measure of, nor does it imply, profitability. Even if our revenue exceeds variable expenses over time, we may not be able to achieve or maintain profitability, and the relationship of revenue to variable expenses is not necessarily indicative of future performance;
- Contribution Profit does not reflect all of our variable expenses and involves some judgment and discretion around what costs vary directly with loan volume. Other companies that present contribution profit calculate it differently and, therefore, similarly titled measures presented by other companies may not be directly comparable to ours;
- Although depreciation expense is a non-cash charge, the assets being depreciated may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA excludes stock-based compensation expense, which has been, and will continue to be for the foreseeable future, a significant recurring expense for our business and an important part of our compensation strategy;
- Adjusted EBITDA does not reflect: (1) changes in, or cash requirements for, our working capital needs; (2) interest expense, or the cash requirements necessary to service interest or principal payments on our debt, which reduces cash available to us; or (3) tax payments that may represent a reduction in cash available to us;
- The expenses and other items that we exclude in our calculation of Adjusted EBITDA may differ from the expenses and other items, if any, that other companies may exclude from Adjusted EBITDA when they report their operating results.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures are used in this presentation.

Thank you