



Upstart to Acquire Prodigy Software, a Leading Automotive Retail Software Provider

March 17, 2021

SAN MATEO, Calif.--(BUSINESS WIRE)--Mar. 17, 2021-- Upstart Holdings, Inc. (NASDAQ: UPST), a leading artificial intelligence (AI) lending platform, today announced it has entered into a definitive agreement to acquire Prodigy Software, Inc., a provider of cloud-based automotive retail software.

Each year, approximately \$1 trillion of cars are sold in the US, and most of them are financed.¹ Yet purchasing a car consistently ranks among the worst consumer experiences, with less than 1% of buyers satisfied with the current process.

"While Amazon and Shopify have modernized the online shopping experience, the auto industry has been left behind. Upstart is on a path to reduce the cost of auto financing, and we can accelerate this opportunity with a modern multi-channel purchase experience," said Dave Girouard, co-founder and CEO of Upstart. "Auto retail is among the largest buy-now-pay-later opportunities, and together with Prodigy, we aim to help dealers create a seamless and inclusive experience worthy of 2021."

Michia Rohrssen, CEO of Prodigy, said, "Our mission has always been to build the world's best car buying experience, and for the majority of buyers today, that experience includes financing their vehicle. Upstart's demonstrably better lending technology will enable us to deliver more affordable and transparent auto loans to millions of consumers through our dealer network."

Since 2014, more than \$9 billion in personal loans have been originated by Upstart's bank partners. Incorporating more than 1,000 variables² and trained on more than 10.5 million repayment events, Upstart's AI-powered lending model can provide banks with up to 75% fewer defaults at the same approval rate.³

In September 2020, the first AI-enabled auto loan was originated on Upstart's platform. In this initial phase, Upstart is enabling consumers to refinance expensive and mispriced auto loans, saving borrowers an average of \$72 per month. Following the initial launch, Upstart continues to roll this program out in states across the country.

With the acquisition of Prodigy, Upstart will accelerate its efforts to offer AI-enabled auto loans through the tens of thousands of auto dealers nationwide where the majority of auto loans are originated.

Prodigy is the first end-to-end sales software that bridges the gap between how dealerships operate and the new way that people are shopping for cars. More than \$2 billion in vehicle sales have been powered by Prodigy at franchised dealers from top brands such as Toyota, Honda, and Ford.

The transaction is expected to close in the second quarter of calendar year 2021, subject to customary closing conditions.

About Upstart

Upstart is a leading AI lending platform partnering with banks to expand access to affordable credit. By leveraging Upstart's AI platform, Upstart-powered banks can have higher approval rates and lower loss rates, while simultaneously delivering the exceptional digital-first lending experience their customers demand. More than two-thirds of Upstart loans are approved instantly and are fully automated. Upstart was founded by ex-Googleers in 2012 and is based in San Mateo, California and Columbus, Ohio.

Forward-Looking Statements

This press release contains forward-looking statements, including but not limited to, statements regarding our proposed acquisition of Prodigy Software, how the proposed acquisition may help dealers, Upstart's ability to offer AI-enabled auto loans, and when the deal is expected to close. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate", "estimate", "expect", "project", "plan", "project", "intend", "target", "aim", "believe", "may", "will", "should", "could", "can have", "likely" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements give our current expectations and projections relating to plans, objectives, assumptions, risks, future performance and business. Neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The forward-looking statements included in this press release and on the related teleconference call relate only to events as of the date hereof. Upstart undertakes no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected. More information about factors that could affect our results of operations are described in greater detail in our public filings with the Securities and Exchange Commission, copies of which may be obtained by visiting our investor relations website at www.upstart.com or the SEC's website at www.sec.gov.

¹ In 2019, total light-vehicle dealership sales exceeded \$1.02 trillion per the National Automobile Dealers Association 2019 Annual Financial Profile.

² Variables refers to all raw variables and certain combined variables considered in our AI models.

³ Based on an internal study in which Upstart replicated three bank models using their respective underwriting policies and evaluated their hypothetical loss rates and approval rates using Upstart's applicant base in late 2017.

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